

Tram Fares to go up in West Bengal

The West Bengal Government has decided to make an upward revision of tram fares with effect from August 1. The existing second class fares of 10 and 13 paise would be revised to 15 and 20 paise respectively. The first class fares of 13 and 15 paise would be increased to 20 paise and that of 18 and

20 paise to 25 and 30 paise respectively.

The Transport Minister, Mr. Gyan Singh Sohonpal said that the fare structure had been revised to a "reasonable extent" in consideration of the hardship of the travelling public.

—Statesman, July 21, '75

Com. Nihar Mukherjee's Statement Against Enhancement of Tram Fares

Calcutta, July 24: Comrade Nihar Mukherjee, Secretary, West Bengal State Committee, SUCI, has in the course of a statement to the press said that West Bengal Government's decision to enhance the Tram fare from 1st August and the proposal

for enhancement of Bus fare, have created discontent among the people.

He said "We urge upon the Government to revise and withdraw the decision of the enhancement of Tram fare and the proposal of Bus fare enhancement.

PROPERTY CEILING

Ceiling on urban property has been an important item in the Congress programme since 1969. Parliament had also passed a resolution calling for ceiling on urban property in 1971.....

From the political discussion that preceded the preparation of the draft Bill, it appears that the Government has no intention of widening the definition of urban ceiling. "Value is perhaps one criterion largely acceptable, and the general thinking favours urban property ceiling to be fixed at a value of Rs. 5 lakhs. This means neither the area, nor the location of a site in any urban complex would be regarded as a criterion for purposes of

the ceiling. This definition seeks to put a ceiling on property of a certain type which an individual may possess in a prescribed urban area. It will not touch certain other types of property such as savings bank balances and assets held in different form.

Clearly the objectives seem to be modest and do not impinge either on the existing social and property relationships or on the landlord-tenant contractual arrangements. It is not also intended to cover built houses or areas around them. The Bill...is meant to apply mainly to vacant land and new construction.

—The Economic Times 11.7.75.

Record Customs Excise Revenues

Mr. Jasjit Singh, Chairman of the Central Board of Excise and Customs said here today that revenue earnings from Central Excise and Customs for the current financial year were expected to exceed Rs 5,000 crores, an all-time record. Out of this, Rs. 3,750 crores would come from Central Excise

and nearly Rs. 1,284 crores from Customs.

Mr. Jasjit Singh was presiding over the 20th meeting of the Customs and Central Excise Advisory Council.

Indirect taxes i.e. Customs and Central Excise, he said contributed 75 percent of the total Government revenues from

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Lock-outs and Strikes

The annual number of lock-outs 179 (i.e. 52.8% of the total number of work stoppages) in West Bengal was the highest in the year 1974 while the annual number of Strike 766 (i.e. 85.7% of the total number of work stoppages) was in the year 1969.....

The average time loss per lockout is consistently much greater than that for strike every year between 1967 and 1973

The annual average duration (in days) for lock-outs in West Bengal is also much higher than on account of strikes in each year from the year 1967 to 1974. In the year 1974 despite the largest number of mandays lost due to strikes the average duration of lock-out was 73.7 days—the highest during the period under review. It is also to be noted that the average duration of strikes was 23.5 days in the year 1974 which was also the highest during the period under review. —[M 18/19]

both direct and indirect taxes. This showed that a great responsibility rested on the department and the advisory council had a great role to play.

The chairman also highlighted the need for greater co-operation between the Government and the industry. Both should appreciate the view point of each other, he added.

—The Economic Times July '75.

Comparison of Strikes with lockouts in different years.

Lockout	Year	Total No. of work stoppages	P.C. of lockout to total No. of work stoppages	Average duration in days
	1967	438	47.0	48.2
	1969	894	14.3	24.9
	1971	347	35.2	47.6
	1972	304	43.7	29.6
	1973	362	43.6	52.8
	1974	339	52.8	73.7
Strike			P.C. to total work stop	
	1967		53.0	16.5
	1969		85.7	12.7
	1971		64.8	12.7
	1972		56.3	8.0
	1973		56.4	4.2
	1974		47.2	23.5

Layoff, Retrenchment & closure

I Layoff By Industries 1974 (Provisional)

Industry	No. of cases	No. of persons affected.
1. Engineering	176	1,43,229
2. Jute	49	5,12,408
3. Cotton	19	39,944
4. Tea	—	—
5. Iron & Steel	—	—
6. Rubber	1	48
7. Chemical	8	269
8. Printing	—	—
9. Miscellaneous	143	17,965
Grand total	396	7,13,863

(Page 33) Table XVIII

Retrenchment by Industries

During 1974 cases of retrenchment were reported from 79 establishments affecting 2,051 persons against 3,898 persons retrenched in the year 1973.

.....The major causes for retrenchment are completion of work, scarcity of raw materials and lack of orders. (Page 35)

Closures

Year	No. of cases	No. of men involved
1965	36	3,041
1967	105	9,774
1969	158	30,077
1971	129	44,932
1972	134	13,728
1973	117	12,317
1974	70	4,268

(Page 36)

Sources :—Labour in West Bengal, 1974 Government of West Bengal.

A Few Economic Problems

[In this issue we republish an article with the above-mentioned title, with certain minor changes here and there. This article, originally published in the Socialist Unity Vol., 3, New Series, Sept. 1962, while giving a thorough exposure to the erroneous ideas and concepts of a group of Soviet economists who once undertook a veritable campaign against the economic formulations of J. V. Stalin, has brilliantly and unambiguously analysed some of the important subject-matters in the field of Economics and Political Economy namely, 'The Basic Economic Law', 'Law of Surplus Value', 'Maximum Profit', 'Average Rate of Profit' etc., regarding which confusions still prevail even in the communist circle.

It is for this responsible task that it has brilliantly and successfully performed that the article will ever be remembered as an invaluable contribution to the treasure-house of Marxism-Leninism.

Editor, Proletarian Era].

A number of writers have of late, undertaken a veritable campaign against the economic formulations made by Stalin. In the course of less than half a year, more than a dozen of articles devoted mainly and exclusively to attack on the various economic theories propounded by Stalin have made their appearances in different organs. They include a treatise entitled, *The Basic Economic Law* jointly produced by M. Atlas, L. Kadyshev, M. Makarov, G. Sorokin and P. Figurnov and published in the 1962, issue No. 1 of the *Voprosy Ekonomiki*. The writers of the article have among others, said: ".....in the field of economic theory Stalin committed serious errors on questions pertaining to the way of raising collective-farm property to the level of property of all the people; to the curtailing of commodity circulation and replacing it by barter; he erred in affirming that under the socialist system the purchasing power of the population should always outstrip actual production. Equally wrong was his proposition that the overall volume of production in the leading capitalist countries was bound to drop in the post-war period etc." They have also discussed in the article the basic economic laws of capitalism and socialism and held Stalin guilty of propagating "absolutely incorrect" ideas about the basic economic law of capitalism in

his *Economic Problems of Socialism in the USSR*.

These are matters of utmost importance for understanding the essential features of not only capitalist production but also socialist production and more so for understanding the real purpose behind the criticisms labelled against Stalin by these writers to undermine the authority of Stalin who so long stood as an authority in the international communist movement and hence, need, careful and critical study.

The Basic Economic Law

Every particular social formation has its basic economic law, which determines not some particular feature or particular processes of the development of production of that social formation but all the principal aspects and all the principal processes of its development. The basic economic law of a given social formation, therefore determines the entire course of its development, the essence of its production, its essential feature. Marxian materialist dialectics teaches us that "the basic contradiction in the process of development of a thing and the quality of the process determined by this basic contradiction, will not disappear until the process is completed: but the conditions of each stage in the long process of development of a thing often differ from those of another stage. This is because, although the nature of the basic contra-

diction in the development of a thing or in the quality of the process has not changed, yet at the various stages in the long process of development, the basic contradiction assumes an increasingly intensified form. Besides, among the numerous big and small contradictions determined or influenced by the basic contradiction, some become intensified, some temporarily or partially solved or mitigated, and some emerge anew; consequently the process reveals itself as consisting of different stages" (Mao-Tse-Tung, *On Contradiction*, page 29). This dialectical materialistic approach should guide all communists while also dealing with economic laws, including the basic economic law. Thus, though the basic economic law of a particular social formation remains fundamentally unchanged during the entire period of that social formation yet concrete conditions of economic development undergo changes during the long period, which call for different (not fundamentally different) i.e., developed and precise understanding of the basic economic law at different stages of the same social formation.

Let us take, for example, the capitalist society. What is the basic economic law of capitalism? It can not, obviously, be the law of value.

For, the law of value is primarily a law of commodity production, which existed before capitalism, exists under capitalism and will continue to exist even when capitalism will be overthrown and socialism established i.e., so long the commodity production with its money economy will operate. The law of uneven development of capitalism in different countries or the law of capitalist competition and anarchic production also cannot be the basic economic law of capitalism. Because, though each one of these laws expresses some particular aspect of capitalist production, none

of them expresses the principal features of capitalist production, its essential nature. Stalin in *Economic Problems of Socialism in the U.S.S.R.* enunciated the basic economic law of capitalism as follows: "Most appropriate to the concept of a basic economic law of capitalism is the law of surplus value, the law of the origin and growth of capitalist profit. It really does determine the basic features of capitalist production. But the law of surplus value is too general a law; it does not cover the highest rate of profit, the securing of which is a condition for the development of monopoly capitalism. In order to fill this hiatus, the law of surplus value must be made more concrete and developed further in adaptation to the conditions of monopoly capitalism, at the same time bearing in mind that monopoly capitalism demands not any sort of profit, but precisely the maximum profit. That will be the basic economic law of modern capitalism" (Page 43).

We think that this is not the rejection of the law of surplus value as the basic law of capitalism in so far as the direct aim of capitalist production is to produce surplus value or profit in its developed form. Marx himself said: "The direct aim of capitalist production is not the product of goods, but the production of surplus value, or of *profit in its developed form* (italics ours—Ed. S.U.); not the product, but the surplus product. * * * It is the constant aim of capitalist production to produce the maximum surplus value (or of *the maximum profit in its developed form*—Ed., S.U.) or surplus product with the minimum of capital advanced..." [Karl Marx, *Theories of Surplus Value*, (Capital Vol. 4 Part II) page 552]. The expression "maximum surplus value" used by Marx, clearly suggest that the maximum surplus value covers also the highest profit. But, ".....with a given surplus value various factors may raise or lower and in general influence the rate

of profit." Karl Marx, *Theories of Surplus Value*, Part II, Progress Publishers Moscow page 376). And ".... The rate of profit is not directly governed by the same laws as the rate of surplus value." (Ibid page 426). Hence, ".....the laws of surplus value—or rather of the rate of surplus value—(assuming the working-day as given) do not so directly and simply coincide with, nor are they applicable to, the laws of profit....." (Ibid page 426). So the point cannot be missed that the rate of maximum profit in adaptation to the condition of monopoly capitalism is not one and the same with the highest rate of profit the capitalists could secure under the conditions prevailing in pre-monopoly capitalism. To have a precise understanding between the highest rate of profit the capitalists were securing under the conditions of pre-monopoly capitalism and the highest rate of profit the capitalists are securing under the present-day conditions of monopoly capitalism Stalin's above proposition is only an elaboration and development towards that end.

How then can the law of the average rate of profit, which in the main operated at the stage of pre-monopoly capitalism, especially during or after the Industrial Revolution, is to be explained? It is not to be understood as, that the pre-monopoly capitalism voluntarily sacrificed the maximum rate of profit and contented itself with the average rate of profit. It is not to be understood as, that the aim of pre-monopoly capitalism was not to produce the maximum surplus value and secure the maximum rate of profit. On the contrary, it is to be understood as, that in the specific conditions obtaining at the time the average rate of profit was the maximum rate of profit, that pre-monopoly capitalism could secure under the circumstances. This is how the law of surplus value and the law of maximum profit are to be concretely understood (Contd. to Page 3)

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in relation to the concrete situation obtaining at the two stages, pre-monopoly and monopoly, in the process of development of capitalist society.

But since some of the Soviet economists erroneously clung to the view that the law of surplus value means the law of surplus-profit operating in the shape of the law of the average rate of profit even under modern or monopoly capitalism and since they obdurately held that the law of the average rate of profit is the basic law of capitalism, Stalin suggested the above-mentioned elaboration to make the understanding of the law of surplus value and the law of profit more precise and concrete. If anyone understands thereby that the law of the average rate of profit was the basic economic law of pre-monopoly capitalism, whereas the law of the maximum rate of profit is the basic economic law of monopoly capitalism, thus advancing the idea of the existence of two basic economic laws under a given social formation, it is his muddle-headedness, that is to blame. But strangely enough, the writers of *The Basic Economic Law* have denounced Stalin for the muddle-headedness of some of the Soviet economists of his time. They say: "Because of the influence exerted by J. V. Stalin's work *Economic Problems of Socialism in the USSR* on our economic literature the latter gave currency during a certain period of time to the fallacy that the law of surplus-profit is the basic economic law of pre-monopoly capitalism only, while in the era of imperialism another basic law allegedly becomes operating namely the law of securing the maximum profit. This way of posing the question is absolutely incorrect. There are no and there can not be two basic economic laws: one for the earlier stages of capitalism and the other for its higher stage—imperialism. Each social formation has only one basic economic law on whatever stage of develop-

A FEW ECONOMIC PROBLEMS

ment it may be". This is echoing what Stalin said in reply to L.D. Yaroshenko's assertion that there could be several basic economic laws of socialism but, at the same time, putting the blame on Stalin for the fallacious idea that a particular social formation can have more than one basic economic law. Stalin in denouncing, Yaroshenko's erroneous view, said: "When speaking of the basic economic law of some particular social formation, the presumption usually is that the latter can not have several basic economic laws, that it can have only some one basic economic law, which precisely for that reason is *basic* law. Otherwise we should have several basic economic laws for each social formation, which would be contrary to the very concept of a basic law. But Comrade Yaroshenko does not agree with this. He thinks that it is possible to have not one, but several basic economic laws of socialism. It is incredible....." (*Economic Problems of Socialism in the USSR*, page 82). Is it creating the confusion that a particular social formation can have more than one basic economic law or a clear, rebuttal of that erroneous concept? These 'theorists', the writers of the article in question, should do well to improve and perfect their study of Stalin before coming out in the open to denounce him.

Now, let us take up the basic economic law of socialism. According to the formulation of the latest Programme of the Communist party of Soviet Union, the basic economic law of socialism is "the aim of socialism". We cannot appreciate this formulation of the basic economic law of socialism, not because it is theoretically unsound but because it is too vague. If the basic economic law of socialism is formulated as "the aim of socialism", the basic economic law of capitalism can, likewise, be formulated as "the aim of capitalism". But none should welcome such a formulation because of its

vagueness. It should not be forgotten that there are lots of young communists and ordinary people, who do not as yet possess the adequate level of ideological consciousness so as to understand fully the implication of the expression, "the aim of socialism". The latest Programme of the CPSU must serve as a handbook of guide to them also. So it is desirable to express the basic economic law of socialism in a clear way even at the cost of brevity. Moreover, "the aim of socialism" is the establishment of classless society which does not exclusively deal with the question of socialist economy alone. It also deals with the questions of how to hasten the process of elimination of commodity circulation, transform individual property and collective-farm property into public property, eliminate money-economy for hastening the process of elimination of theory of value from the field of economic activity and finally how to bring about a fundamental cultural and ethical change in society in order to implement the principle of "from each according to his ability to each according to his need", thereby eliminating contradiction between man and man in relation to production and distribution.

It is true that the latest Party Programme has laid down the aim of socialism. "The aim of socialism is the ever fuller satisfaction of the growing material and cultural requirements of the people through the continuous expansion and perfection of social production"—declares the Programme. The writers of the article, the *Basic Economic Law*, have hailed this formulation as "a step forward in the creative elaboration of the problem of the objective aim of socialist production and the means of attaining it" and given for it all credit to Comrade Khrushchev (later became a renegade—Ed. Prolet. Era) and the Twenty-Second Congress of the CPSU led

by him. There is no doubt that it is a step forward in the creative elaboration of the economic problems of socialism but a little more of plain-speaking and less of vain-glory would make these writers confer, for this creative elaboration the credit not on Khrushchev but on Stalin, whose language even has been reproduced but without any reference to him. "Maximum satisfaction of the constantly rising material and cultural requirements of the whole of society is the aim of socialist production; continuous expansion and perfection of socialist production on the basis of higher techniques is the means for the achievement of the aim" —so said Stalin in his *Economic Problems of Socialism in the USSR* (page 86). Please compare this formulation of Stalin about the aim of socialist production and the means of achieving that aim with that made in the latest Programme of the CPSU and honestly say to whom the credit shall go, to Stalin or Khrushchev. These writers have chaffed L.A. Leontiev for not ascribing the concept of the basic economic law to Lenin but to Stalin. Should they not chaff themselves for ascribing the creative elaboration of the problem of the objective aim of socialist production and the means of attaining it to Khrushchev and not to Stalin? What is sauce for the gander should be sauce for the goose also. But we find lack of that communist sense of criticism and self-criticism in these Comrades. Not only that. The authors of the *Basic Economic Law* in their overzealousness to stealthily copy Stalin but without any reference to him committed a grave error in substituting "the aim of socialist production" as mentioned by Stalin by "the aim of socialism" as these two things can never be equated. The aim of socialism covers a far more wider and broader region of socio-political and economic questions

than the aim of socialist production. Perhaps this is the common fact of all copyists indeed!

Elevating Collective-farm Property to Public Property

The next point, that should be dealt, concerns collective-farm, commodity production, collective farm property and the question of elevating collective farm property to the level of public property. There is no denying the fact that in the USSR there are, at present, two basic forms of socialist production—state or publicly owned production and collective-farm production, which cannot be called publicly owned. In the state sector the means of production and the product of production are both public property, whereas in the collective-farm sector the basic means of production like machines (not minor implements), land belong to the state and the product of production is the property of different collective-farms. It goes without saying that in a communist society there cannot be two forms of property—public property and collective-farm property; there will then be only one kind of property, namely the property of the people. Hence in a communist society, i.e., classless society at least in the economic sense of the term—for communist construction, the question of raising collective-farm property to the level of public property does not arise at all because at that stage no such property as collective-farm property can exist. It is needless to mention that property forms cannot be changed at will; they grow and develop as per economic laws.

The question as to how to raise collective-farm property to public property was discussed at the time of Stalin, when the question of gradually transforming socialist economy into communist economy was being faced by the CPSU and the decision to publish a textbook on political economy was taken. Some comrades

(Contd. to Page 4)

(Contd. from Page 3)

A FEW ECONOMIC PROBLEMS

then proposed that the best way to do it was to nationalize collective-farm property and proclaim it public property. Stalin and the Central Committee of the CPSU could not agree with this proposal on two grounds. Stalin said: "Collective-farm property is socialist property, and we simply can not treat it in the same way as capitalist property. From the fact that collective-farm property is not public property, it by no means follows that it is not socialist property"—this is the first ground. The other reason is that since the aim is to reach world communist society when the state will have withered away and since the collective-farm in the system of socialist economy is in keeping with that end, nationalization of collective-farm property is not the best way of elevating it to public property; "—so long as the state exists, conversion into state property is the most natural initial form of nationalization. But the state will not exist for ever. With extension of the sphere of operation of socialism in the majority of countries of the world the state will die away, and of course, the conversion of the property of individuals or groups of individuals into state property will lose its meaning. The state will have died away, but society will remain. Hence the heir of the public property will then be not the state, which will have died away, but society itself, in the shape of a central directing economic body" (*Economic Problems of socialism in the USSR*, page 96). Had Stalin thought that "collective-farm property had outlived itself" and that it was "to a certain extent a brake holding back the advance to communism", as the writers of the *Basic Economic Law* have made out, he would have acted upon the proposal of nationalizing collective-farm property and proclaiming it public property.

Now, in this connection, we would like to record our difference of opinion with regard to a particular proposition of Stalin that "with the extension of sphere of operation of socialism in the majority of countries of the world (italics ours—Ed. board. Prol. Era) the state will die away.....". In our opinion this is erroneous since we are convinced that the state cannot wither away unless the operation of socialism extends the *entire world* and not the majority of the countries of the world.

These writers should have tried to understand Stalin's point of view rather than quoting a few words of his from here and a few words from there, out of context, and jumping to abrupt and incorrect conclusions. Let us examine what Stalin had said about the *brake* on productive forces. And the honest way of doing it is to present his views on it. "When Marxists speak of the retarding role of the relations of production it is not all relations of production they have in mind, but only the old relations of production, which no longer conform to the growth of the productive forces and consequently, retard their development. But as we know, besides the old, there are also new relations of production which supersede the old. Can it be said that the role of the new relations of production is that of a *brake* on the productive forces? No, it cannot. On the contrary, the new relations of production are the *chief* and decisive force, the one which in fact determines the further, and, moreover, powerful development of the productive forces, and without which the latter would be doomed to stagnation, as is the case today in the capitalist countries. *** Of course, new relations of production cannot, and do not, remain new for ever; they begin to grow old and to run counter to the further development of the productive forces; they

begin to lose their role of principal main-spring of the productive forces, and become a *brake* on them. At this point, in place of these production relations which have become antiquated, new production relations appear whose role it is to be the principal main-spring spurring the further development of the productive forces. This peculiar development of the relations of production from the role of a *brake* on the productive forces to that of the *principal main-spring* impelling them forward, and from the role of *principal main-spring* to that of *brake* on the productive forces constitutes one of the chief elements of the Marxian materialist dialectics" (Ibid, pages 68-70). No communist can oppose this dialectical materialistic analysis of Stalin. On the basis of it he concluded: "Of course, our present relations of production are in a period when they fully conform to the growth of the productive forces and help to advance them at seven-league strides. But it would be wrong to rest easy at that and to think that there are no contradictions between our productive forces, and the relations of production. There certainly are, and will be contradictions, seeing that the development of the relations of production lags, and will lag behind the development of productive forces. Given a correct policy on the part of the directing bodies, these contradictions cannot grow into antagonisms, and there is no chance of matters coming to a conflict between the relations of production and productive forces of society. * * *

* The task of the directing bodies is therefore promptly to discern incipient contradictions, and to take timely measures to resolve them by adapting the relations of production to the growth of the productive forces. This, above all, concerns *such economic factors as group, or collective-farm, property and commodity circulation.*

At present, of course, these factors are being successfully utilized by us for the promotion of the socialist economy, and they are of undeniable benefit to our society. It is undeniable too, that they will be of benefit also in the near future (Italics ours—Ed. S.U.) But it will be unpardonable blindness not to see at the same time that these factors are already beginning to hamper the powerful development of our productive forces since they create obstacles to the full extension of government planning to the whole of national economy especially agriculture" (Ibid, pages 75-76). Does it follow from it that Stalin considered that collective-farm property had already outlived itself, or does it prove that Stalin fully recognized the benefit of collective-farm property to the Soviet society not only for the present but also for sometime to come? Can the writers of the article mentioned above controvert the observation of Stalin that collective-farm property and commodity circulation create obstacles to the *full* extension of government planning to the whole of the national economy, especially agriculture? And does not contradiction exist to that extent, between relations of production and the productive forces of society?

The same type of confusion has been created by these writers in dealing with commodity circulation. They assert that, "Stalin advanced a totally faulty proposition hampering practical work, that in the course of communist construction commodity and money-relations outlive themselves and retard our progress toward communism, and that therefore the sphere of action of commodity circulation should be curtailed, and conversely, the sphere of barter should be extended.*** Our party has pointed out in its Programme that in the work of building a communist society the fullest use

should be made of commodity and money relations." In all fairness it should be admitted that the latest Party Programme has not moved an inch farther from Stalin's proposition. It was Stalin, who categorically stated that commodity production and commodity circulation must remain as a necessary and very useful element in the system of socialist economy and that it was imperative to take advantage of every potentiality inherent in the system of commodity circulation of socialist production. The following analysis of Stalin will conclusively establish it. "At present the collective-farms will not recognize any other economic relation with the town except commodity relation—exchange through purchase and sale. Because of this, commodity production and trade are as much a necessity with us today as they were thirty years ago, say when Lenin spoke of the necessity of developing trade to the utmost. Of course, when instead of the two basic production sectors, the state sector and the collective-farm sector, there will be only one all-embracing production sector, with the right to dispose of all the consumer goods produced in the country, commodity circulation, with its 'money economy', will disappear, as being an unnecessary element in the national economy. But so long as this is not the case, *so long as the two basic production sectors remain, commodity production and commodity circulation must remain in force, as a necessary and very useful element in our system of national economy. * * ** Consequently, our commodity production is not of the ordinary type, but is a special kind of *commodity production.....which together with its money economy' is designed to serve the development and consolidation of socialist production"* (*Economic Problems of socialism in the USSR*, page 20-21, Italics ours—Ed. S.U.)

'Development and consolidation of socialist
(Contd. to Page 6)

Finance Capital

"A steadily increasing proportion of capital in industry," writes Hilferding, "ceases to belong to the industrialists who employ it. They obtain the use of it only through the medium of the banks which in relation to them, represent the owners of the capital. On the other hand the bank is forced to sink an increasing share of its funds in industry. Thus, to an ever greater degree, the bank is being transformed into an industrial capitalist. This bank capital i.e. capital in money form which is thus actually, transformed into industrial capital. I call 'finance capital'. 'Finance capital is capital controlled by banks and employed by industrialists.'"

This definition is incomplete insofar as it is silent on one extremely important fact—on the increase of concentration of production and of capital to such an extent that concentration is leading, and has led to monopoly....

The concentration of production; the monopolies arising therefrom; merging or coalescence of the banks with industry such is the history of the rise of finance capital and such is the content of that concept.

We now have to describe how, under the general conditions of commodity production and private property, the "business operations" of capitalist monopolies inevitably lead to the domination of a financial oligarchy.

... ..
As a matter of fact, experience shows that it is sufficient to own 40 percent of the shares of a company in order to direct its affairs, since in practice a certain number of small, scattered share holders find it impossible to attend general meetings, etc. The democratisation of the ownership of shares, from which the bourgeois sophists and opportunist so-called "Social Democrats" expect (or say that they expect) the "democratisation of capital" the strengthening of the role and

significance of small scale production, etc. is in fact, one of the ways of increasing the power of the financial oligarchy. Incidentally this is why, in the more advanced, or in the older and more "experienced" capitalist countries the law allows the issue of shares of smaller domination. In Germany the law does not permit the issue of shares of less than one thousand marks denomination and the magnates of German finance look with an envious eye at Britain where the issue of one pound shares is permitted. Siemens, one of the biggest industrialists and "financial kings" in Germany told the Reichstag on June 7, 1900, that the one pound share is the basis of British imperialism. This merchant has a much deeper and more "Marxist" understanding of imperialism than a certain disreputable writer who is held to be one of the founders of Russian Marxism and believes that imperialism is a bad habit of a certain nation.....But the "holding system" not only serves enormously to increase the power of the monopolists, it also enables them to resort with impunity to all sorts of shady and dirty tricks to cheat the public because formally the directors of the mother company are not legally responsible for the "daughter company", which is supposed to be "independent" and through the medium of which they can "pull off" any thing.

... ..
Finance capital, concentrated in a few hands and exercising a virtual monopoly, exacts enormous and over-increasing profits strengthens the domination of the financial oligarchy and levies tribute upon the whole of society for the benefit of monopolists.

... ..
Speculation in land situated in the suburbs of rapidly growing big towns is a particularly profitable operation for finance capital. The monopoly of the banks merges, here with mono-

poly of ground-rent and with monopoly of the means of communication, since the rise in the price of land and the possibility of selling it profitably in lots, etc., is mainly dependent on good means of communication with the centre of the town; and these means of communication are in the hands of large companies which are connected with these banks through the holding system and the distribution of seats on the boards.

... ..
It is particularly important to examine the part which the export of capital plays in creating the international network of dependence on and connections of finance capital.

Export of Capital

Typical of the old capitalism, when free competition held undivided sway, was the export of goods. Typical of the latest stage of capitalism, when monopolies rule, is the export of capital.

V. I. LENIN

Capitalism is commodity production at its highest stage of development, when labour power itself becomes a commodity. The growth of internal exchange, and particularly, of international exchange, is a characteristic feature of capitalism. The uneven and spasmodic development of individual enterprises, individual branches of industry and individual countries is inevitable under the capitalist system. England became a capitalist country before any other, and by the middle of the nineteenth century, having adopted free trade, claimed to be the "workshop of the world", the supplier of manufactured goods to all countries, which in exchange were to keep her provided with raw materials. But in the last quarter of the nineteenth century, this monopoly was already undermined, for other countries, sheltering themselves with "protective" tariffs, developed into independent capitalist countries, on the threshold

of the twentieth century we see the formation of a new type of monopoly; firstly monopolist associations of capitalists in all capitalistically developed countries, secondly the monopolist position of a few rich countries in which the accumulation of capital has reached gigantic proportions. An enormous surplus of capital has arisen in the advanced countries.

It goes without saying that if capitalism could develop agriculture, which today is everywhere lagging terribly behind industry, if it could raise the living standards of the masses, who in spite of the amazing technical progress are everywhere still half starved and poverty stricken, there could be no question of surplus capital. This "argument" is very often advanced by the petty-bourgeois critics of capitalism. But if capitalism did these things it would not be capitalism; for both uneven development and semi starvation level of existence of the masses are fundamental and inevitable conditions and constitute premises of this mode of production. As long as capitalism remains what it is, surplus capital will be utilised not for the purpose of raising the standard of living of the masses in a given country, for this would mean a decline in profits for the capitalists, but for the purpose of increasing profits by exporting capital abroad to the backward countries. In these backward countries profits are usually high, for capital is scarce, the price of land is relatively low, wages are low, raw materials are cheap. The export of capital is made possible by a number of backward countries having already drawn into world capitalist intercourse; main railways have either been or are being built in those countries, elementary conditions for industrial development have been created, etc. The need to export capital arises from the fact that in a few countries capitalism has become "overripe" and (owing to the backward

state of agriculture and the poverty of masses) capital cannot find a field for provitable investment.

... ..
The export of capital influences and greatly accelerates the development of capitalism in those countries to which it is exported. While therefore, the export of capital may tend to a certain extent to arrest development in the capital exporting countries, it can only do so by expanding and deepening the farther development of capitalism throughout the world.

The capital exporting countries are nearly always able to obtain certain "advantages" the character of which throws light on peculiarity of the epoch of finance capital and monopoly.

... ..
Finance capital has created the epoch of monopolies and monopolies introduce everywhere monopolist principles; the utilisation of 'connections for profitable transactions takes the place of competition on the open market.

... ..
.....finance capital, literally one might say, spreads its net over all countries of the world. An important role in this is played by banks founded in the colonies and by their branches.

... ..
The capital exporting countries have divided the world among themselves in the figurative sense of the term. But finance capital has led to the actual division of the world.

Division of the world among capitalist association

Monopolist capitalist association, cartels syndicate and trusts first divided the home market among themselves and obtained more or less complete possession of the industry of their own country. But under capitalism the home market is inevitably bound up with the foreign market. As the export of capital increased, and as the foreign and colonial

(Contd. to Page 8)

(Contd. from Page 4)

production', no doubt, means advance towards communism. Thus, according to Stalin, in the course of advance towards communism commodity production and commodity circulation must remain in force as a *necessary and very useful element* for a certain period. While he took cognizance, in full, of the utility of commodity and money-relations, he at the same time, pointed out their limitations. The trouble with the writers of *The Basic Economic Law* is that they do not see these limitations. Besides, while Stalin meant by the expression, transition to communism, a real transition, these writers mean only declaratory transition.

Long before the Twenty-Second Congress of the CPSU Stalin felt that the Soviet Economy had reached that state of development, when it was quite possible to adopt a programme for transition from socialism to communism in the strictest sense of economic term. But to make the transition real and not declaratory he felt that time had come to adopt concrete measures so that collective-farm property gradually transforms itself into public property and commodity circulation and money economy in the course of their maximum utilization, for the benefit of the society gradually lose their utility and ultimately disappear as being unnecessary elements in the life of the society.

In his report to the Twenty-First extraordinary Congress of the CPSU, Khrushchev suggested four-fold measures to "bring collective-farm property into closer approximation with public property, gradually obliterating the line dividing the two." These measures are (1) uninterrupted increase of collective-farm non-distributable assets, (2) enlargement of collective-farm production to include more and more branches of agriculture, (3) inter-farm production ties and diverse

forms of cooperation and (4) agricultural electrification, mechanization, automation. This is quite, in accordance with the line advanced by Stalin for improvement of Soviet agriculture. But notwithstanding these measures and even in spite of them, the surplus collective-farm output will continue to go into market and remain included in the system of commodity circulation. But for real transition from socialism to communism the surplus collective farm output, which remains a commodity even after the implementation of the measures suggested by Khrushchev, has to be excluded from the system of commodity circulation. How that is going to be done? Neither Khrushchev nor the economic experts of the USSR who are maligning Stalin, have anything to offer as answer to this question. Stalin suggested that it could be done by excluding the surplus collective-farm output from the system of commodity circulation and including it in the system of product exchange between the state industry and the collective farms to the advantage of latter. This, in the opinion of Stalin would hasten the process of raising collective farm property to the level of public property also.

The writers of *The Basic Economic Law* consider this proposition of Stalin as untenable. They argue: "Underlying this fallacious assertion are two gross theoretical errors. First, Stalin held that the output of a collective-farm was the farm's only item of property. * * * Second, Stalin subordinated the transformation of socialist production relations into communist ones not to the growth of social production but to the growth of the volume of exchange to either the safeguarding or abolition of commodity circulation between town and country." An examination of Stalin's analysis on the material question will show that the

argument of these writers is a tissue of gross misstatement of facts. Stalin said: "What then, does the collective-farm own? Where is the collective-farm property which it disposes of quite freely, at its own discretion? This property of the collective-farm is its product, the product of collective farming: grain, meat, butter, vegetables, cotton, sugar, beet, flax, etc, not counting the buildings and the personal husbandry of the collective farmers on their household plots." (Ibid page 103), Does this statement exclude "beef and dairy cattle and draught animals", as alleged by the economic experts? Does it not prove to incorrect the statement of these writers that Stalin held the output of a collective-farm as the firm's *only* item of property? Apart from these mis-statements they have failed to understand the subject matter of discussion. Stalin was discussing *not the property of the collective-farm in general but that portion of its property, which it disposes of quite freely, at its discretion, not all kinds of its property but only those items of its property which goes into the market and, hence are included in the system of commodity circulation.* So in the fitness of things he did not mention some items of collective-farm property like irrigation installations, cultural and utility facilities, small ancillary plants etc.

The second point of argument of these writers is equally wrong. There is nothing to show that for transition from socialism to communism Stalin shifted the emphasis from social production to the sphere of exchange; on the contrary, there is much to show that he gave importance to social production, exchange and cultural advancement of the people in order of their priority. Marx said: "In production men not only act on nature but also on one another. They produce only by co-opera-

ting in a certain way and mutually exchanging their activities. In order to produce, they enter into definite connections and relations with one another and only within these social connections and relations does their action on nature, does production take place" (*Marx and Engels*, vol. 5, page 429). Thus social production consists of two sides, which although they are inseparably connected and form an integral whole reflect two different relations—(1) relations of men to nature (productive forces) and (2) relations of men to one another in the process of production (production relations). To over-rate the importance of the one and under-rate that of the other is to commit a grave sin against Marxism-Leninism. The present leaders of the Soviet Union are emphasizing the role of the former and under-estimating the role of the latter in the process of advance towards communism. What is Stalin's position in this respect? He said: "In order to pave the way for a real and not declaratory transition to communism, at least three main preliminary conditions have to be satisfied. It is necessary, *in the first place*, to ensure, not a mythical 'rational organization' of the productive forces, but continuous expansion of the production of means of production.

It is necessary, *in the second place*, by means of gradual transitions carried out to the advantage of the collective-farms, and hence, of all society to raise collective-farm property and, also by means of gradual transitions, to replace commodity circulation by a system of products-exchange, under which central government or some other social-economic centre, might control the whole product of social production in the interests of society. It is necessary, *in the third place*, to ensure such a cultural advancement of

society as will secure for all members of society the all-round development of their physical and mental abilities, so that the members of society may be in a position to receive an education, sufficient to enable them to be active agents of social development, and in a position freely to choose their occupations and not be tied all their lives, owing to the existing division of labour, to some one occupation" (*Economic Problems of socialism in the USSR*, pages 74-76). Those who find under-estimation of the importance of social production in it (Stalin gave social production the first place) are suffering from morbid dislike of Stalin. Stalin not only formulated these conditions for real transition from socialism to communism and assigned places of relative importance to each of them but also suggested concrete measures for securing these conditions. The present leaders of the CPSU are carrying out, at least for the present what we find, mainly those measures but at the same time, painting Stalin in the blackest of colours. This, in our view, violates communist Code of Conduct. To be more precise they have not accepted the suggestion of Stalin that the surplus collective-farm output, which is included in the system of commodity circulation, should be gradually brought under the system of products-exchange, perhaps with a view to giving the collective-farms an incentive to production, which we consider to be a very dangerous trend. We are yet, to see the concomitant results of the measures by the present leaders of the CPSU to extend the sphere of commodity circulation in place of limiting it in the course of transition to communism.

Purchasing Power of the People

In the political report of the Central Committee to the Sixteenth Congress of the CPSU Stalin stated: "That is why here, in the

(Contd. to Page 7)

(Contd. from Page 6)

A FEW ECONOMIC PROBLEMS

USSR, the increase of mass consumption (purchasing power) continuously outstrips the growth of production and pushes it forward, whereas over there in the capitalist countries, on the contrary, the increase of mass consumption (purchasing power) never keeps pace with the growth of production and continuously lags behind it, thus dooming industry to crises from time to time" (*Collected works*, Vol. 12, page 332). The writers of *The Basic Economic Law* assert, without assigning any reason, that Stalin "erred in affirming that under the socialist system the purchasing power of the population should always outstrip actual production".

It is obvious that Stalin, by his above-mentioned remark wanted to draw the attention of the Sixteenth Congress to the specific fundamental features of development of the two opposite systems of economy, the socialist and the capitalist, the mechanism behind the development of the two systems and the advantage of the socialist system of economy over the capitalist system. It is, therefore, not a question of *should* but of *is*, not a question of what *should* be the feature, as these writers put forth, but of the feature that actually *exists*. The use of the word, *should*, implies the erroneous idea that a socialist state can create new economic laws for the development of its economy. The laws of economic development—whether in the period of capitalism or in the period of socialism are independent of the will of man, who "may discover these laws, get to know them and relying upon them, utilize them in the interests of society, impart a different direction to the destructive action, and allow fuller scope to other laws that are forcing their ways to the forefront; but he cannot destroy them or create new economic laws". Then again, the exact meaning of the

words, "erred in affirming," used by these writers is not very clear. So they mean that the error in affirming i. e., confirming or do they mean that the formulation itself is incorrect? If they mean the former then it comes to this that the formulation was quite valid, when it was originally advanced in 1930 but has lost its validity now, owing to new economic conditions. If they mean the latter then the formulation, irrespective of time, is *per se* unsound. Whatever may be the stand of these writers, they are wrong.

Comrade L. Gatovsky in an article entitled, *From Socialist to Communist Distribution* published in the *World Marxist Review* (Vol. 5, No. 2, Feb. 1962) has referred to this formulation of Stalin and discarded it as "dogma" and as "theoretically unsound" on the strength of Khrushchev's speech in the Twenty Second Congress of the CPSU. When Khrushchev's speech has been advanced as containing the main line of argument, it is but logical to quote it in full. Khrushchev said: "Nothing contradicts the essence and creative spirit of revolutionary theory so much as attempts to hang on to propositions whose unsoundness has been proved by the realities of life. An example is the thesis, current for a long time in our economic literature and indeed not only in economic publications that under socialism the purchasing power of the population should always keep ahead of production, and that this is even a specific advantage which socialism has over capitalism and is one of the motive forces of our development. This obviously erroneous assertion, one that contradicts the Marxist-Leninist theory of the relation between production and consumption arose out of the uncritical dogmatic acceptance of Stalin's erroneous thesis to the effect that in the USSR 'the increase of mass consumption (purchas-

ing power) continually outstrips the growth of production.....' The champions of this view were not worried at the fact that they were actually justifying the shortage of prime necessities and perpetuating the system of rationing and its psychology. Socialist economy is planned economy. We can and must give full consideration to the population's demand for goods when planning the quantity and type to be produced. Lenin said that socialism means 'the planned organisation of the process of social production to ensure the well-being and all round development of all members of society'. On more than one occasion he stressed the need to ensure a rate of production development sufficient to create an abundance of goods for the people. We must be guided by these directions of Lenin. We have quoted Comrade Khrushchev (later he became a renegade—Ed. Prol. Era) in full and since it, far from removing darkness, makes it opaque, we put some questions to him. What is the Marxist-Leninist theory of the relation between production and consumption? In what way does Stalin's formulation that under socialism "the increase of mass consumption (purchasing power) continuously outstrips the growth of production" contradict that Marxist-Leninist theory? We are sorry to state that though his report runs into several millions of words, it does not answer these pertinent questions otherwise than by dogmatically asserting that Stalin's formulation is erroneous and contradicts the Marxist-Leninist theory of the relation between production and consumption. But dogmatic assertion, of course, is no logic. He has taken pain to quote Lenin as saying that socialism means "the planned organisation of the process of social production to ensure the well-being and all round development of

all members of society", as if Stalin was opposed to this Leninist formulation. This is simply ridiculous! He has even reminded us that on more than one occasion Lenin "stressed the need to ensure a rate of production development sufficient to create an abundance of goods for the people." Who challenges the correctness of it? At least Stalin did not. The pity is that Comrade Khrushchev (the leadership of the CPSU did not turn out and out revisionist as at present) has said so many things but has not said the real thing—in what way Stalin's formulation is theoretically wrong. Should not a communist leader of his stature speak in terms, precise and concrete, in place of beating about the bush? The above formulation of Stalin deals with one of the important features of development of socialist economy, the mechanism behind the continuous expansion and perfection of socialist production so as to ensure creation of abundance of products for the well-being and all round development of the people. Khrushchev and these writers have confused one of the fundamental features of socialist economy with the aim of socialist production. This aspect of economic development makes the aim of planning possible and real but nevertheless it is not the aim itself. Why is it that while capitalist economy suffers from unavoidable crisis of over-production, the system of socialist economy, far from witnessing any such crisis, is distinguished by continuous expansion and perfection of social production ensuring creation of abundance of products for the people? Is it because of the will of the communists to create an abundance of goods and of the absence of such a will on the part of the capitalists? None but a simpleton can so think. It is so because of different sets of economic laws with different features of economic development

operating and existing, as the case may be, under the two opposite systems of economy, the capitalist and the socialist. While discussing the development of capitalism in Russia Lenin said: "Another feature of the development of social productive forces by capitalism is that the growth of the means of production (productive consumption) is much faster than individual consumption" (Selected works, Lawrence and Wishart publication, Vol. 1, page 382). The antagonistic contradiction between the growth of production and mass consumption under capitalist economy manifests itself in the form of periodic crisis of over-production. Had this feature of economy existed under socialism also then socialist economy too, would have witnessed over-production. It should be noted that capitalist over-production is over-production not in consideration of the total requirements of all members of society but from the point of view of their purchasing power. Under socialism guided by the principle, "to each according to his deeds", the problem of purchasing power of the people still remains, commodity production with its money-economy, though operating in a limited sphere, still exists and consequently, the law of value still operates. Under such a condition growth of production ahead of mass consumption (purchasing power) is fraught with the danger of over-production which in its turn obviously create a break in the process of continuous expansion and perfection of production. But the fact is that socialist economy faces no over-production, let alone crisis of over-production. As against the capitalist economy with its basic economic law of creating surplus value and aim of appropriating maximum profit, the aim of the socialist economy is not to create surplus value but to produce socially necessary things to meet up the material and cultural requirement of the people;

(Contd. to Page 8)

Finance Capital

(Contd. from Page 5)

connections and "spheres of influence" of the big monopolist associations expanded in all ways, things naturally "gravitated towards an international agreement among these associations and towards the formation of international cartels.

This is a new stage of world concentration of capital and production, incomparably higher than the preceding stages.

The epoch of the latest stage of capitalism shows us that certain relations between capitalist associations grow up between political alliances between states, on the basis of the territorial division of the world, of the struggle for colonies, of the "struggle for spheres of influence".

Division of the world among the great powers

In his book, on "The territorial development of the European colonies", A Supan, the geographer, gives the...brief summary of this development at the end of the nineteenth century.

Supan gives figures only for colonies; I think it useful, in order to present a complete picture of the division of the world, to add brief data on non colonial and semi-colonial countries, in which first category I place Persia, China and Turkey; the first of these countries is already almost completely a colony, the second and third are becoming such.

Alongside the colonial possessions of the great powers we have placed... the small colonies of the small states which are so to speak, the next objects of a possible and probable "redivision" of colonies. These small states mostly retain their colonies only because the big powers are torn by conflicting interests, friction, etc, which prevent them from coming to an agreement on the division of the spoils. As

to the semi-colonial states, they provide an example of the transitional forms which are to be found in all spheres of nature and society. Finance capital is such a great, such a decisive, you might say, force in all economic and in all international relations that it is capable of subjecting, and actually does subject, to itself, even states enjoying fullest political independence: we shall shortly see examples of this.

Since we are speaking of colonial policy in the epoch of capitalist imperialism, it must be observed that finance capital and its foreign policy, which is the struggle of the great powers for the economic and political division of the world give rise to a number of transitional forms of state dependence. Not only are the two main groups of countries, those owning colonies, and the colonies themselves but also the diverse forms of dependent countries which, politically are formally independent but in fact are enmeshed in the net of financial and diplomatic dependence, are typical of this epoch. We have already referred to one form of dependence—the semi-colony. An example of another is Argentina.

Basing himself on the reports of the Austro-Hungarian Consul at Buenos Aires for 1909, Schilder estimated the amount of British capital invested in Argentina at 8,750 million francs. It is not difficult to imagine what strong connections British finance capital (and its faithful "friend" diplomacy) thereby acquires with the Argentine bourgeoisie, with the circles that control the whole of that country's economic and political life.

A somewhat different form of financial and diplomatic dependence, accompanied by political independence, is presented by Portugal. Portugal is an independent sovereign state, but actually, for more than two hundred

years, it has been a British protectorate.

Relations of this kind have always existed between big and little states, but in the epoch of capitalist imperialism they become a general system, they form part of the sum total of "divide the world" relations and become links in the chain of operations of world finance capital.

Imperialism, as a special stage of capitalism

We must now try to sum up, to draw together the threads of what has been said above on the subject of imperialism.

Imperialism emerged as the development and direct continuation of the fundamental characteristics of capitalism in general. But capitalism only became capitalist imperialism at a definite stage and very high stage of its development, when certain of its fundamental characteristics began to change into their opposites, when the features of the epoch of transition from capitalist to a higher social and economic system has taken shape and revealed themselves in all spheres. Economically, the main thing in this process is the displacement of capitalist free competition by capitalist monopoly. Free competition is the basic feature of capitalism, and of commodity production generally; monopoly is the exact opposite of free competition but we have seen the latter being transformed into monopoly before our eyes, creating large-scale industry and forcing out small industry, replacing large-scale by still large-scale industry, and carrying concentration of production and capital to the point where out of it has grown and is growing monopoly; cartels, syndicates and trusts, and merging with them, the capital of a dozen or so banks, which manipulate thousands of millions. At the same time the monopolies, which have grown out of free competition, do not eliminate the latter but exist above it and alongside it, and thereby give rise to a number of

very acute, intense antagonisms, frictions and conflicts. Monopoly is the transition from capitalism to a higher system.

If it were necessary to give the briefest possible definition of imperialism we should have to say that imperialism is the monopoly stage of capitalism.

But very brief definitions, although convenient for they sum up the main points, are nevertheless inadequate, since we have to deduce from them some especially important features of the phenomenon that has to be defined. And so, without forgetting the conditional and relative value of all definitions in general, which can never embrace all the concatenations of a phenomenon in its full development, we must give a definition of imperialism that will include the following five of its basic features:

- (1) The concentration of production and capital has developed to such a high stage that it has created monopolies which play a decisive role in economic life;
- (2) the merging of bank capital with industrial capital, and the creation, on the basis of this "finance capital", of a financial oligarchy;
- (3) the export of capital as distinguished from the export of commodities acquires exceptional importance;
- (4) the formation of international monopolist capitalist associations which share the world among themselves, and
- (5) the territorial division of the whole world among the biggest capitalist powers is completed. Imperialism is capitalism at the stage of development at which the dominance of monopolies and finance capital is established in which the export of capital has acquired pronounced importance; in which the division of the world among the international trusts has begun, in which the division of all territories of the globe among the biggest capitalist powers has been completed.

(From "Imperialism, the highest stage of Capitalism")

Economic Problems

(Contd. from Page 7)

its features are also fundamentally changed. Unlike capitalism, in a socialist economy the large portion of the social wealth produced, being continuously transformed into emolument constantly raises the minimum wage-level. It therefore induces a consistent, continuous and systematic raising of the purchasing capacity and the standard of living of the people under the given condition, including the cultural and ethical standard which is continuously uplifted so as to reach a level conducive to the fulfilment of the principle aim of socialist production. This continuous rise of the purchasing capacity of the people continuously raises the demand-level. It is for this reason that in socialist economy, demand for consumption always outstrips actual production. This serves as a constant flip for continuous expansion and perfection of socialist production through the successful implementation of the principle of planned guidance in order to guarantee the creation of abundance of the products of social production for the people. Just as the theory of the dictatorship of the proletariat is neither the product of fancy nor a means to perpetuate the dictatorial rule of the working class but is the recognition of the law of class struggle and other objective laws of development of society and marks the entire transitional phase, a means to hasten the process of elimination of class rule and establishment of world communist society, i.e., the classless society, so also the formulation that under socialism the purchasing power of the people runs ahead of production is neither a cooked up theory nor a subterfuge for "justifying the shortage of prime necessities and perpetuating the system of rationing and its psychology", as Khrushchev complains, but is a recognition of the objective feature of socialist economy that makes it possible for bringing about continuous expansion and perfection of socialist production to create abundance of the products of social production for the people under socialism.

(To be concluded)