

# EDUCATION FOR MARXISTS BULLETIN

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CONTENTS

1. READERS COMMENTS & POLITICAL ROUND-UP
2. THE POLITICS OF THE CPM
3. WAS INDIA EVER FEUDAL?
4. ON THE NATURE OF THE SOVIET UNION

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#### READERS COMMENTS & POLITICAL ROUND-UP

Our first issue, we are happy to say, aroused a critical response from readers. The comments were on the whole favourable, but serious weaknesses in the articles were pointed out. For example, the article on feudalism had not mentioned that the Catholic church was dominant in west Europe and Greek orthodoxy in the east. This was an important reason why the agrarian systems in the two parts of Europe were so different. Many readers also felt that Mandel's article was too abstract and difficult, but this was balanced by others who felt it was too simplistic and narrow in its focus. But the subject is so vast that we cannot go into all the political and sociological aspects of the debate. We will limit ourselves to essentially investigating the economic "laws of motion" of the USSR.

A reader from Kanpur criticised the first two points of our programme on the backpage. He stressed that though India was basically capitalist, it had important features of feudalism which we should have mentioned in our programme. The purpose of the articles on feudalism is to show why it is wrong to call the pre-capitalist agrarian relations of Indian society feudalist, although it has some characteristics which are wrongly believed to be the crucial features of the feudalist system. Furthermore, when we say that India is a backward capitalist country we mean that capitalist relations are dominant and will further extend this dominance until a socialist revolution occurs. We are not saying that other pre-capitalist relations or features are absent in India, but even these relations are not insulated or pure i.e. unaffected by the dominant capitalist relations. In our next issue there will be an article <sup>showing why ag-</sup> ~~capitalist.~~ <sup>capitalist.</sup> rarian relations in India today are clearly capitalist. After this issue we will also take a break from the debate on the USSR so as to accommodate other matters. We will return to the subject later on.

In the recent period there were three important developments.

- a) There was the attempt by the Congress(I) government in Maharashtra to evict pavement dwellers which was temporarily halted by court injunctions. In our next issue we will examine this matter in the larger context of a socialist programme of housing for the poor, and how to struggle for it against a bourgeois state.
- b) The "Antulay affair" which hogged the political limelight highlighted three crucial aspects of corruption and its relationship to the Indian state. First, what upset the bourgeois opposition and even some members of the Cong.(I) is not the fact of corruption but that Antulay broke the rules of how corruption should be carried out! Which major party, whether in or out of office, is not corrupt? Corruption is an accepted part of the political game, but for the game to carry on there must still be certain rules. Antulay was too brazen and publicly too defiant about his corruption.

Second, the "affair" shows how institutionalised corruption has become in India. This weakens the administrative structures of a bourgeois democratic state, because all structures must function according to widely accepted norms including an accepted chain of

authority. Institutionalised corruption means these norms are con-  
sistently flouted and structures behave in a correspondingly ar-  
bitrary manner. This is more dangerous for a basically bourgeois de-  
mocratic state like India than for an authoritarian state like Chile.

Third, a bourgeois democratic state is a superior form of bour-  
geois rule to authoritarianism, because it rules not merely thro-  
ugh the threat of force, but through the partial consent of the op-  
pressed masses who elect particular representatives of the bourgeo-  
isie to power. The relationship of exploitation between classes is  
thus masked. Though the Indian masses are cynical about corruption  
among politicians, the "Antulay affair" dramatises the scale of co-  
rruption and reminds the people how real it is. Thus their respect  
for bourgeois politicians and institutions is further undermined.  
This worries those who believe that strengthening the bourgeois de-  
mocratic state is the best way to maintain the class rule of the  
bourgeoisie.

c) The split in the CPI and the shift by a majority wing under Raje-  
-shwar Rao towards the CPM further consolidates the position of the  
CPM as the dominant force on the Indian left. A proper characterisa-  
-tion of the CPM is one of the most important tasks facing Indian  
revolutionaries. It has many thousands of cadres who rightly or wro-  
-ngly believe that the party is trying, or can be made, to bring  
about revolutionary change. It is not a bourgeois party but a wor-  
-kers' one. It has a strongly reformist orientation but account must  
be taken of internal divisions. A minority section headed by Promod  
Dasgupta is opposed to applying the "left and democratic" front stra-  
-tegy in W. Bengal, though it does not clearly oppose this as a na-  
-tional strategy. The CPM subscribes to a programme of revolution by  
stages, which is used to justify its present policies. The leader-  
-ship of the party says, therefore, that its actions are in no way  
a deviation from its revolutionary aim. Obviously we have to assess  
the character of the CPM's programme and its effects when put into  
practice. This is the subject of our editorial below.

#### EDITORIAL

Since 1978 and the Jullunder Party congress, the CPM has al-  
-most doubled in size. It had 161,400 members in 1978 with 67,500  
members in Kerala and 43,000 in W.Bengal. Three years later the CPM  
has 267,200 members, with 104,000 in Kerala and 79,000 in W.Bengal.  
But the CPM is still a basically regional party. It has around 44,000  
members in Andhra Pradesh, but is insignificant elsewhere. But ev-  
-en this rapid increase in membership was only possible because the  
party diluted the basis of recruitment. In W.Bengal and Kerala, tho-  
-sands of "lumpen" elements (who would have joined the Cong.(I) if  
it had won) have entered the CPM. One does not have to believe that  
the "political" murders in Kerala or the "breakdown in law and or-  
-der" in W.Bengal is all the fault of the CPM, to realise that these  
"lumpens" do play a dangerous, negative role. The creation of a mass  
as well as vanguard revolutionary party cannot come about through  
the dilution of internal political life in the party. Not surprisingly

many activists who have been in the CPM, while remaining committ-  
-ed to revolutionary politics, now prefer to remain outside it.

The CPM's national strategy of "left and democratic" front ie.  
alliance with the Lok Dal, Congress(S) and Janata has had a disas-  
-trous political impact. The CPM has supported the agitations for  
higher procurement prices for foodgrains and commercial crops, be-  
-cause of its strategy of alliance with kulak against so-called  
feudal landlords and rich peasants. But such agitations hurt the  
interests of the rural poor and the landless. One cannot equally  
or at the same time benefit those who sell food (kulaks) and those  
who have to buy it (poor peasants and landless labourers). The wea-  
-knesses of this strategy will become clearer when we examine the  
Left Front's (LF) agrarian programme in W.Bengal. Furthermore, this  
"left and democratic" front strategy has failed to give the CPM  
what it wanted--- a breakthrough in the Hindi- speaking heartlands  
of India.

But in upholding this strategy, the CPM has had to argue that  
the Janata and Congress(S) represent the "non-monopoly" and "non-  
-authoritarian" sections of the bourgeoisie, unlike the Cong.(I).  
Just how ridiculous this analysis is, has been shown by the mass  
desertions of Cong.(S) members, MLAs and MPs to the Cong.(I). In  
Kerala, where a "left and democratic" front (CPM and Cong.(S) are  
the biggest partners in the alliance) holds state power, the Cong.  
(S) is on the verge of bringing down the government. It could even  
join hands with the Cong.(I).

The CPM it seems has not learnt the lesson of 1970 when the  
Bangla Congress brought down the "united front" government in W.  
Bengal. The fact is that any strategic alliance or so-called "uni-  
-ted front" with bourgeois parties puts the workers' parties like  
the CPM, CPI, RSP etc. in hostage to bourgeois forces. These forces  
can bring down the "left and democratic" front government whenever  
it likes eg. when it thinks the left parties are moving too far to  
the left.

Furthermore, in order to forge such a front, the workers' parti-  
-es have to compromise over the common programme with the bourgeois  
forces, otherwise the latter will not be part of the front. Instead  
of being able to use governmental power to promote a systematic shi-  
-ft to the left, the workers' parties have to share responsibility  
for maintaining bourgeois policies. Thus in Kerala, the CPM allowed  
loopholes into the Land Ceiling Bill so that landowners could "gift"  
surplus lands to whom they liked.

The LF government in W.Bengal which excludes all bourgeois parti-  
-es is distinctly superior to the "left and democratic" front stra-  
-tegy. Promod Dasgupta and his supporters are right in this respect.  
Any effort by the Centre to bring down the LF government in W.Ben-  
-gal must be opposed by all revolutionaries.

Though the LF government has not been able to do much for the ur-  
-ban poor--- prices rise continuously, corruption is rampant, basic  
goods are unobtainable, public transport is chaotic etc.--- it has

had some success in implementing its agrarian programme. This was only possible because unlike past "united front" governments in W. Bengal, this was purely a left front. But this fact also allows us to see more clearly the deficiencies in the CPM's programme itself and also to see how extremely cautiously the leadership behaves both with respect to what it does and does not do!

The basic flaw in the LP's agrarian programme stems from the CPM's belief in a "stages" theory--- that this is the period of building "peoples democracy" in order to carry out a bourgeois revolution. So its strategy for the countryside is strongly pro-kulak. Landless labourers, poor peasants must unite with kulaks against so-called feudal landlords and rich peasants. This perspective completely fails to grasp what is happening in Indian agriculture and disarms revolutionaries and the oppressed rural classes. The major exploiting class in the countryside today is the kulaks. But it is only a small minority section within the CPM which is even beginning to think along such lines.

The CPM's approach is politically very dangerous because it means the party is trying to strengthen the very class which should be weakened! This is the result of the CPM's support to the Sharad Joshi type movements and to the Lok Dal. Because of this false and dangerous orientation, the LP government in W. Bengal avoids imposing an agricultural tax on the rural rich. It even removed the one tax--- a very moderate paddy levy--- which the previous Congress administrations used to collect!

The LP also does not take up as a matter of policy the issue of minimum wages for the landless labourers. The Centre fixed a statutory minimum wage of Rs. 8.10 per day in 1975, which allowing for subsequent inflation should now be Rs. 12 per day. There are few villages in W. Bengal where the rate is above Rs. 8 per day. Usually it is less. In those villages where there has been at least some wage rise, CPM cadres have often played the major role in bringing this about. But this has been done through mediation, through persuading the rich rural employers to concede some small rise. Class struggle methods have been deliberately avoided. The fact is that not only so-called landlords or rich peasants, but the middle-size kulak farmers are extremely hostile to raising labourer's wages to even the statutory minimum level. Thus in the CPM's "united front" for the countryside, the interests of the most oppressed rural classes have to be sacrificed.

Now let us look at what the LP government has tried to do--- land redistribution, provision of credit to the rural poor, food for work employment programmes and "Operation Barga" (OB).

Out of 140 million hectares of arable land in India some 40 lakh acres only have been declared surplus. Out of this, 12.12 lakh acres have been uncovered in W. Bengal, out of which 6.7 lakh acres have been distributed. 1.79 lakh acres are held up by court proceedings and 3.6 lakh acres are still available for distribution. Thus we can

see both how limited the whole programme of land redistribution is in India, and the relatively better performance of W. Bengal compared to the other states.

But the experience of all land redistribution schemes is that without institutionalising credit and other forms of help to the new owners, the lands quickly revert back to control of the rural rich in one way or the other. But the LP government has failed to institutionalise credit to the rural poor. Only 5 percent of bargadars and the new owners of distributed land have been brought under such credit schemes. Usury and merchant capital still reign supreme in the countryside and thrive on the fact that land holdings are small and scattered. Thus land consolidation through co-operative forms of ownership for poor peasants and landless would have to be a pre-condition to solving this problem of credit. These co-operative forms would express the alliance of landless labourers and poor farmers. But the CPM does not try to promote the development of such lower forms of collective property ownership as co-operatives now. It overestimates the degree of so-called feudal exploitation and underestimates the degree to which money capital in the hands of the merchants/rural rich has penetrated into the countryside. Because it clings to the "stages" theory, it also clings to the vision of small property ownership as the path of salvation for the rural poor. The one positive sign is that there are people within the CPM who are beginning to rethink about these issues, their influence is marginal.

In the various food for work programmes set up by the LP government, each participant is given Rs. 1 per day plus 2 kg. of grain. 5.3 crore mandays extra were generated in 1978-79 and 5.4 crore mandays extra in 1979-80. If we assume that all the landless labourers (25 % of the rural population or 33 lakhs) had participated then each household would have had ten extra days of work a year. Since not all the unemployed took part, in actual fact each household member involved in the programmes gained considerably more days of work. Again, we see that the LP government has carried out these programmes much more sincerely and effectively than the other state governments. But the programme is now faltering badly. The CPM says this is because the Centre is not giving it enough foodgrains from its surplus stocks. But this excuse, though correct, is itself very revealing! The LP government in effect wants the rich surplus-producing farmers in the other states to give more grain to the bourgeois centre so that the latter can then transfer it to a grateful LP regime so that they can succour the rural poor! But there is nothing to stop the LP government from imposing a levy on the rich farmers in W. Bengal and from this accumulated grain carry on the food for work programmes effectively regardless of generosity from the Centre. The CPM does not even think of doing this because of its policy of alliance with the kulaks.

Finally there is the much acclaimed "Operation Barga". OB enabled 50% of the 2 million bargadars to secure registered tenancy

rights. The LF government was able to do this because it assumed<sup>6</sup> a bargadari (tenant) relationship existed unless the landowner could prove otherwise. Before, the burden of proof was on the bargadar who found it very difficult to show this "since the tenancy contract was usually oral. But the most important aspect of OB was that the LF mobilised the village peasant organisations to support the bargadars and help the court revenue officials to register them in time. Without the backing of an organisation the bargadars would remain at the mercy of the landowners, and even if registered could easily be forced to "voluntarily" surrender the newly acquired legal tenancy rights.

But the right of peasant organisations to help the bargadars register was legally challenged by landowners and they secured a favourable ruling. Thus registration has been prolonged and delayed by the greater and greater accumulation of such court cases. OB is faltering badly and the rate of growth of new registrations has fallen drastically. A problem is clearly posed for the CPM. The limits to which one can use state power in a bourgeois framework without going beyond it to the use of "class struggle" methods, is clearly revealed in this case. Despite the risks and the problems the CPM can still mobilise peasant organisations and intimidate the landowners. This it is not doing and the price it is paying is the decline in the effectiveness of OB.

Nevertheless what has been achieved so far is progressive and to the credit of the LF government, i.e. the CPM. But bargadars are not the most oppressed nor the largest section of the rural poor. Furthermore OB is not about abolition of tenancy and giving "land to the tiller", but about making tenancy more secure. It is thus a stage before the CPM's first stage of peoples democracy with its associated task of massive land redistribution to eliminate the supposedly feudal vestiges of tenancy. But is such massive land redistribution possible without further reducing land ceilings and taking land away from middle-sized kulaks? Is there any sign that the CPM is serious about doing this?

Apart from these questions, there is another one. Is small property ownership and the promotion of capitalist farmers the way towards socialism in India? It is imperative that more and more CPM cadres and those who support the party realise that the answer to this must be no.

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WAS INDIA EVER FEUDAL?

The Absence of a Slave Economy

Ancient Indian society unlike the Greek and Roman civilisations was never based on large-scale slavery. This is particularly true of the Vedic period. Even in the post-Vedic period, the use of slaves was limited. D.D.Kosambi is therefore, perfectly correct to reject the idea that the slave mode of production ever existed in India. Thus India lacked that social formation which, in Europe, even

...tually gave rise to feudalism.

Indian Feudalism

The first Indian Marxist to clearly refer to the growth of feudalism in India was B.N.Datta. But it was only after independence that the discussion gained momentum. Kosambi then introduced the idea of the two stages of Indian feudalism--- from 'above' and 'below'. According to him, around 1 A.D. the simple structure of the closed peasant economy was disturbed. The kings began to transfer their revenue collection and administrative rights over land to subordinate chiefs who were in direct contact with the peasantry. This is what Kosambi calls 'feudalism from above'. It reached an advanced stage during the period of the Guptas and King Harsha.

At a later stage, a class of landowners developed from within the village. This strata gradually began to wield armed power over the local population. This Kosambi calls 'feudalism from below'. In this definition of feudalism great weight was given to the existence of a class of landed intermediaries between the state and the peasantry. We have shown earlier how such a definition is inadequate because it can apply to all pre-capitalist agrarian societies.

R.S. Sharma has produced evidence to contradict this two-stage theory of feudalism. The crucial premise in this chain of arguments is that around 1 A.D. a decline in Indian commodity production and foreign trade took place. This led to the growth of a self-sufficient economy, in which metallic currency became relatively scarce, and all payments had to be made through assignments of land or through the revenues from it. Unlike in Europe, these land grants were made to Brahmanas, to temples and monasteries. Whatever was abandoned by the priestly class was taken over by the warrior class. Therefore the growth of feudal property was directly linked in Sharma's scheme of things, to the decline in commercial activity. Like Kosambi, he too shared the conception that feudalism meant landed intermediaries between the state and the peasantry; lack of peasant mobility; mounting tax burdens; and forced labour.

Sharma's and Kosambi's arguments were remarkably similar to those of the Belgian historian Henri Pirenne who, writing between the two world wars, argued that pre-feudal society in the Mediterranean depended on the flourishing trade the access to the sea made possible. In the 7th century however, the Arab followers of Mohammed disturbed this trade, as a result of which Europe was thrown back on its agrarian resources. In the new situation where money revenues were absent, land and revenue grants were made to the soldiers. Thus feudal society was born. Pirenne's reconstruction is today being seriously questioned by historians.

The main weakness of such arguments is that it sees the growth and subsequent decline of feudalism simply in terms of factors external to the Indian situation such as foreign trade. This implies that ancient Indian society did not possess any inherent potential for change i.e. that it was a static society --- a conception which we shall later prove wrong. This weakness made other Indian histo-

8  
rians look at the internal social contradictions of which developments such as the decline of trade, shortage of coins etc. were the manifestations.

The manorial economy, for example, which was so central a feature of the mechanism of surplus extraction in feudal Europe, was totally absent in India. The villages donated by the king in the post-Gupta period could not be compared with the western European manor. Here the gifted area was not divided into anything like the large landlord plots and the small plots of serfs. Here, peasant families themselves became units of production and taxation.

Racial dissimilarity was due to the different ways in which land was settled in Europe and in India. In pre-feudal Europe there were large-sized farms cultivated directly by the owners with the help of slaves. These farms were the fore-runner of the feudal manor. In India there were very few big farms worked by slaves. Then again, unlike Europe, forced labour in India was not so widespread, despite the fact that inhabitants of a "gifted" village could not move about freely. On the contrary the Indian peasant was usually subjected to harsh rents in cash or kind. Even in the backward areas of the country where there was a shortage of labour and the labouring class was attached to the soil and forced to do "services", "serfdom" never struck deep roots. In the thickly populated areas peasants were kept on as tenants-at-will, who were made to pay an ever-increasing rent and could be dismissed at any time.

Forced labour did not last very long either. It is not mentioned at all in the official records kept by the Indian dynasties of Paramaras, Chalukyas, and Chahamanas who ruled after 10 A.D. although the height of the so-called feudal period is supposed to extend from the 7th. to the 12th. century.

While Indian scholars were trying to prove the feudal nature of ancient India, Kovalevsky, a young Russian historian, was attempting to prove, what he claimed was the slow emergence of feudalism in India after the Muslim conquests. He did not dismiss the political and legal differences between the Mughal and European agrarian systems. Indeed he conceded that the outright ownership of land by the Emperor meant that feudal relations of production were much less widespread than in Europe. But he nevertheless argued that in reality an extended fief system had developed in India before the British conquest destroyed it.

Marx repeatedly criticised those passages where Kovalevsky equated Indian socio-economic institutions with those of feudal Europe. Grants of offices, land or revenues to persons is by no means feudal, argued Marx, as is proved by the existence of the same system in Rome. "Kovalevsky forgets", said Marx, "that serfdom, which represents an important element of feudalism, does not exist in India. Moreover," pointed out Marx, "vassalage too did not exist." The individual role of the feudal lord as the protector of all serfs was not to be found anywhere in India. Besides, in India, commoners

9  
could not freely buy land on a market. There were important legal differences as well. Kovalevsky himself had pointed out that Mughal law whereby political power could not be divided between sons was very different from European law. Furthermore, Marx rejects Kovalevsky's claim that the Muslim conquest of India, by imposing the Islamic land tax or 'kharaj' on the peasantry, thereby converted the peasants into owners of land. Under the Muslims, all land was owned outright by the Emperor and no private property existed as it did in feudal Europe. These critical passages show very clearly that Marx was aware of the dangers of an extension of the theory of feudalism beyond Europe and he refused to accept that the India of the Delhi sultanate, or the Mughal Empire, was a feudal social formation. However, his characterisation of India as belonging to the Asiatic mode of production was also inadequate.

The Asiatic Mode of Production or "Oriental Despotism"

The Asiatic states of the past were supposed to be "despotic". The characteristic features of this despotism were supposed to be:

1. State ownership of land i.e. no private property and therefore no hereditary nobility.
2. The existence of public irrigation works, controlled and maintained by the central authority.
3. The existence of village communities isolated from each other and from the central authority.
4. Extremely servile behaviour by the oppressed classes.
5. The long-term stagnation of the society, and low levels of urban culture and economy.
6. The absence of legal restraints on the central power, hence arbitrary and tyrannical rule.

Writing to Engels in June 1853, Marx recommended Bernier's account of Oriental cities and endorsed the major thesis that the central aspects of Oriental social formations was the state ownership of land and the absence of private property. Marx's notions were based on the writings of British historians such as Campbell, Elphinstone, Richard Jones, Thomas Roe, the Frenchman Francois Bernier and others who kept harping on the primitiveness of Indian society. Some of these historians had been to India during the Mughal period when private property in land was abolished. Marx simply assumed that for India this had always been the case.

Engels accepted this view at that time, and in his reply to Marx conjectured that the basic reason for this was the aridity of the soil in N. Africa and Asia which required intensive irrigation and hence the construction and control of hydraulic works by the state.

The second conception underlying Marx's writings was the idea of social and economic stagnation. Marx felt that the despotic state was super-imposed on self-sufficient and unchanging village communities. Commenting on ancient India, Marx wrote in 1853, "However unchanging the political aspect of India's past must appear, the social conditions have remained unaltered since the remotest antiquity."

ity until the first decade of the 19th. century".

Four years later in 1857, Marx came to believe that state ownership of land in India merely concealed the fact that land was really held by tribal communes. Later, while writing "Das Kapital", he rejected the idea of tribal communal ownership of land and reverted to his original conception of state ownership of land. Two decades after the publication of "Das Kapital", both Marx and Engels returned once again to the idea of communal ownership. Thus both of them were deeply confused about the real nature of land tenure in Asian states.

In actual fact, most of the basic assumptions (listed earlier) underlying the concept of the Asiatic mode of production or "Oriental Despotism" were false. Modern research has shown that there is no historical evidence to prove that communal property ever existed in Mughal or post-Mughal India. Likewise, cultivation in common by villagers was a false legend; tillage was always individual in the early modern period. The tillers were not equal and were sharply divided into castes. What collective possession of landed property did exist was confined to superior castes who exploited the lower castes as their tenant cultivators. Furthermore, the rural areas in India were never in any real sense 'detached' from the state or isolated from its control. Imperial monopoly control of land in Mughal India was imposed through a fiscal system that extracted heavy taxes from the peasantry, mostly payable in cash or commercial crops. This was subsequently resold by the state thus pulling all the agrarian units into a common economic activity. Administratively, the Indian villages were always subordinate to the central state which appointed headman for the villages. Thus far from being indifferent or servile to Mughal rule above them, the Indian peasantry eventually rose in great rebellions against its oppression, and this hastened the downfall of the Mughal empire.

India was also a dynamic and not a static society. The village community in India evolved from earlier hunting and pastoral communities, in some parts of the country as early as the fourth millennium B.C. Early tribal society was characterised by primitive slash-and-burn agriculture and the use of the digging stick and the hoe. The land was jointly owned by the tribe. Trading contacts were limited. The change to peasant society was brought about by a shift to plough cultivation, the beginning of private ownership of land and trade. The introduction of iron technology had a major economic impact. The thick monsoon forests of the Ganges region were more easily cleared with iron axes and the cultivation of rice began and spread all over the sub-continent. A system of water control in the fields was evolved. These were the agrarian foundations which culminated in the Mauryan empire. Together with the developments in technology came other developments. Private property was consolidated. Population increased substantially necessitating cultivation of virgin land. Gradually there arose the necessity for the state to

maintain law and order in particular. Taxes were paid not as rent to the king but in return for protection and stability. Land grants were made to Brahmins from 1 A.D. onwards, radically altering the structure of land relations and consolidating private property. Later irrigation techniques improved.

Archaeological evidence has also clearly refuted the view that urban centres did not exist in ancient India or that trade was of a very low order. In the coastal states and some parts of the interior the revenue from trade was important as revenue from land. The economies of urban centres such as Harappa was essentially based on trade with Sumer and parts of the Persian Gulf. Maritime technology improved considerably over the years. Traders and their goods covered the sub-continent on the network of roads built by the Mauryan administration. There was considerable circulation of money during this period. Pliny, the Roman historian, complained of the luxury trade with India because it was depleting the Roman treasury. Indian traders went to the east Mediterranean, Afghanistan, Iran, central Asia, China and southeast Asia. Trade relations with west Africa created contacts with the Arabs. The prosperity from the trade that followed allowed merchants and guilds to become patrons of art and religion.

#### Conclusion

In exploring what other societies outside feudal western Europe were like, it is necessary to avoid making simplistic or general assumptions about the prevalence elsewhere of "feudalism" or the "Asiatic mode of production". Historians and theoreticians will have to develop new tools and categories which will respect the enormous differences in the structures of various kinds of pre-capitalist agrarian societies.

( In the last part of this series carried in the next issue, we will be showing that the agrarian relations in present-day India are neither semi-feudal nor pre-capitalist, but clearly dominated by capitalist relations.)

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#### ON THE NATURE OF THE SOVIET UNION

Marxist Marxism: Mandel's Economics (by Michael Kidron - edited reprint from International Socialism, May 1969)

Mandel's two volume work, "Marxist Economic Theory" is a failure. He is unable to see the essential features of the capitalist system as it operates today, because he is more concerned about defending Marx's categories of analysis than with applying them.

#### 1. The Central Dynamic In Capitalism

In all class societies, a small section (the ruling class) systematically pumps out surplus product from the mass of producers and decides how to use it. But capitalism is unique among all

class societies, because it lacks a central public arrangement to ensure that the extraction of surplus and its investment will go on in an orderly, continuous and predictable way. The key choices about how resources should be allocated are left to individual capitals, big, small, public or private.

Within a nation individual capitals can do anything which is not forbidden by law. Indeed they help to establish such laws. But in the larger world where national capitals (and the nation-states they are more or less identified with) operate, there are hardly any constraints. The world system after all, is so much bigger than even the largest nation. So there are no institutions which can set rules or take binding decisions for the whole system. One would, therefore, expect global production and distribution to be chaotic. But it is not. A sort of order does emerge.

This is because the behaviour of individual capitals (national or otherwise) is circumscribed by the laws of mutual competition. Simply to exist, each capital must grow as fast as it can by reinvesting a large part of its share of surplus value (accumulation) or by absorbing other capitals (concentration), or by doing both. Those capitals which cannot adjust to the changing market conditions by rationalising their methods of production to reduce costs, or by successfully innovating, will go bankrupt or be swallowed by other more successful capitals.

Capital, however, is a relationship between human beings, not a human being itself. Therefore, somebody whether a person or a group or a state bureaucracy, must be motivated (have incentives) to create growth i.e. accumulate more capital. This somebody must also have certain standards (criteria) by which to judge its performance i.e. how much growth has it created?

Now the forms that these incentives and criteria take varies historically and also from society to society and from capital to capital. In some cases the criteria for success is money profits. In others it is the volume of gross output (as in the USSR). As for incentives, these can be the promise of material benefits or promotions, or it could be the fear of material loss or physical punishment (eg. in Stalin's Russia). The precise forms of criteria or incentives is not important. What is important is whether or not they do their job properly. Do the criteria show how much an individual or group contributes to the growth of a single capital? Do the incentives effectively promote the kind of behaviour on the part of the individual or group which is necessary to ensure such growth?

At this point we must make a vital distinction between the behaviour of capital itself and the behaviour of people (through social and psychological mechanisms) which encourages and allows capital to function the way it does. If you like, the game is capital accumulation and this game has its own rules and laws which are determined by the competition between separate but nonious units of capital. This is what makes capital grow. This is the central dynam-

mic of capitalism which makes it a unique system. But the game and its laws must be distinguished from the players who have their own reasons for obeying the rules of the game. These reasons are the social and psychological mechanisms which make the ruling class act the way it does. The existence of such mechanisms, although they take different forms, is common to all class societies.

Mandel neither understands nor makes this vital distinction. So sometimes he says the "accumulation of capital" is the great driving force of capitalist society. Sometimes it is the "capitalists' thirst for profit". On yet another occasion he says, money is "the initial and final form of capital towards which the whole of economic activity is directed".

## 2. The Essential Model

The primacy of growth is essential to Marx's model of the capitalist system at work. Each individual capital tries to improve its competitive position by holding down the wages of its workforce and by introducing better machinery to increase productivity. This "rationalisation" has two effects. As costlier but better machinery (constant capital) is introduced, labour power (variable capital) becomes a smaller part of total capital. Thus the "organic composition of capital" rises. The other effect of "rationalisation" is that less workers are employed, as the "reserve army of labour" increases. This helps to raise the "rate of exploitation" of employed workers. As a consequence of both these effects, the "average rate of profit" in the economy falls, booms become shorter, slumps longer and more severe, and stagnation threatens the system.

But this is a model of how a closed capitalist economy would work. Here all output is fed back into the system as inputs----- either as investment goods or wage goods which workers must consume in order to reproduce their labour power which is a necessary input for further production.

What happens though, if there is a leak from this closed system? If, for example, those goods which are produced through "capital intensive" techniques are siphoned out of the system, then the organic composition of capital will either fall or rise more slowly. Thus the fall in the "average rate of profit" will be smaller, or it will stop altogether and even reverse itself if the "leak" is big enough. This in fact is what has been happening to the world system. Capitalism was never a closed system. Wars and slumps destroyed immense quantities of output. Capital exports were also a "leak" which prevented any steep fall in the "average rate of profit" from occurring. Since world war II there have been many such "leaks". But since the "leaks" are spontaneous, their effect is unpredictable and we cannot say by exactly how little the "average rate of profit" has fallen, or for how long or short a time.

## 3. The Historical Perspective

Since the second world war, arms production has been the bi-



14  
 rest "leak". This is a highly capital-intensive industry and the "leak" has clearly had a restraining effect on the tendency of the "average rate of profit" to fall.

The following figures are certainly not exact. Bourgeois economic statistics are not always helpful in verifying Marxist analysis which is in value terms. But the table does give a reasonable guide to how the "average rate of profit" in the U.S. has behaved since the second world war.

U.S. Corporate Profits Before Tax & Net Working Capital			
Year	Pre-Tax Profits (Pounds billion)	Net Working Capital (Pounds billion)	Profit Rate
1948	32.7	68.6	47.7%
1949	26.2	72.4	36.2%
1950	40.0	81.6	49.0%
1951	41.2	86.5	47.6%
1952	35.9	90.1	39.8%
1953	37.0	91.8	40.3%
1954	33.2	95.0	34.9%
1955	44.9	102.9	43.6%
1956	44.7	107.4	41.6%
1957	43.2	111.6	38.7%
1958	37.4	118.7	31.5%
1959	47.7	124.2	38.4%
1960	44.3	128.6	34.4%
1961	50.3	148.8	33.8%
1962	55.4	155.6	35.6%
1963	59.4	163.5	36.3%
1964	66.8	170.0	39.3%
1965	77.8	180.1	43.2%
1966	85.6	189.4	45.2%
1967	81.6	200.1	40.8%

We can see that there is no long term trend of a decline in profit rates. Nor have there been any signs of ever-deepening slumps despite some indications of instability in the last year or so. The system has remained open.

But Mandel will have none of this. He does not explain that Marx's model is highly abstract or that it holds true only under strict assumptions. Instead we are told that the average rate of profit has actually fallen. It supposedly fell by two-fifths between 1889 and 1919; and that the accumulation of capital fell drastically between the 1860s and the 1930s. But statistics after the 1940s do not sustain Mandel's thesis. Nevertheless, we are told the big slump is coming although even he can't dispute that the most remarkable fact of the post-war period is the mildness of the recessions that have taken place. Indeed Mandel tries to explain this, but he keeps on regularly announcing the "inevitable" deep slump and the "inevitable" trend towards stagnation.

Similarly we are told of the "absence of fresh fields of in-

15  
 vestment" (although interest rates are becoming ever higher and attracting scarce money capital). International trade is supposed to have declined relative to output (although since 1948, trade in manufactures has gone up at twice the rate of output). The rentier section of the capitalist class is supposed to have grown (as if it has not been virtually killed off by high rates of personal taxation, or by the fact that industrial firms have retained huge amounts of profits since world war II). Mandel even says capitalist regimes are more concerned about security and conserving their strength, than about expansion!

Of course Mandel does not say that world production in absolute terms will actually fall. That would be too ridiculous. So instead he says that production in the advanced countries falls even shorter of realising its true potential, which is not the same as saying stagnation is inevitable. What then are we to make of non-stagnation stagnation, slumpless slumps and similar Mandelania?

#### 4. State Capitalism

Russia, both during and after Stalin's time can be analysed in a Marxist fashion. In Russia there is a single national capital. The state bureaucracy is busy pumping out a surplus from the mass of producers. This process is vulnerable to the competition of other capitals as any other single capital elsewhere. The Russian bureaucracy is under the same pressures as the ruling class elsewhere, to ensure rapid economic growth. Their motives (incentives) may be different from those of western capitalists and their criteria of success (volume of gross output instead of money profits) may also be different. But this is not what is important.

Even Mandel has to concede the force of this international pressure on the Soviet allocation of resources. As he puts it--- "International competition with the capitalist economy required a greater shift in emphasis towards improving the quality of products; towards increasing the productivity of labour; and towards rationalising investment. Even the high volume of current investment can only be maintained if the quantitative rate of growth is consistently high".

He even admits that with an "excessive rate of accumulation, the bureaucracy becomes the regulator and chief (sic) director of accumulation". That the "central, political, economic and military administration" has exclusive "controlling power over the social surplus product". And that the "Soviet leaders deliberately chose to base themselves on the interests of privileged minorities rather than those of the mass of workers, in order to give the necessary impetus to industrialisation".

Typically, this has no significant impact on Mandel's overall analysis. At one point he says "international competition" determines the "emphasis..... on quality..... productivity, rationalisation..... high rate of growth," in other words, the very content of the

Soviet plans. Then later we are told "Soviet planning..... is real planning, insofar as the totality of industrial means of production is in the hands of the state, which can thus centrally decide what the level of and rate of growth of both accumulation and output should be." Similarly he shifts from saying that the bureau-  
-cracy in the USSR is "regulator and....director of accumulation", which is a productive role, to saying that the bureaucracy's key characteristic is "bourgeois norms of distribution".

Part of this sloppiness comes from Mandel's original confusion about what is the nature of capitalism. Part of it stems from his desire to cast Russia as a "transitional society" which is neither capitalist nor socialist---"a contradictory combination of a non-capitalist mode of production and a still basically bourgeois mode of distribution". Russia is not capitalist, he says, because:

- a) The bureaucrat is not "subject to the tyranny of profits"---- true, the tyranny is of plan fulfilment.
- b) There is no tendency for the rate of profit to fall----untrue. The tendency is there but checked for the same reason as in the west ie. the existence of "leaks", such as arms production.
- c) There is no competition nor unimpeded operation of the law of value---- true. But by definition, this cannot be so within any single capital eg. Ford motors as well as the USSR.
- d) There is no flow of capital from low-productivity to high productivity sectors---- untrue. For how else do Soviet planners ensure growth?
- e) There is little export of capital to backward countries---- true. But there is little of that from the west also.
- f) There is no overproduction----untrue. Mandel himself draws attention to the unsold stocks of consumer goods held by retailers which are worth billions of Roubles.
- g) There is no bourgeoisie---- true. But there is a bureaucracy with (remember!) controlling power over the social surplus product.
- h) There are no free contractual relations between enterprises---- true. But even this is emerging as a result of new reforms.
- i) There is no crisis---- true. But this is also the case in the west.

So Mandel concludes that Russia is a transitional society. In the past there were such societies lasting for centuries between feudalism and capitalism. But this was because capital accumulation could only grow through the rise of individual capitals within the feudalist structure. The dynamic of capitalist growth did not require, as socialism does, the existence of a centralised system of control over the social surplus product.

Socialism cannot, therefore, grow piecemeal within capitalism. How can workers' control of the means of production co-exist with a ruling class which by definition controls those very same means of production? How can there be production for use at the same time there is unavoidable pressure on the rulers to accumulate capital,

since the latter comes only from the existence of capitalist competition? There may be some room for "transitional" forms in distribution, but not at the level of control over production. Here the transition must be a sudden, revolutionary one!

(NOTE: Michael Kidron wrote this critique before the end of the "long boom" in the west became self-evident. In recent years he has himself rejected the thesis of state capitalism as being an appropriate characterisation of the Soviet Union.)

THE PROGRAMME OF THE BOLSHEVIK LENINIST GROUP

1. INDIA IS A BACKWARD CAPITALIST COUNTRY.
2. WE REJECT AS NOT APPLICABLE TO INDIA, THE THEORIES OF 'SEMI-FEUDALISM', 'COMPRADORISM', AND 'NEO-COLONIALISM'.
3. NO SECTION OF THE BOURGEOISIE OR PETTY-BOURGEOISIE IS 'PROGRESSIVE'. ACCORDINGLY WE REJECT ANY STRATEGIC ALLIANCE WITH ANY SECTION OF THE BOURGEOISIE.
4. THE COMING REVOLUTION WILL BE SOCIALIST IN CHARACTER AND NOT BOURGEOIS DEMOCRATIC, NEW DEMOCRATIC OR PEOPLES DEMOCRATIC.
5. THE LEADING REVOLUTIONARY FORCES ARE THE URBAN AND RURAL PROLETARIAT. THE REVOLUTION WILL SEE AN ALLIANCE OF THESE FORCES WITH THE POOR PEASANTRY.
6. ALL SECTIONS OF THE WORKING CLASS ARE IN A HISTORIC SENSE REVOLUTIONARY. WE REJECT THE CONCEPTION THAT THE HIGHLY PAID INDUSTRIAL WORKER IS REFORMIST.
7. WE STAND FOR A UNITED FRONT WITH WORKERS' ORGANISATIONS ON SPECIFIC ISSUES, SUCH AS THE DEFENCE OF DEMOCRATIC RIGHTS. WE ALSO STAND FOR A UNITED FRONT OF ALL COMMUNIST FORCES ON A REVOLUTIONARY PROGRAMME.
8. WE SUPPORT AUTONOMOUS MOVEMENTS OF ~~WOMEN, DALITS, TRIBALS & OTHER OPPRESSED MINORITIES.~~ <sup>WOMEN, DALITS, TRIBALS & OTHER OPPRESSED MINORITIES.</sup>
9. WE SUPPORT THE RIGHT OF SELF-DETERMINATION FOR ALL NATIONALITIES THAT DESIRE IT.
10. WE SUPPORT THE EQUALITY OF ALL LANGUAGES, RELIGIONS AND CULTURES.
11. WE STAND FOR THE BUILDING OF A DEMOCRATICALLY CENTRALISED REVOLUTIONARY PARTY BASED ON THE PRINCIPLES OF ~~WORKERS' CONTROL~~ <sup>WORKERS' CONTROL</sup> AND RANK-AND-FILE DEMOCRACY.
12. WE STAND BY THE DICTATORSHIP OF THE PROLETARIAT BASED ON SOVIETS AND NOT THE DICTATORSHIP OF THE PARTY FOR THE PROLETARIAT. IN SUCH A GENUINE SOCIALIST DEMOCRACY WORKERS WILL HAVE THE RIGHT TO STRIKE, FORM INDEPENDENT UNIONS AND MANY PARTIES.
13. WE REJECT THE THEORY OF 'SOVIET SOCIAL IMPERIALISM'. THE SO-CALLED SOCIALIST COUNTRIES ARE ONES IN TRANSITION BETWEEN CAPITALISM AND SOCIALISM. THESE POST-CAPITALIST SOCIETIES ARE RULED BY BUREAUCRACIES, MOST OF WHICH HAVE TO BE OVERTHROWN BY A POLITICAL REVOLUTION IF THERE IS TO BE A DECISIVE ADVANCE TOWARDS SOCIALISM.
14. SOCIALIST REVOLUTIONS WILL TAKE PLACE IN BACKWARD SOCIETIES AND IN ADVANCED CAPITALIST COUNTRIES JUST AS POLITICAL REVOLUTIONS WILL OCCUR IN THE TRANSITIONAL SOCIETIES. HOWEVER, THE CONSTRUCTION OF SOCIALISM CANNOT BE COMPLETED IN ANY SINGLE COUNTRY, BUT ONLY ON THE WORLD SCALE THROUGH THE CONSCIOUS CO-ORDINATION OF REVOLUTIONARY EFFORTS. FOR THIS A REVOLUTIONARY INTERNATIONAL IS VITAL.