

On the Mechanism of the Extraction and Appropriation of Surplus Value in the Soviet Society

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Nearly three decades have passed from the time the Khrushchevites usurped power in the Soviet Union and launched an attack on a broad front against the victories of socialism achieved under the leadership of Lenin and Stalin. The counter-revolutionary overthrow they brought about in the superstructure, the ideology and policy of the Soviet state could not fail to bring about, as it did, the disintegration of the economic base of the Soviet society. It opened the road to far-reaching processes which led to the overthrow of socialist relations of production and the restoration of capitalism in all fields.

As the 8th Congress of the PLA pointed out, the strategy of Khrushchevite revisionism had "...as its main task to liquidate the dictatorship of the proletariat, to undermine the foundations of socialist society, to set the Soviet Union on the capitalist road and turn it into an imperialist superpower. Now we can all see that great counter-revolutionary transformation which has occurred in the Soviet Union."*

* Enver Hoxha. *Report to the 8th Congress of the PLA*, "8 Nentori" Publishing House, Tirana 1981, p. 239, Eng. ed.

1. The Khrushchevite-Brezhnevite reforms and the restoration of capitalism in the Soviet society

The new revisionist bourgeoisie worked intensively for reorganizing the Soviet economy on capitalist bases, building and setting in motion a specific mechanism for the extraction and appropriation of surplus value, for the capitalist plunder and exploitation of the Soviet working people. This mechanism of exploitation of man by man assumed its form and content in the Soviet society in the process of the implementation of capitalist reforms at the base and superstructure, which they began with great vigour after the death of Stalin.

The essential thing in these far-reaching capitalist transformations in the Soviet society was the radical change of the relations of production, the introduction of such a system of organization and management of the economy aimed only at ensuring maximum profit at all costs, vesting the state with the prerogatives of a collective capitalist body and establishing the rule of state monopoly capitalism in every field and to proportions unprecedented in the history of imperialism.

At the turn of 1970 the capitalist reforms of the Soviet economy were operating in 90 per cent of the industrial enterprises which supplied 92 per cent of the total industrial production. In transport these reforms were accomplished in 1968 and in building they were introduced on a large scale over the period 1969-1970. Whereas the state agricultural sector was reformed at slower rates. In 1970 only one third of the "state farms"* were involved in this process.

* *Pravda*. June 27, 1969, January, 25, 1970. and February 4, 1971.

Through these reforms the Khrushchevites delivered a blow first at the fundamental theses of the Marxist-Leninist theory on commodity production and the operation of the law of value in socialism. The socialist production of goods was identified in theory and practice with the capitalist commodity production and, on this basis, the whole economic mechanism was reformed. Through the intermediary of the state, the means of production and the management of the economy were concentrated in the hands of the new bourgeoisie. Previous laws and practices with a socialist content were replaced with new ones, which gave the state and party bureaucracy complete freedom to express and achieve its capitalist interests and aspirations without impediment. Directors of various enterprises and institutions were vested with broad rights and powers to direct and manipulate production and distribution, to hire and fire workers, to divide up profits, and other competences which were used to ensure and broaden the privileges and increase the incomes of the castes in power at the expense of the working masses.

Profit was placed at the foundation of all economic activity, as a regulator of production and distribution, as “the supreme and general criterion which characterizes the activity of the enterprise in the highest degree.”* The centralized economy was made to coexist with the market economy and the offer-demand capitalist mechanism was made, to a considerable degree, the regulator of the production – consumption relations. The state gradually lost control of the amount of work and consumption – the two main levers of socialist economy, and the Soviet economy found itself caught in the grip of contradictions between its bureaucratic centralism of the monopoly type and widespread economic liberalism at the base. Under the slogan of the “operational independence of enterprises” and “the elimination of the intermediate administrative links”, direct capitalist links were established between the units of production on the basis of the market mechanism. The transition to the buying and selling of the means of production, like any other commodity, turned them into fundamental capital, while the system of self-coverage and self-financing, the so-called complete self-supporting system based on narrow capitalist profitability in every link of the economy, was placed at the foundation of the new capitalist economic mechanism. Centralized state financing of capital investments and means of circulation was limited and gradually covered by means of decentralized sources and bank credits. The planned management of the economy has left its place in practice to the free operation of the economic laws and categories of the capitalist mode of production.

* *Pravda*, November 21. 1965.

The Khrushchevite economic reforms began with the buying and selling of the means of production as commodities. “With us”, the Soviet revisionist press wrote at the height of these reforms, “the equipment of enterprises with means of production is dealt with and done in the form of buying and selling.”* In 1971 the buying and selling of the means of production accounted for two thirds of all the goods turnover in the Soviet Union and, in 1974, 70 per cent of them were bought or sold by direct contracts between producer and consumer enterprises.**

* *Ekonomicheskaya Gazeta*, no. 43, 1965.

** *Ekonomicheskiye Nauki*, no. 11, 1971 and *Voprosi Ekonomikii*, no. 4. 1974.

Under the new Constitution, which is typical of those of state capitalist enterprises, which came into effect on October 4, 1965, “The enterprise exercises the right to possession of the property under its operational control”, “the director of the enterprise may act on its behalf, dispose of the property and funds of the enterprise, employ and dismiss the staff”.*

* *Ekonomicheskaya Gazeta*, no. 43, 1965.

The relations that were established in the Soviet society between the state and the capitalist managers of state or collective property objects, as juridical persons, are of the same type as the relations existing in monopoly capitalism of today between the private or collective owners of capital and the managers who administer the capitalist enterprise without being its owners. In the present-day Soviet Union the social-imperialist state has the rights of the monopoly owner of the main means of production, the land, the mines, the water resources, building lots, etc., realized in the form of rents, interest rates and taxation on productive funds which are leased to different groups of the bourgeoisie of city and countryside. These monopoly rights are materialized in the form of rent for fundamental capital, with each state enterprise contributing to the state budget an average of 15 per cent of the value of its production funds; in the rents and taxes on the collective forms of economy (collective farms, building construction cooperatives, communal services, etc.), or on the private forms of income from capitalist enterprises in agriculture (personal plots of the cooperative members), trade (the black market), services and crafts (the pursuit of professions for private profit), etc.

In order to express these new capitalist relations between the state, the organizations and citizens in the period October 1, 1966 – July 1, 1967, in terms of value the general reform of wholesale prices was carried out, which brought about the average increase by 8 per cent of wholesale prices for all industry, which, in turn, was followed by new general price rises in 1969, 1974 and 1979.* At the foundation of the new system were placed “fluctuating prices” intended to achieve an “equilibrium between offer and demand” as “very important and effective means of regulating the social processes of reproduction”.** Thus, the processes of redistribution of the national income in the Soviet economy were placed on capitalist bases. Besides the fact that prices are fixed from above, broad margins are allowed to the state monopoly unions in the fluctuation of prices, which are “motivated” by “increases due to new products of higher quality and greater effectiveness”*** So, high-priced goods, especially “new” products and assortments which, in fact, are the same as the “old” ones with slight modifications, continue to pour onto the capitalist Soviet market. The final aim of all this is to guarantee higher norms of profit. The Soviet press admits that “there is the danger that prices may continue to go up constantly, as the various economic units try to increase their income (profits) in the easiest way by increasing prices of production and sale.”**** In practice, “fluctuating prices” gradually left the place to monopoly high prices, as emerges from the following admissions of the official press: “Our experience shows the existence of a dangerous trend towards arbitrary price increases.”***** “The producer dictates the price... and often avails himself of shortages of particular goods on the market in order to step up his pressure on the consumer.”***** So, in March 1978 the price of coffee increased 5-fold, of combustible oil 2-fold, the charges for repair services went up 30 per cent, while in September 1981 prices for wine and tobacco were raised by 27 per cent, for carpets, furs, leather articles and confections up to 30 per cent, the price of gas went up by 40 kopeks the litre, etc.*****

* *Planovoje Hozjaistvo*, no. 7, 1967, *Voprosi Ekonomiki*, no. 6, 1970. *Ekonomicheskaya Gazeta*, no. 1, 1969, no. 32, 1979.

** *Ekonomicheskiye Nauki*, no. 1, 1969.

*** *Ekonomicheskaya Gazeta*, no. 32, 1979.

**** *Ekonomicheskiye Nauki*, no. 4, 1969.

***** *Voprosi Ekonomiki*, no. 6. 1970.

***** *Ekonomicheskiye Nauki*, no. 11, 1971.

***** TASS, Moscow, September 15, 1981.

One of the main directions of the capitalist reforms in the Soviet economy was the creation of the monopoly structure of the social-imperialist big state capital, both within and outside the Soviet Union. This was achieved under the disguise of “enlargement of enterprises” which resulted in unions and mergers of enterprises in all the branches of the economy and the creation of industrial, agrarian-industrial, industrial-construction units, etc. on the level of single republics, of federative republics or the federation as a whole. These monopoly unions assumed the forms of combines, of vertical or horizontal, many-branched or inter-branched, complexes of the type of trust or cartel.* The 24th Congress of the Khrushchevite revisionists (1971) gave a fresh impulse to this process, hastening the creation of production unions of the monopoly type. In the period 1970-1979 the number of these organisms in the Soviet Union increased 6.5 times and amounted to 3,950 monopoly unions with more than 17,500 branches. Their share in the industrial production increased from 6.7 per cent to 47.1 per cent and the number of the industrial workers from 6.2 per cent to 48.4 per cent.** In the Ukraine, for example, the industrial unions of the republic have under their dependence an average of 112 branches and fundamental capital averaging 49 million of roubles.***

* *Organizacija upravljenija promishljenih objedinjenijj*, p. 16, Kiev 1980.

** *Narodnoje Hozjajstvo SSSR V 1979 Godu*, p. 133.

*** Ibidem, p. 19, 21, 22.

So, specific relations of capitalist ownership, closely connected with the high degree of monopolization of the main means of production in the hands of the imperialist state, were crystallized in the Soviet Union on this road. As Comrade Enver Hoxha put it at the 8th Congress of the PLA: “Today in the Soviet Union the means of production are, in fact, state capitalist, or collective capitalist property, because they are used in the interest of the new bourgeois class which is in power, and because it is precisely this class which appropriates the labour of workers and peasants.”*

* Enver Hoxha, *Report to the 8th Congress of the PLA*, “8 Nentori” Publishing House, Tirana 1981, pp. 239-240, Eng. ed.

The state or collective monopoly property, which represents the prevailing form of capitalist ownership in the Soviet Union, is impersonal property. In the Soviet society, the new capitalists, technocrats and bureaucrats of the ruling circles have no right over the individual reproduction of property and capital, which belongs to the imperialist state alone, and exercises this right on behalf of the bourgeoisie as a whole. For the time being, in the Soviet Union the private ownership of the land, plants, factories, mines, banks, railways, etc., despite the existence and the constant growth of small private capital, does not exist. And this should be sought in the logic of the historical conditions and the epoch of imperialism in which the turn of the Soviet Union from socialism back to capitalism took place. The decentralization of property, its fragmentation and distribution in the hands of individual capitalist entrepreneurs and the development on these bases of capitalism of the pre-monopoly free competition type, are processes which have already been overcome since the classic phase of capitalism which is now living through its last

stage – imperialism. In these conditions, the uncontrolled development of free capitalist initiative and enterprise with complete decentralization would have endangered the strategic aims of the Soviet social-imperialist bourgeoisie to change the ratio of forces and to catch up with the other big imperialist powers, to rival with them from positions of strength for a new economic and territorial division of the world. For this purpose the Khrushchevite-Brezhnevite big bourgeoisie had to concentrate the capitalist economic initiative, the productive and capital-bearing sources, in the hands of the state and state monopolies. This collective capitalist took upon itself to manage the reproduction in the interest of the revisionist bourgeoisie as the class in power, the militarization of the economy and the creation of the economic-nuclear potential of a superpower, as well as the task of ensuring stable resources for the parasitic consumption by this new bourgeois class at the cost of the working masses of the Soviet Union and the other countries of the “socialist community”. These are the basic reasons why the Khrushchevite capitalist reforms which began, capitalized on the unchecked decentralization of the economic life and the extreme restriction of state interference in the economy, and which, with the coming of the Brezhnev group to power, were crystallized in a graft of bureaucratic centralism of the monopoly type on widespread liberalization of the basis of the economy. The capitalist mechanism of the management of the Soviet economy continues to float between these extremes and contradictions without violating the basic strategic interests of the social-imperialist bourgeoisie.

The state corporations (monopoly unions), with their high degree of concentration of production and capital, gave the Soviet Union the highest form of state monopoly capitalism in our time. The state monopoly sector in the Western countries accounts for an average of 20-30 per cent of the total production, while it is all prevailing in the Soviet Union. Here the new bourgeois class is organized as a class in power within a highly developed totalitarian bureaucratic and hierarchic system. The social-imperialist state itself has the aspect and functions of a giant monopoly corporation which has monopolized the whole activity of big capital of the Soviet society. The various capitalist agents of this corporation have economic initiative, acting exactly like directors and managers of a centralized monopoly property. These prerogatives and competences are given to the functionaries of the hierarchy of the state, the Party, the army, the economy and culture in their respective spheres, though in a conditional manner and without the right of succession. This is conditioned by their loyalty to the social-imperialist state and its policy as the sole representative of the interests of the bourgeois class in power. The readiness to serve the interests of the capitalist corporation in the Soviet society is in fact the basic criterion of admission into the ranks of the revisionist bourgeoisie in power. This is also the criterion of the distribution of posts and the promotion of capitalist individuals in the hierarchy of the bureaucratic system, the only criterion of their participation in the appropriation and sharing of the surplus value which is realized through an intricate system of privileges and specific rights which the Soviet state guarantees to its loyal supporters to the detriment of the people.

The capitalist reforms in the Soviet society inevitably brought about radical changes in the relations of distribution, appropriation and utilization of social property. “True, the state ownership remained and the factories were not distributed to private owners, the kolkhozes remained common collective economies and the banks were not handed over to shareholders, but what was changed was the distribution, the destination of the social product.”*

* Enver Hoxha, *Report to the 8th Congress of the PLA*, “8 Nentori” Publishing House, Tirana 1931, p. 240, Eng. ed.

With the completion in essence of the Khrushchevite-Brezhnevite capitalist reforms, “the Soviet society has turned bourgeois down to its tiniest cells and capitalism has been restored in all fields.”* The struggle

between the two roads in the Soviet society ended up with its return to capitalism. The basic antagonisms of the capitalist mode of production were restored and its evolution now is determined by the irreconcilable struggle and contradictions between hostile classes – the new revisionist bourgeoisie which rules by means of the fascist iron dictatorship, on the one hand, and the Soviet proletariat, the working masses with rich revolutionary traditions of the struggle against capitalist oppression and exploitation, on the other hand.

* Enver Hoxha, *Report to the 7th Congress of the PLA*. “8 Nentori” Publishing House, Tirana 1976, p. 215, Eng. ed.

2. Production of surplus value

The liquidation of the dictatorship of the proletariat and the building of a fascist totalitarian state machine which is in the hands of the new bourgeoisie, deprived the Soviet working class and the other working masses not only of political power, but also of the social ownership of the means of production. So, exploitation was restored in the form of the economic obligation to work no longer for oneself and society, but for this collective capitalist state. As a consequence, surplus value emerged again in the Soviet society, the product for society was turned into surplus product, work for society into surplus work, work for oneself into hired labour, the labour power into a commodity. As the 8th Congress of the PLA put it, “The Soviet power is no longer of the Soviets, of the workers and peasants. It is isolated from them and has become like a force in itself and alien to them.”*

* Enver Hoxha. *Report to the 8th Congress of the PLA*, “8 Nentori” Publishing House. Tirana 1981, pp. 243-244, Eng. ed.

The transformation of the conditions of realization of labour of the means of production and livelihood into capital could not be made without transforming the labour power into a commodity. “The working man”, say the revisionists, “retains the right to freely dispose of his work capability. And he realizes this right through the work contract he signs with the enterprise.”*

* *Ekonomicheskiye nauki*, no. 4, 1972.

In practice, this “right” is realized through the selling and buying of the labour power commodity. The restoration of this category of capitalism is a glaring fact in the Soviet society. The labour market is full of “free workers” and the laws of competition and offer-demand have caused large-scale movements of economic immigrants, hired workers in search of favourable contracts to sell their labour power. The Soviet press is compelled to admit that the high fluctuation of labour power in the Soviet Union is connected mainly with the struggle and competition for better working conditions, remuneration and livelihood. In 1967, 5.5 million working people were compelled by these vital interests to move from one city to another, 3.1 million migrated from the countryside to the city and 1.5 million from the city to countryside, without reckoning millions of others who abandoned their native villages for others.*

* *Voprosy ekonomiki*, no. 9, 1970.

With the application of the capitalist reforms, the enterprises interested only in making a maximum profit engaged in a fierce competition among themselves in order to secure qualified and productive labour power through direct contracts with the “free market” of the labour power commodity. So, 90 per cent of the new workers in industry are engaged by means of such direct contracts with the enterprises.

The restoration of the capitalist relations of exploitation of man by man in the Soviet society brought about the creation of a new mechanism for the achievement of surplus value, with all the categories and laws that accompany it. From an analysis of this mechanism on the basis of facts and official Soviet documents we can form an idea of the degree of the exploitation of the proletariat, of the norm of surplus value achieved in the Soviet industry. Let us refer to the facts.

Soviet sources admit that the share of wages (variable capital) to the cost of industrial production (capitalist expenditure of production) was an average of about 15.5 per cent in 1971.* As a result the average organic structure of Soviet industrial capital in this period was:

$$C/V = 84.5/15.5 = 5.5:1$$

* *Sovjetskoye Planirovannoye Hozyaistvo*, Moscow, 1974, p. 33.

The Khrushchevite capitalist reforms in the economy caused the average rate of profit to increase from 16.7 per cent in the period 1961-1965, to 21.3 per cent in 1966-1970, while in industry it rose to 27.2 per cent in 1970.*

* *Sovjetskaya Ekonomicheskaya Reforma: Prodvizhienye i Problemi*, p. 208, Moscow, 1972.

On the basis of these figures, the typical structure of the value of commodities in Soviet industry may be represented as follows:

$$W = c + v + m = 84.5c + 15.5v + 27.2m$$

On the other hand, the norm of surplus value and, accordingly, the degree of the average exploitation of the Soviet industrial proletariat results as:

$$m' = m/v = 27.2/15.5 \cdot 100 = 175.5 \text{ per cent}$$

As a consequence, in the beginning of the 70's in an 8-hour working day, the hired worker in the Soviet capitalist industry worked an average 2 hours and 54 minutes for the reproduction of his work capability and 5 hours and 6 minutes for the reproduction of the capitalist class in power. The average annual profit extracted from each worker in the Soviet industry in 1970 reached 2,800 rubles.*

* *Narodnoye Hozyaistvo SSSR v 1979 Godu*, p. 167, Moscow, 1980.

However, these average figures do not reflect the whole extent of the exploitation of the Soviet proletariat in large scale industry, in the great state monopoly unions in which, with minimum expenditure of constant capital a larger mass of live work is set in motion as a source for the production of surplus value. Apart from this, the organic structure of Soviet industrial capital has certainly developed further with the intensification of the processes of concentration of production and centralization of capital during the 70's. If we take as a basis the average structure of retail prices, according to official figures the rate of profit in Soviet industry in 1979 (industrial and commercial capital taken together) was 30.1 per cent.* Even if the organic structure of capital is supposed as unchanged (for lack of facts), in the period 1971-1979 the norm of surplus value results as:

$M' = m/V = 30.1/15.5 = 194$ per cent

* *Narodnoye Hozyaistvo SSSR v 1979 Godu*, p. 147.

So, in the end of the 70's the hired worker in Soviet industry devoted more than 2/3 of his work time to his patrons, the revisionist big bourgeoisie and its social-imperialist state. More than 29 million hired workers of Soviet industry were submitted to this savage exploitation in 1979. Official statistics reveal that the annual amount of monetary income in the state monopoly sector of the Soviet economy reached nearly 215 billion rubles, of which 114 billion rubles in the form of profit (53 per cent) and 88 billion rubles in the form of turnover taxation (41 per cent).^{*} However, even this sum does not represent the total amount of the surplus value extracted from the exploitation of the working masses in the three forms of capitalist property coexisting in Soviet society, since it does not include the surplus value produced in the collective capitalist sector and in the private sector of the Soviet economy.

* *Narodnoye Hozyaistvo SSSR v 1979 Godu*, p. 535.

An analysis of the capitalist relations of distribution and appropriation of surplus value helps us to shed more light on all the capitalist processes that prevail in Soviet society and form its class physiognomy.

3. Distribution and appropriation of surplus value

The capitalist relations that have been restored in the Soviet Union are more conspicuous in such important spheres of social life as distribution and utilization of the social product, which clearly reveal that the means of production, the sources of work and wealth of this country are used in the interests of the ruling and an exploiting minority – the social-imperialist big bourgeoisie and its national and international strategic interests. This class appropriates the fruits of the work of the Soviet workers and peasants.

Karl Marx has pointed out that "...Capital means not only commanding of work... In essence, it means commanding of unpaid work..."^{*} This law of the capitalist mechanism of appropriation operates powerfully in the Soviet society, too. The peculiarity here is that the revisionist bourgeoisie commands and disposes of the unpaid work of the Soviet workers and peasants for its main, if not overwhelming, part, by means of the monopoly state and its exploiting organisms.

* Karl Marx. *Capital*, vol. I, book 2, p. 301. Alb. ed.

The use of the social product and the distribution of the surplus value it contains reveal even more the absolute precedence given to the interests of the big bourgeoisie as the class in power, and the ruling position of the state monopoly ownership in Soviet society as against the other, private or collective, forms of capitalist ownership.

In the last analysis, the Soviet state is the owner of the whole surplus value or, as Marx said about the industrial capitalist, "...the representative of all those who take part in its distribution".^{*} Taken in its complex in the economic life of the Soviet Union there is no classic division of functions among the different capitalists, as industrialists, merchants, bankers, land-owners, etc. The functions of production, distribution, utilization and appropriation of the surplus are, in the overwhelming majority of cases, attributes of state capital which exercises the monopoly of the bourgeois class, as one and indivisible, in

all spheres of life. As a consequence, surplus value in Soviet society is appropriated, in the first place, by the social-imperialist state which distributes and utilizes it on behalf and in the interest of the big bourgeoisie in power, either for the extended reproduction of its economic-military potential as a superpower, or for the parasitic and non-productive consumption of the different categories of capitalists-state functionaries. The latter, that is the different groups of the new bourgeoisie, take part in the distribution and appropriation of surplus value according to the place each group occupies in the state hierarchy in the party, the army, the economy, science and culture. Let us refer to the facts.

* Karl Marx. *Capital*. vol. I, book 3. p. 8, Alb. ed.

The exploiting fiscal system, which regulates the distribution and utilization of surplus value in the Soviet society, has at its centre the state budget which is the main lever for the redistribution of national income by the social-imperialist state in favour of state monopoly big capital. The state realizes this distribution through known channels, by centralizing the surplus value in the budget. According to their importance (their contribution to the income of the state budget) the main channels are: turnover taxation which in the period 1979-1982 rose to an annual average of 88-110 billion rubles (31-37.6 per cent of budgetary income): deposits of profits of state enterprises – 84-95 billion rubles (29-30 per cent of budgetary income), taxation on the population – 23-28 billion rubles (8-10 per cent), etc.* The state enterprises deposit their profits in the following forms: as rent for fixed capital (33 per cent of deposits), as rent of the land (the mines and the waters according to differentiated tariffs for the different economic-territorial regions), in the form of bank rates on credits (more than 18 per cent of deposits), and in the form of excess profit (49 per cent of annual profit deposits).** Apart from this, each year the state budget accumulates 14 billion rubles in the form of insurance of enterprises (5 per cent of budgetary income), 1-2 billion rubles of taxation on the incomes of the collective farms and about 70 billion rubles (25 per cent) from foreign sources (foreign trade, profit from exported capital, arms sales, foreign credits, etc.).*** It is obvious that the part of the surplus value nominally drawn into the budget through taxation from the collective capitalist sector of agriculture is minimal and most of it is redistributed or is engaged through a system of wholesale prices in the circulation of goods between city and country.

* *Narodnoye Hozyaistvo SSSR v 1979 Godu*, p. 353, and "Pravda" p. 4, Jan. 1, 1981.

** Idem.

*** *Pravda July 29, 1979 and Ekonomicheskaya Gazeta*, No. 32, 1979.

These facts prove that the Soviet social-imperialist state and the Soviet economy find it less and less easy to cope with the consequences of the intensive militarization of the life of the country. As is known, the Soviet Union engages for these purposes more than one third of the annual national income (over 150 billion rubles), one third of the production of the key branches of heavy industry, one seventh of energy resources, one tenth of the active work force, etc., directly from the state budget or otherwise. Of course, the furthering of these strategic interests of Soviet social imperialism, which are connected with its superpower plans for an economic-territorial redivision of the world, the extended reproduction of big state capital, the militarization of the economy, the export of capital, etc. have overall precedence in the process of the use of surplus value by the state of the Soviet big bourgeoisie. The latter realizes the accumulation and the use of surplus value for these purposes without affecting in the least the ever growing parasitic consumption by the bourgeois class in power, but saddling the working masses with this ever increasing burden. "The consequences of this course are apparent in the daily life of the Soviet

people. On the market there are shortages of prime necessities, inflation, unemployment and the fluctuation of labour power have increased; declared and undeclared increases in prices of various goods can be seen. The private sector of the economy has extended, the doors have been flung open to foreign monopoly capital, and the black market, speculation, embezzlements, bribery and fraud are rife..."*

* Enver Hoxha, *Report to the 8th Congress of the PLA*, "8 Nentori" Publishing House, Tirana 1981, p. 243, Eng. ed.

In 1979 about 40 per cent of the part of the profit which is left to the state enterprises, went to "the fund for the development of production", for the decentralized financing of new capital investments and the increase of circulating capital; 43 per cent to the fund for the material-stimulation of the personnel and 17 per cent to the fund for socio-cultural measures and assistance.* The militarist Soviet state keeps the key sectors and activities of the industrial-military complex under control, through bureaucratic centralism, for which the entire Soviet economy works and pays. These are the conditions in which the accumulation and the use of surplus value for the extended reproduction of big state capital is done in the Soviet Union. At the same time, private capital is called upon to shoulder part of the burden in the production and trade of food-stuffs, broad consumption goods and services, which the Soviet state is not in a position to cope with, and is given increasing facilities for this purpose.** The Soviet economy now is split and plunging into capitalist decay along two parallel lines. The activity of private capital has extended and has been transformed into "a second parallel economy" which the official press calls the "shadow Economy" ("tyenovaya ekonomika").*** This economy accounts for more than one tenth of the annual working days of the whole economy (one third in agriculture), comprises 8.5 million hectares of a farm land, 23 million head of cattle and 29 million sheep and goats, one fourth of the total agricultural production, 30 per cent of dwelling constructions, 25 per cent of the average income of urban families and 27 per cent of the average income of rural families, etc. ****

* *Narodnoye Hozyaistvo SSSR v 1979 Godu*, p. 536.

** Proceedings of the 26th Congress of the Soviet revisionist Party in *Pravda*.

*** *Review Eko*, March 1980.

**** *The Yearbook of Comecon*, pp. 215-216, 261-263, Moscow 1979.

We come now to the concrete form of distribution of surplus value among the members of the new bourgeoisie for parasitic consumption, as a result of which class polarization in Soviet society is growing and the gap between the bureaucrats and capitalist administrators and the broad working masses is growing wider.

The fundamental feature which characterizes the sphere of distribution of the goods destined for personal consumption in the Soviet society is the **ensuring and sustaining of the material interests and privileges of the new bourgeoisie at the cost of the working masses, with absolute priority**. The system of remuneration and material incentives that operates in this capitalist country is from top to bottom a system based on the hierarchy of exploitation. The hierarchy of privileges and rights of a handful of people to the detriment of the broad working masses begins at the highest levels of the apparatus of the state, the party and the economy and the whole superstructure and ends at the level of the work team in

industrial enterprises. This is done to confuse the Soviet proletariat by means of the known method of corruption of the strata of worker aristocracy. The unlimited operation of the bourgeois right of owner and employer towards the hired worker is institutionalized and raised to a system in the incentives through nominal wages and, especially, in the allotment of profits, many kinds of bonuses and privileges which, in turn create innumerable differentials in the real income and the way of life of the different social groups in the Soviet Union.

“Although it is claimed that the principle of remuneration according to work is applied, in reality the different groups of the new bourgeoisie appropriate the surplus value created by the workers and peasants. All this robbery is presented as a kind of material stimulus, allegedly to encourage productive activity, scientific work, artistic creativeness etc. In reality, this is a typical capitalist exploitation.”*

* Enver Hoxha, *Report to the 8th Congress of the PLA*, “8 Nentori” Publishing House, Tirana 1981, p. 240, Eng. ed.

Soviet sources reveal that the system of nominal wages in industrial enterprises is built as follows:*

Ordinary worker	1 unit
Average worker	1.5 unit
Brigade leader	2.4 units
Department chief	over 3.2 units
Chief engineer	up to 7.2 units
Director	up to 10.8 units

* According to *Sovjetskoye Planirovannoye Hozyaistvo*, pp. 242-252, Moscow 1973.

However, the wage scale represents only a small part of the differences in the standards of living and way of life between the workers and the revisionist bourgeoisie in Soviet society. Social inequality grows as a result of the way remunerations and privileges are scaled, from which the elements of the new bourgeoisie profit with absolute precedence. In this connection, the 8th Congress of the PLA pointed out: “Parasitic consumption has assumed unprecedented proportions. On the basis of the nominal pay, the difference in remuneration between workers and the bureaucratic and technocratic administrators of production reaches a ratio of more than one to ten, while together with the incomes from the division of profits, from all kinds of bonuses, and from countless other privileges, the difference in pay reaches even greater figures. These differences in pay and way of life can hardly be distinguished from those which exist between the bourgeois administrators and the workers in the countries of the West.”*

* Enver Hoxha, *Report to the 8th Congress of the PLA*, “8 Nentori” Publishing House, Tirana 1981, p. 242, Eng. ed.

Facts prove that the Khrushchevite capitalist reforms in the field of distribution set in motion a “system of material incentives” which polarized social forces and is based completely on the norm of capitalist profit in every link of the economy. “The main thing here is that all kinds of remunerations emerge from profits.”* In the period 1966-1969 the funds for material incentives in Soviet enterprises grew on an average four times over.**

* Libermann, *Voprosi Ekonomiki*, Nr. 8, 1962.

** *Sovjetskaya Ekonomicheskaya Reforma: Prodvizhienye i Problemi*, p. 207.

The personnel of Soviet industry is classified, from the standpoint of social structure, into: 4 per cent administrators and 96 per cent workers. However, in connection with the distribution of the funds of material stimulation in this basic branch of the economy, official statistics reveal that 49.4 per cent of bonuses go to the capitalist administrators of production and 50.7 per cent “is divided up among the workers”.* These facts show that the lion's share in the distribution of profits goes to the representatives of the Soviet revisionist bourgeoisie vested with state power, who hold the reins and have competences in the management of production. According to the above figures, one per cent of the personnel of the Soviet enterprise, if it is vested with state power, takes 12.3 per cent of bonuses (capitalist administrators), and if not vested with state power, as is the case with the Soviet proletariat, takes only 0.5 per cent of them, or 25 times less. These are the “crumbs” on which the big bourgeoisie in power in the Soviet Union, just like the bourgeoisie in the West, feeds opportunism in the bosom of the workers' movement.

* *Ibid.* p. 194.

Soviet sources show that the main part of the “bonuses” of the workers (59.1 per cent on an average) is paid at the end of each year, while that of the administrators each month.* So, what the revisionists call “the 14th month” for the workers, is “the 24th month” of the year for the capitalist administrators of production. However, with the other part of the profit which is distributed during the year, the gap becomes even deeper. The administrators of enterprises take 82.2 per cent of the “monthly bonuses” while the workers take only 17.8 per cent of them, that is 102 times less according to the social structure of the personnel of Soviet industry.**

* S. Kamenicer, *Opit promishtenovo upravleniya v. SSSR*, p. 127, Moscow 1973.

** *Sovietskaya Ekonomicheskaya Reforma: Prodvizhenie i Problemi*, p. 194.

Nevertheless, “the funds of material stimulation” are not the only form of material incentives. The Soviet press admits that “in most enterprises the funds of material stimulation still have not become the basic source of remuneration of the personnel, as more than 30 ways of remuneration are still in force at the same time. The so-called special bonuses are much higher than the general bonuses that are distributed from the funds of material stimulation.”* All these innumerable rights and privileges the Soviet new revisionist bourgeoisie enjoys, represent inexhaustible sources of profit which are realized at the cost of the working masses through special bonuses for top functionaries of the revisionist party and state (the so-called blue envelopes), the current accounts with the state banks to guarantee parasitic consumption by a handful of people of the ruling elite, unrestricted “personal pensions”, etc.

* *Voprosi Ekonomiki*, No. 12, 1973.

The 8th Congress of the PLA pointed out that the present crisis is one of the failures of state monopoly capitalism. It clearly shows the disintegration of the capitalist system not only of the classic form but also of the form that prevails in the Soviet Union and other countries. This capitalist form of domination and exploitation of the working people failed to avert the upset of the economy, the disorganization of the productive forces, the fall of production, the falling standards of living of the working masses, the

worsening of the wounds which the bourgeois society opens inevitably. “The processes of class differentiation are seething, and class conflicts are building up rapidly in the revisionist countries. The Soviet Union makes no exception in this direction, although outwardly it looks as the most stable among them. The wounds which the restoration of capitalism has opened can be healed only with the overthrow of revisionism and the re-establishment of socialism.”*

* Enver Hoxha, *Report to the 8th Congress of the PLA*, “8 Nentori” Publishing House, Tirana 1981, p. 248, Eng. ed.

Surplus-value is essentially just that: the money form of the social surplus product or, what amounts to the same, the money product of surplus labour. It has therefore a common root with all other forms of surplus product: unpaid labour. What happens on the market (or through appropriation of the produce) is a distribution (or redistribution) of what already has been created. The surplus product, and therefore also its money form, surplus-value, is the residual of that new (net) social product (income) which remains after the producing classes have received their compensation (under capitalism: their wages). Marx likewise laid bare the economic mechanism through which surplus-value originates. The more profit the business owner makes, the greater the surplus appropriation. Needless to say, through the process of surplus appropriation the business owner gets ever more richer, while the worker is always at a standstill in terms of accumulation of wealth. Exploitation, in other words, is the name of the game. In the final analysis, not surprisingly, all class struggles between the capitalist class and the lower classes is over the quantity of surplus appropriation because there is an inverse relationship between wages and surplus appropriation—the lower the surplus appropriation the higher the wages. "Surplus value" is a translation of the German word "Mehrwert", which simply means value added (sales revenue less the cost of materials used up), and is cognate to English "more worth". Surplus-value is the difference between the amount raised through a sale of a product and the amount it cost to the owner of that product to manufacture it: i.e. the amount raised through sale of the product minus the cost of the materials, plant and labour power. Conventionally, value-added is equal to the sum of gross wage income and gross profit income. However, Marx uses the t