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February 15, 1952

Notes from L.A. Leont’ev's February 1952 Meeting about Questions in Political Economy

Citation:

"Notes from L.A. Leont’ev's February 1952 Meeting about Questions in Political Economy", February 15, 1952, Wilson Center Digital Archive, RGASPI, fond 17, opis 133, delo 215, listy 2-13. Translated by Ethan Pollock, first published in CWIHP Working Paper 33. https://digitalarchive.wilsoncenter.org/document/110988

Summary:

Stalin discusses his "Remarks" on the finished political economy textbook, and fields questions regarding the "Remarks" and various terminologies in the book. Stalin emphasizes the importance of keeping the public knowledge of the extent of his involvement in the formation of the text to a minimum.

Original Language:

Russian

Contents:

Translation - English

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QUESTION [K. Ostrovitianov:] May the "Remarks on economic questions" be published in the press? May your remarks be used in scholarly research, pedagogical or literary work?

ANSWER [Stalin:] Publishing the "Remarks" in the press is not advisable. The political economy discussion was closed and the people don't know about it. The speeches of the participants in the discussion were not published. People will not understand if I appear in the press with my "Remarks." Publication of the "Remarks" in the press is not in your interests. They will understand that everything in the textbook was determined in advance by Stalin. I'm worried about the authority of the textbook. The textbook should have undisputed authority. It would be right if the things in the "Remarks" are first known from the textbook. Quoting the "Remarks" in the press is also not advisable. How can you quote a document that has not been published. If you like my "Remarks" use them in the textbook.

You can use the "Remarks" in lectures, in departments, in political circles, without quoting the author. If too few copies are published, you can add some, but so far it is not advisable to publish it in the press. When the textbook is out and a year or so has passed, then you can publish the "Remarks." Maybe they can be included in one of the volumes of [my] works.

QUESTION [K. Ostrovitianov:] Your "Remarks on economic questions" mentions consumer goods, but is the means of production a commodity for us? If not, how can we explain the use of managerial autonomy [khozraschet] in sectors producing the means of production?

ANSWER [Stalin:] Commodities are things that are freely sold and bought, for example bread, meat, etc. It is impossible to count our means of production like a commodity. This is not an item of use in the market where whoever wants to buy buys. We allocate the means of production by itself. This is not a commodity in the generally accepted meaning, not a commodity as it exists in capitalist conditions. There [in capitalism] the means of production are commodities. Here the means of production cannot be called a commodity.

Our accounting is not like accounting in capitalist enterprises. Accounting in capitalism means that unprofitable enterprises are closed. Our enterprises may be very profitable and may be entirely unprofitable. But the latter are not closed down here. They receive a subsidy in the budget. For us, accounting is used for statistics, for calculations, for balance. Accounting is used for control by economic leaders. The means of production for us are figured formally as a commodity. Consumer goods are items in commodity circulation, but the means of production is not.

QUESTION [K. Ostrovitianov:] Is it right to call the means of production a "commodity of a special type"?

ANSWER [Stalin:] No. If it is a commodity, it needs to be sold to everyone and everyone who wants to can buy it. The phrase "commodity of a special type" won't work. The law of value acts on the production of the means of production by way of the realization of consumer goods. The law of value is necessary here for computation, for balance, for calculation, for checking the advisability of an action.

QUESTION [K. Ostrovitianov:] How should the terms "general crisis of capitalism" and "the crisis of the world capitalist economic system" be understood? Are they one and the same?

ANSWER [Stalin:] They are one and the same. I emphasize that you need to talk about the crisis of the world capitalist system as a whole. We often take one aspect, but this is not right. Earlier, when we looked at the condition of capitalist economy they reached conclusions based on the conditions in one country?England. Now in order to evaluate the conditions of capitalism we should take the whole capitalist system and not just one country. The economics of all capitalist countries are interwoven. Some countries rise to the top at the expense of others. We need to take into consideration the organic [nature] of the modern world capitalist market. For example, the United States ended up in good shape by removing its main competitors, Germany and Japan. The United States hoped to double its production on the strength of its monopolistic position. But they didn't double production and their calculations came tumbling down. One country?the United States?advanced and others went backwards. But the situation is not stable. In the future relations will change. One country cannot be thought of as typical for the purposes of evaluating the conditions of capitalism. It is incorrect to take one country, you need to take capitalism as a whole. I emphasize: you need to look at the world system as a whole, but we are used to looking at one country.

QUESTION [D. Shepilov:] Is the plan for the section on "the socialist mode of production" given in the "Proposals"[1] for the draft of the textbook correct?

ANSWER [Stalin:] I'm in agreement with the plan presented in the "Proposals."

QUESTION [A. Arakelian:] What should we call the part of the national income of the USSR which has the names "necessary products" and "surplus products"?

ANSWER [Stalin:] "Necessary and surplus labor" and "necessary and surplus products" do not fit our economy. Would it be possible to say that those things that are for education or defense are not necessary products? Are the workers not interested in this? In a socialist economy it is necessary to differentiate approximately like this: work for oneself and work for the society. What was previously called "necessary work" in socialist economics, corresponds to work for oneself, and that which was previously called "surplus work" is work for society.

QUESTION [A. Arkalian:] Is it right to put "organic working" of the law of value in place of the understanding of the "transformation" of the law of value in the USSR?

ANSWER [Stalin:] The laws of science cannot be created, destroyed, abolished, changed, or transformed. Laws must be considered. If you break a law, you suffer. We have the wide spread opinion that the time of laws has passed. This opinion is seen not only among economists, but among practical workers and politicians. This does not correspond to the meaning of laws. The situation of the transformation of laws is a diversion from science and is caused by narrow-mindedness. You can't transform the laws of nature and society. If you can transform a law, that means you can abolish it. If you can transform and abolish a law of science this means that we are all for nothing. Laws must be considered, controlled, and used. The sphere in which they apply can be limited. This is so in physics and chemistry. This is so in relation to all science. You need to speak not of the transformation of laws, but about limiting the spheres of their effect. This would be more accurate and more scientific. No inaccuracy at all can be allowed in a textbook. We will appear in front of the whole world with the textbook on political economy. It will be used here and abroad.

We do not limit laws. The existence of objective conditions limits laws. When the sphere of a law's effect is limited, the law looks different. The sphere of effect of the law of value is limited here. The law of value is not entirely that which it was during capitalism. It is not transformed here, but its power is limited by objective conditions. The important thing is that here private property has ceased to be relevant, and the labor force is not a commodity. These objective conditions bring limits to the sphere

of the effects of the law of value. The limits to the law of value here do not result because we want them to, but because they are necessary and because there are favorable conditions for those limits. These objective conditions push us to the limit of the sphere of effects of the law of value.

A law reflects an objective process. A law reflects the correlation between objective forces. A law shows the correlation between the cause and the result. If we are given the correlation of force and some kind of condition then a specific result will unavoidably follow. One cannot avoid taking these objective conditions into account. If some conditions are missing, then the correlating result will change. We have objective conditions that have changed in comparison with capitalism (there is no private property, labor force is not a commodity) and therefore the results are different. The law of value has not been transformed here, but its sphere of effect is limited because of objective conditions.

QUESTION [V. Pereslegin:] How should the category of profit be understood in the USSR?

ANSWER [Stalin:] We need profit. Without profit we cannot raise reserves and accumulation, address problems of defense, or satisfy social needs. It is obvious that there is work for oneself and work for society.

The very word "profit" [pribyl'] is messy. It would be good to have some other understanding. But what kind? Maybe net income [chistyi dokhod]. An entirely different content is hidden behind the category of profit. We don't have the spontaneous transfer of capital; there is no law of competition. We don't have the capitalist law of maximizing profits, just like intermediate profits. But without profit it is impossible to develop our economy. For our enterprises a minimal profit is sufficient and sometimes enterprises can even work without profit at the expense of other enterprises. We ourselves distribute our means. We have very profitable, slightly profitable and completely unprofitable enterprises. In our first years our heavy industry didn't make any profits but then began to make some. In general, at first heavy industry needed capital.

QUESTION [A. Pashkov:] Was the position of the majority of participants in the economic discussion correct on the question of the relationship of Soviet money to gold?
Some people in the minority denied this connection and asserted that in the "Remarks on economic questions connected with the November 1951 discussion" there is no answer to that question?

ANSWER [Stalin:] Have you read the "Proposals"? It is written in my remarks that on other questions I don't have any thing to add to the "Proposals." This means that I am in agreement with the "Proposals" on the question of the connection of our money with gold.

QUESTION [A. Pashkov:] Is it correct that differential rent in the USSR should be entirely withdrawn by the state, as it was asserted by some participants in the discussion?

ANSWER [Stalin:] On the question of differential rent I am in agreement with the opinion of the majority.

QUESTION [A. Gusakov:] Does the connection between Soviet money and gold mean that gold in the USSR is a monetary commodity?

ANSWER [Stalin:] For us gold is a monetary commodity. Earlier we had trouble with the cost of mining gold, then we took measures to lower the cost and things got better. We crossed over to a gold basis. We are following a line so that gold would be a commodity and we will achieve that. There is of course no need to change the monetary sign to gold. Capitalist countries don't have that now either.

QUESTION [A. Lubimov:] Is Soviet state finance part of the base or the state-political superstructure?[2]

ANSWER [Stalin:] Is it superstructure or base? /he laughs/. In general a lot has been said about the question of base and superstructure. There are people who even understand Soviet power as part of the base.

In this question, if we avoid the abstract characteristics of the base and superstructure then it is necessary to begin with socialist property. The budget in fundamental ways differs from a capitalist budget. In capitalism each enterprise has its own budget and the state budget takes up a much smaller part of the economy than our state budget. Our budget embraces all revenues and expenditures of the economy. It reflects the condition of the entire economy and not just the administration of expenditures. This budget is for the whole economy. Therefore elements of the base predominate in our finances. But there are also elements of the superstructure in them, for example the administration of expenditures relates to the superstructure. Our state is the leader of the economy, here the budget includes not only profit of the administrative apparatus, but also the expenditures of the whole economy. The budget has elements of the superstructure, but economic elements prevail.

QUESTION [A. Bolgov:] Is it true that agricultural artels will exist during the whole period of the gradual transition from socialism to communism, and that the agriculture of the commune is related only to the second phase of communism?

ANSWER [Stalin:] This is an idle question. That the artel leads to communism is clear. The commune will exist after that as a function of the peasant village to care for private needs. There is no need to rush with the peasant commune. The transition to communism requires solutions to a mass of questions, the creation of cafeterias, places for laundry, etc. The agricultural commune will exist when the peasants themselves become convinced of the benefits of the transition to them. The second phase of communism does not correspond to the agricultural artel, and more likely corresponds to the commune. The artel requires commodity circulation, at least for now. It does not allow for the exchange of produce, nor direct distribution. Exchange of produce is trade after all, and direct distribution is distribution by need. As long as commodity production and buying and selling exist, you need to keep them in mind. The artel is connected with buying and selling. Direct distribution will occur in the second phase of communism. When the agricultural artel will grow into communism is hard to say. It is impossible to say precisely that the second phase of communism will already begin when communes appear. But to say that without communes it is impossible to make the transition to the second phase of communism is also risky.

It is impossible to imagine the transition to the second phase of communism through narrow-mindedness. No special "step" to communism will happen. Slowly, without our noticing, we will enter communism. This is not like an "entry into town." when "the gate is open and you may enter." In our times some kolkhozniki of the collective farms are already pushing for freedom from the shackles of domestic work, by giving livestock to the kolkhoz in order to receive meat and milk products in return. But they still don't turn over fowl. These are just isolated facts, the growth of the future. At the present time, the agricultural artel in no way exists as shackles for the development of the economy. In the first phase of communism the artel will slowly transition to communism. Here it is not possible to take a steep slope.

It is necessary for kolkhoz production to slowly approach the general [needs] of the people. There are a bunch of difficult questions. We need to train the kolkhoz workers to think more about societal affairs. Now the kolkhoz worker doesn't think about anything but himself and doesn't want to know anything of economics. Would it not be advisable to create from above an All-Union agricultural organ with representatives from industry, and the economy, while taking into account the production of industry and the kolkhoz? We need to begin with an account of the production of the state enterprises and the kolkhozy and then move to the distribution of excess produce. We need to establish funds that are not distributed and funds that are subject to distribution. We need to slowly train the kolkhozniki to think about the interests of the society in general. But this is a long road and it is not advisable to rush. There is nowhere to rush to. Everything is going well. The goal is correct. The road is clear, the roads are all marked.

QUESTION [Z. Atlas:] In the "Remarks on economic questions connected with the November 1951 discussion," why is the term "money economy" put in quotation marks?

ANSWER [Stalin:] Since commodities circulate there has to be money. In capitalist countries, financial institutions, including banks, contribute to the impoverishment of workers, the pauperization of the people and the enrichment of the exploiters. Money and banks in capitalism act as a means of exploitation. Our money economy is not typical, but differs from the capitalist money economy. Here money and the limited money economy act in the strengthening of socialist economy. For us the money economy is an instrument that we take hold of and use in the interests of socialism. The quotation marks are so that our money economy is not confused with the money economy under capitalism. I use the word value and the form of value without quotation marks. Money is not like this. For us, the law of value determines a lot, and indirectly influences production and directly influences circulation. But the sphere of its effect is limited. The law of value does not bring impoverishment. The most difficult thing for capitalists is the sale of market output and the conversion of goods to money. This is accompanied by strain and brings about the impoverishment of the workers. With us, sale happens easily, it goes smoothly.

QUESTION [Kozlov:] What is the content of the law of planned proportionate development of the economy?

ANSWER [Stalin:] There is a difference between the law of planned development and the national economy and planning. Plans may not take into consideration that it is necessary to take into account the correspondence of that law and its demand. If, for example, a certain quantity of automobiles is planned, but at the same time the corresponding quantity of thin sheets is not planned, then in the middle of the year the automobile factory will stop. If the plan calls for the production of a specific number of cars but the corresponding amount of benzene is not planned then this will also cause a break in the connection between separate branches. In these situations the law of planned proportional development of the economy seriously makes itself known. When you don't break the law, it sits quietly and its location is unknown?it is everywhere and nowhere. In general, all laws let themselves become known when they are broken and this doesn't happen without retribution. The law of the planned development of the economy influences the lack of coordination between branches. It requires that all the elements of the economy find their mutual correspondence and develop in coordination with one another proportionately. The law of planning of the development of the economy corrects any deficiency in planning.

QUESTION [Rubinshtein:] How should the major economic problems of the economy of the present day USSR be understood? Should we determine this question by beginning with capitalist per capita production on the scale of 1929 or should we take for comparison the contemporary level of capitalist production, which, for example, in the USA is higher than in 1929 in connection with the militarization of the economy?

Is it correct to conclude, as is often done in the press and in lectures, that the achievement of the scale of production given in your speech of 9 February 1946 signifies the resolution of the basic economic problems of the USSR and marks a step to the second phase of communism?

ANSWER [Stalin:] The method of accounting based on per capita production remains in force. Per capita production is the chief measure of the economic might of a country. There are no measures besides the existing ones. We need to begin not with the level of 1929 but with contemporary production. We need new calculations. We need to compare our per capita production with the contemporary numbers of the capitalist countries.

The numbers, given by me in 1946, do not signify the resolution of the main economic questions and the transition to the second phase [of communism]. By attaining this level of production, we become stronger. This secures us from accidents, from the danger of attacks from enemies, and an attack by capitalism. But the resolution of problems, presented in the speech of 1946, does not yet signify the second phase of communism. Some comrades are hurrying with the transition to the second phase of communism. It is impossible to speed up that transition, just as it is impossible to create laws. Some even thought up a third phase of communism. The measures remain old, but you need to use contemporary data to make comparisons with a country that is rich. Doing this will push us forward.

[1] "Proposals" refers to a document created at the end of the November 1951 meeting at the Central Committee that suggested changes to the textbook and highlighted areas where questions remained.

[2] Discussions of "base and superstructure" were ubiquitous in the late Stalin period after the publication of Marxism and Questions of Linguistics in which Stalin declared that language was neither part of the economic base nor the superstructure.