COVID-19. WILL ANGER REPLACE FEAR, ONCE THE PLAGUE SUBSIDES?

There is an old biblical proverb which when reversed, talks of beating ploughshares into swords. The modern version is turning toilet rolls into wicks for Molotov cocktails. The key question is whether society will hold the ruling class and their government to account, once this plague subsides, for allowing it to escalate due to their reckless and greed fuelled incompetence.

Currently politicians are riding a wave of support because of the assistance they have provided. Even Ronald Trump’s ratings has risen to 49% despite this deceitful politician incoherently rambling on in press conferences adding more promises even as he tries to bury his previous broken promises. Once this is over, this wave will break on the rocks of fiscal propriety when all the largesse has to be clawed back, except for the banks, corporations and investors that is. The legacy of this plague will be deficits in the low teens and government Debt to GDP ratios above 100%.

When the bills become due, anger will be compounded by the combination of culpability and the injustice of over who will be forced to pay for this carnage. Therefore, we need to begin discussing socialism once more. This plague and the economic conditions that will follow in its track, have weakened capitalism ideologically, which is why the debate on the future of humankind is likely to escalate and intensify.

For this reason, I would like to re-open the discussion on how a socialist society functions by critiquing Trotsky and Lenin’s failure to understand the essence of a socialist society. I have argued previously that if we are to remake the future we need to break from the past. Before continuing, there can be no doubt that Trotsky and Lenin were two of the most important revolutionaries in the history of the working class. There can be no doubting their dedication and self-sacrifice, their mastery of the tactic and their advanced organisational skills. To those who say the October Revolution should not have happened, or having happened, it would have been better had it been still born, we say you know nothing of counter-revolution. Had October failed, or had the Red Army been defeated, imperialism would have exacted a terrible revenge on the Russian workers for daring to seize power from them. The rest is history.

This article deals with one of the most widely read and acclaimed books written by Trotsky, “The Revolution Betrayed”, which exposed the conditions within the USSR, at a time when Stalin’s domination of the international working class, exploiting the authority of the October Revolution, prevented any insight. But this book is more than a critique of the Stalinist counter-revolution, it also seeks to provide an alternative, and it is this element of the book, which this article focuses on. Specifically, Chapter 4, The Struggle for The Productivity of Labour. The book in its entirety can be downloaded by following this link https://www.marxists.org/archive/trotsky/1936/revbet/ch04.htm

This article should be read in conjunction with an earlier article I wrote titled: In Defence of Consumer-Led Planning, dating back to October 2017, which inter-alia critiques Lenin’s State and Revolution. https://theplanningmotivedotcom.files.wordpress.com/2017/12/comprehensive-planning-article-pdf.pdf

The nature of the state expands to compensate for the lack of insight.

A cursory reading of Lenin and Trotsky shows the expanded role played by the workers’ state after the revolution. In their view, the progress of society depends on this role, which extends beyond the scope of defending and preserving the revolution. A number of reasons can be found for this projection of
expanded state power and subsequently society’s reliance on the workers’ state for its development. Firstly, the backward nature of capitalism in Russia which meant workers were still a minority in society. Secondly, the experience of the First World War which was fresh in memory and where the state had played a central role in directing production focusing it on the war effort. Thirdly, the failure of the international revolution which isolated Russia. Finally, I do not believe these two revolutionaries understood the physiology of a socialist society.

This results from a failure to understand what Marx meant by the phrase, socialism, or better still the lower stage of communism, which is characterised by the free association of emancipated producers who differ in their individuality. Thus while the working class has a class interest, its outward looking consciousness, that is to abolish the irreconcilable class division cleaving society, it also has an inward looking consciousness, a recognition of the reconcilable divisions and distinctions within our huge international class who number in their billions.

It is this synthesis of the outward and the inward that sets the tasks for the workers state. On the outward side, to preserve the dictatorship of the proletariat and to protect the revolution from counter-revolution. On the inward side, to enact a charter of workers’ rights - equal rights for unequal workers - without which there cannot be a collective effort to mobilise production. In turn, without production expanding, there can be no enlarged social fund sufficient to overcome the inequalities which make these rights necessary.

What the workers’ state must not do is elevate itself above society, a recipe for bureaucratisation. Instead the workers’ state enacts these rights and establishes the organisational structures which enable these rights. Having done so the state steps back assuming only the role of policing these rights to prevent them being defrauded, that is until such time as habit replaces policing.

Through so doing the workers state diminishes itself. It does not decide what is to be produced, that right belongs to individual workers exercised through consumer led planning. It does not decide the prices of things, that is set objectively through weighted average labour times. It does not set wages, that is decided exclusively by a workers’ contribution to production. It does not set the pace of work, that right belongs to workers and it is called workers’ control of production. Nor does it determine the deductions from the social product for the social fund or its disposition, that right belongs only to those who produce who produce that social product, workers themselves.

A workers’ state, stripped of these functions, is unrecognisable when compared to the expanded Stalinist state, which forcefully monopolised these functions.

Trotsky and Lenin often quoted Marx to the effect that “Men make their own history, but they do not make it as they please; they do not make it under self-selected circumstances, but under circumstances existing already, given and transmitted from the past.” Or “Right can never be higher than the economic structure of society and its cultural development conditioned thereby.” This is wisdom undiminished by time. But what it is not, is the following. The rights that characterise a post-capitalist society are the same regardless of the prior development of capitalism. Just as the core anatomy of capitalism is fixed, so too the lower stage of communism.

There is not one set of rights for this country, because of its level of development, and, another set for that country, which may be more advanced. This is to confuse the rights themselves with society’s economic ability to implement them. Thus, the difference lies in only this, the more or less protracted period of implementation. But if the goal is forgotten or neglected, this period of implementation turns into a dead end.
There is only one element of agreement with Trotsky. History is not wishful thinking. **Such characteristically anarchist demands as the “abolition” of money, “abolition” of wages, or “liquidation” of the state and family, possess interest merely as models of mechanical thinking. Money cannot be arbitrarily “abolished”, nor the state and the old family “liquidated.” They have to exhaust their historic mission, evaporate, and fall away.** “We use the legacy of capitalism, as scaffolding, to support the new structures we are setting out to build, which once completed, renders the scaffolding redundant.

**The critique.**

I intend to take the quotes in the order they appear in Chapter 4. Trotsky’s quotes are in italic and my critique or commentary is in regular type.

“We shall be able to speak of the actual triumph of socialism only at that historical moment when the state turns into a semi-state, and money begins to lose its magic power.” This is wrong on a number of counts. The workers’ state becomes a semi-state so soon as it is able to enact and implement the statute of workers’ rights. Secondly, money does not lose its magic power, it is consciously abolished through the implementation of vouchers, let us say electronic, which records the hours of labour contributed adjusted for the coefficient of skill, and, and on the other side diminished by the withdrawal of products from the store of goods. Finally, what connects the lower to the higher phase of communism is the social fund and its expansion. The higher phase of communism, the end of rights through their realisation, occurs when the social fund is so expanded that it has dealt with the divisions in society through the upliftment of all.

“Having lost its ability to bring happiness or trample men in the dust, money will turn into mere bookkeeping receipts for the convenience of statisticians and for planning purposes. In the still more distant future, probably these receipts will not be needed.” No, bookkeeping receipts are something different. Vouchers need to be authenticated. There needs to be protection from fraud. They are likely to be signed off at the place of work under a specifically agreed verification process.

“These functions of money, however, bound up as they are with exploitation, are not liquidated at the beginning of a proletarian revolution, but in a modified form are transferred to the state, the universal merchant, creditor and industrialist. At the same time the more elementary functions of money, as measures of value, means of exchange and medium of payment, are not only preserved, but acquire a broader field of action than they had under capitalism.” Money finds its broadest action under capitalism. So how can it find an even broader action under socialism. In a capitalist society the breadth of money can be summed up as money making money, that is money capable to purchasing the factors of production and turning them into a profit. Trotsky may not have been fully aware of what was happening in the USSR. But by the mid-1930s generalised commodity production had for all intents and purposes, been abolished. The best way to see this is to compare it to capitalism. In a capitalist economy the selling price comprises cost price plus the profit margin. Cost price includes buying inputs such as materials, components, power, etc. as well as labour power. In the USSR retrospective planned prices comprised the wage fund and tax margins (later profit margins). The difference was that enterprises did not buy inputs. Gosbank provided credits covering these inputs which also included fixed means of production. The Rouble was reduced to covering the enterprise wage and benefit fund and financing the state budget. Enterprise managers were not free to spend any surpluses but had to return them to Gosbank. (That is why they ended up bartering to fill gaps) In other words, the role of the Rouble was already being confined. It is true of course that any new workers’ state would nationalise the banking system. And until production could be planned the financial system would be used to finance production. But here it exists merely as scaffolding.
“On the other hand, a successful socialist construction is unthinkable without including in the planned system the direct personal interests of the producer and consumer, their egoism, – which in its turn may reveal itself fruitfully only if it has in its service the customary reliable and flexible instrument, money. The raising of the productivity of labor and bettering of the quality of its products is quite unattainable without an accurate measure freely penetrating into all the cells of industry – that is, without a stable unit of currency.” Trotsky is of course right in this regard. Using the pricing system to regulate the rate of exploitation requires a malleable currency. (We will discuss this further under subsequent quotes.) The inflation in the USSR at the outset of the five-year plan was both conscious and unconscious on the part of the Stalinist bureaucracy. Conscious because it was the only way to depress the consumption of the working-class releasing funds for investment. And it was unconscious because Stalin never undertook an audit or census of the productive capacity of the economy before embarking on the First Five-Year Plan. Thus, the capacity of individual industries was not known. Only later was such a census conducted in the form of the “Materialy”, which when translated into English, was called Materials for a Balance of the Soviet National Economy, 1928 – 1930. Obviously, its embarrassing results led to a very restricted circulation. The result of diving straight into the Five-Year Plan, was disproportionate production. As workers flooded into the new industrial cities and were paid wages, consumer goods production lagged, and this wage pressure added to the inflationary wave.

“For the regulation and application of plans two levers are needed: the political lever, in the form of a real participation in leadership of the interested masses themselves, a thing which is unthinkable without Soviet democracy; and a financial lever, in the form of a real testing out of a priori calculations with the help of a universal equivalent, a thing that is unthinkable without a stable money system.” Firstly, the political lever. The real participation in leadership of the masses themselves. Let us begin by talking of the freedoms enjoyed by consumers under capitalism and then ask the question would Trotsky’s proposals be a higher or lower freedom. When a worker in a capitalist society with money in her or his pocket goes shopping, they are free to spend their money as they like. We ignore here considerations of social responsibility, environmental impact or the influence of marketing and advertising. We are discussing freedoms and rights. The point Marx makes in the Critique of the Gotha Programme, his only commentary on the future, was that workers were individual. To lump them together is barrack socialism. They have individual needs and wants. How then can a committee or other collective organisation filter these needs and wants. Impossible. Workers give of their labour and are rewarded by the products of their choice. That is the anthem of socialism. To set up a committee to decide on what will be produced, and, then to invite worker representatives to sit on it would be a retrograde step. All this is overcome with consumer led planning where the worker as a consumer relays their preferences to the planning bodies for aggregation into the plan of production. Here the consumer is active while the planners are passive, they simply act on instruction. Moreover, because workers decide on what they intend to consume, it is they who make the decisions on what is to be produced, not a manipulative remote marketing capitalist marketing department. Hence consumer led planning confers rights to the worker as consumer unavailable under capitalism. Workers would find consumer led planning attractive, while they would find Trotsky’s well intentioned, but primitive proposals, repulsive.

“On the other hand, a successful socialist construction is unthinkable without including in the planned system the direct personal interests of the producer and consumer, their egoism, – which in its turn may reveal itself fruitfully only if it has in its service the customary reliable and flexible instrument, money. The raising of the productivity of labor and bettering of the quality of its products is quite unattainable without an accurate measure freely penetrating into all the cells of industry – that is, without a stable unit of currency.” If we assume by this statement that some form of planning is in place, then Trotsky is quite wrong. Money will always disrupt conscious planning even when it is the most stable and sought-after currency in the world. The reason is that money, which jumps from hand to hand, knows no leash. By definition it is
interchangeable for any product. Thus, the presence of money would create a market even if confined to the world of retail or final consumption. It would unleash demand and supply. Even if prices were fixed, more money chasing this or that product would drive up their prices, and all penalties could achieve, would be to create a black or hidden market. The same cannot be said of individual labour vouchers which belong to individual workers and are not transferable, like anonymous cash. Thus, a planned economy once in place, fully formed, requires the abolition of money.

With the substitution of “closed distributors” for commerce, and with complete chaos in prices, all correspondence between individual labor and individual wages necessarily disappeared, and therewith disappeared the personal interestedness of the worker. This has to be taken in two parts. For the first part, within the confines of his criticism, Trotsky is right. But for the second part, Trotsky misses the remedy. This is strange, because he made this statement in the light of inflation which robbed the worker, and, which Trotsky called the syphilis of the planned economy. He never spoke of the obverse, falling prices rewarding workers for their increased productivity and efficiency. This could be tied to his support for piece rate rewards properly managed, which is dealt with later. One concluding remark. A gold-based currency cannot be used to reward workers. Gold has a cost of production in common with every other product. If the productivity improvements in gold mining match the average improvement in productivity in the economy, then prices cannot fall, because cheaper gold cancels out cheaper products. Only the use of universal labour time will work which cannot be represented by a single object. Gold cannot represent universal labour time, only its own weighted labour time. (For a fuller discussion on weighted average labour times and universal labour time, please follow the link https://theplanningmotivedotcom.files.wordpress.com/2018/10/pricing-socialism-pdf.pdf)

“Deprived of an independent basis – that is, a gold basis – the money system of the Soviet Union, like that of a number of capitalist countries, has necessarily a shut-in character.” Trotsky is referring to Marx’s observation that the only universal money is gold. Universal is used in a specific sense, to mean not nationally based, but an internationally accepted means of payment.

“Theoretically there cannot be the slightest doubt that if the Soviet economy had possessed a gold ruble, the result of the five-year plan would be incomparably more favourable than they are now.” “It is needless to say that inflation meant a dreadful tax upon the toiling masses.” “Stop the process of inflation with an iron hand,” wrote the émigré organ of the Opposition in 1932” True, a gold-based standard would have made it more difficult to manipulate prices. But it would not have prevented that part of inflation which was generated by disproportions from occurring in the First Five Year Plan.

“In developing the above enigmatical words of Stalin, the obedient professors managed to create an entire theory according to which the Soviet price, in contrast to the market price, has an exclusively planning or directive character. That is, it is not an economic, but an administrative category. The professors forgot to explain how you can estimate real costs if all prices express the will of a bureaucracy and not the amount of socially necessary labor expended.” Well said Trotsky. These fictitious prices would ultimately undo the economy in the USSR.

“The output of gold in the country is rising rapidly. In 1936, this branch of industry is calculated to take first place in the world. The growth of commodity circulation under the restored market has become very rapid. Paper-money inflation was actually stopped in 1934. The elements of a certain stabilization of the ruble exist. Nevertheless, the announcement of the People’s Commissar of Finance must be explained to a considerable extent by an inflation of optimism. If the Soviet ruble possesses a mighty support in the general rise of industry, still its Achilles heel is the intolerably high cost of production. The ruble will become the most stable valuta only from that moment when the Soviet productivity of labor exceeds that of the rest of the world.” The burst of inflation did subside in 1934 because of the combination of the expansion of consumer goods and wage restraint. Disproportions were not overcome but were less acute. A better balance was struck
at the expense of workers. Here Trotsky means not a stable valuta but a reserve currency similar to the post war Dollar based on the might of US industry, but this did not make the Dollar stable.

“With a new technique, piecework payment should inevitably lead to a systematic raising of the now very low productivity of labor. But the creation of the necessary elementary conditions for this demands a raising of the level of administration itself, from the shop foreman to the leaders in the Kremlin. As a result of the “Stakhanovist” days and ten-day periods, complete chaos was introduced into many enterprises. This explains the fact, at first glance astonishing, that a growth in the number of Stakhanovists is frequently accompanied, not with an increase, but a decrease of the general productivity of the enterprise.” This is the most serious criticism of Trotsky, his conditional support for piece rate work provided it is accompanied by an improvement in the level of administration. Here Trotsky sees the problem, not with the nature of piece work, but its administration. Later in the quote he recognises that the growth of Stakhanovism is accompanied by a decrease in the general productivity of an enterprise. Now it must be realised that the entire economy was based on piece rates and continued to be so in a modified form until the collapse of the USSR. The whole system of material balances was based on piece rate production. Enterprises were set physical targets and rewarded or punished depending on whether they met these targets. This piece rate culture percolated down to the shop floor. But piece rates without exception always create sectional interests. If meeting one’s own target means shoddy goods which increases the expenditure of labour further down the line or chain, then so what. Employing an army of overseers to improve quality is merely tying a piece of string around a severed artery. Workers fought against piece rate production under capitalism because it set worker against worker, but the employers also abandoned this as production became more complex needing co-ordination. In any case, the assembly line in most cases rendered it redundant. What Trotsky never grasped, was that the only way workers can be rewarded for their collective effort, was not on the income side, but on the pricing side. Employing an army of overseers to improve quality is merely tying a piece of string around a severed artery. Workers fought against piece rate production under capitalism because it set worker against worker, but the employers also abandoned this as production became more complex needing co-ordination. In any case, the assembly line in most cases rendered it redundant. What Trotsky never grasped, was that the only way workers can be rewarded for their collective effort, was not on the income side, but on the pricing side, which is why, while condemning inflation for robbing workers, he never realised the importance of deflation rewarding workers.

“Socialism, or the lowest stage of communism, demands, to be sure, a strict control of the amount of labor and the amount of consumption, but it assumes in any case more humane forms of control than those invented by the exploitive genius of capital. In the Soviet Union, however, there is now taking place a ruthlessly sever fitting in of backward human material to the technique borrowed from capitalism.” Here we find the authoritarian Trotsky, the party manager. He talks of the strict control over labour and consumption, though less intense than capitalism. Firstly, this is a departure from Marx’s understanding of the free association of producers, that is producers who have shed all forms of coercive control because external control always means coercive control. Instead of being controlled, it is workers who now control production, which boils down to control over the pace of work. Secondly who imposes the strict control of consumption with or without inflation. The workers state, the party? This is the polar opposite of the essence of a socialist society. Here the deductions from the social product to form the social fund which includes new investment, is done through discussion and collective agreement. This is the heart of workers’ democracy and an end to alienation, because only those who produce this product, the workers themselves, have the right to discuss and decide how much will be deducted, and secondly, how these deductions will be spent. Strip workers of this collaborative right, and socialism is gutted.

In conclusion.

In Defence of Trotsky, it could be said there are really three stages rather than two, following a successful insurrection by workers. Firstly, the period of construction of a socialist society, secondly the implemented lower stage of communism characterised by workers rights, and finally the upper stage of communism where equality and abundance has rendered these rights redundant. It could be said that Trotsky’s writings refer to only the first stage, the stage of construction. But even if we grant
him this, nowhere is found, the goal of the first stage, what is to be achieved by it. There is no understanding of resolving differences between workers expect via the state. (For a fuller understanding of the lower stage of communism please read the 21st Century Draft Programme https://theplanningmotivedotcom.files.wordpress.com/2019/11/21st-century-programme-july-2019-pdf.pdf)

In inverse proportion to their prowess as revolutionaries, Lenin and Trotsky had little insight into the society that was to be built on the legacy of capitalism. They were able to find the door out of the capitalist room but not the door into the communist room. I call their reliance on the role of the expanded workers’ state, the primitive phase of communist thinking and a departure from what Marx and Engels described in the Critique of the Gotha Programme. Those revolutionaries who consider themselves to be Marx’s gift to the working class, and by this I mean the variety of little left groups who follow in this tradition, no matter how well intentioned and dedicated, constitute a barrier to the urgent rebuilding of the revolutionary movement.

It is time we turned our attention to the period following the plague, to make sure the price is paid by those who are culpable, the capitalist class, and not the working class who bore no responsibility for this crisis.

Brian Green, 28th March 2020.