



THE SOCIALIST TRANSITION: A COMPARATIVE
ANALYSIS OF RUSSIA, CHINA AND VIETNAM

Greg McCarthy

Politics Department
University of Adelaide

Submitted for the Degree of Doctor of Philosophy

October 1986

Awarded : November 4, 1987

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SYNOPSIS

The central argument of the dissertation is that the socialist transition is most appropriately understood as a movement between modes of production. Marx introduced the notion of investigating social transformation through the use of the theoretical construct of mode of production. But when Marx examined the socialist transition he assumed that the course of the transition was predetermined. Marx argued that the capitalist mode of production would be succeeded by the communist mode of production. In contrast, my position is that it is not possible, in advance, to predetermine the character of the post-capitalist mode of production. The dissertation shows that in the cases of Russia, China and Vietnam the capitalist mode of production has been or is being replaced by the socialist mode of production.

The first section discusses the implications of Marx and Engels' conception of the socialist transition for revolutionary transformation in different societies. In particular, the dissertation examines the views of Bolshevik, Chinese and Vietnamese theorists on the socialist transition. It is argued that Lenin compounds the error of Marx and Engels by arguing that the proletarian state could create the conditions for the move to communism. That is, while Marx and Engels envisaged that the dictatorship of the proletariat would emerge simultaneously with the communist mode of production, Lenin argues that the proletarian state could negate capitalism and thereby lay the foundations for communism. Under Stalin, Lenin's schema became the new orthodoxy of the socialist transition. In the attempt to create communism the Russian revolutionaries were continually confronted by the mismatch

between their theory of the socialist transition and the emergence in practice of the socialist mode of production. It is Mao Zedong who intuitively recognizes the disparity between the conditions existing in China and the theory of socialism. But the two revolutionary movements inspired by Mao, the Great Leap Forward and the Cultural Revolution, failed because of the strength of the new system and because of Mao's failure to discover a revolutionary theory that would guide the transformation of the socialist mode of production.

The second half of the dissertation examines how the capitalist mode of production is displaced by the socialist mode of production: the transition is characterised by the transformation of the form in which the surplus is extracted from the direct producers. In Russia and China the form of surplus characteristic of the capitalist mode of production (that is, surplus value) is transformed into a form of surplus characteristic of the socialist mode of production. The integration of the new surplus into the socialist mode of production and the subsequent expanded reproduction of the socialist mode signifies the end of the socialist transition. The reproduction of the socialist mode of production is dependent upon the extraction of the economic surplus from the direct producers by a bureaucratic class. As a result, the end of the socialist transition in Russia and China has produced societies which are neither capitalist nor communist, but are formations with a new class system. In the case of Vietnam the unique history of the country has prevented the displacement of the capitalist mode of production. Thus, in contrast to Russia or China, Vietnam is a country still engaged in the socialist transition.

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Actual conditions in Russia, China and Vietnam confound the way in which societies were conceptualised by the founding fathers of communism. Moreover, it is only Vietnam which is now in a kind of transition. However, it is not best characterised as progress towards communism, but rather as competition between the capitalist and socialist modes of production. The consolidation of the socialist mode of production in Vietnam will bring to an end the period of socialist transition, with the establishment of a self-reproducing society, neither capitalist nor communist, but a social formation, dominated by a unique mode of production, similar to that of Russia and China.

This thesis contains no material which has been accepted for the award of any other degree or diploma in any University. To the best of my knowledge and belief it contains no material previously published or written by another person, except when due reference is made in the text.

I consent to the thesis being made available for photocopying and loan, if applicable, if accepted for the award of the degree.

Greg McCarthy

ACKNOWLEDGEMENTS

A number of people should be thanked for their assistance in the development and completion of this thesis. I would firstly like to express my thanks to my two supervisors Dr. Doug McEachern and Mr. Paul Nursey-Bray who gave me encouragement and careful feedback throughout the course of the thesis. I would also like to thank the members of the Politics Department who helped in innumerable ways in the progression of the thesis. In particular I would like to thank Dr. Helen Pringle for her considered comments on the drafts of this thesis. Finally, Christine Hill and Tina Woods are to be thanked for their typing of the thesis.

INTRODUCTION

This thesis has the dual objective of analysing the marxist theory of the socialist transition and of examining concrete examples of the socialist transition. The thesis argues that the most appropriate means of understanding the socialist transition is through the theoretical construct of mode of production. The thesis then applies this argument to three case studies, that of Russia, China and Vietnam.

Chapter one examines the theoretical account of the socialist transition in the works of Marx and Engels. Marx based his vision of the transition to communism on his analysis of capitalism. According to Marx the proletariat would reach such a high level of socialist consciousness and organizational ability that as a class it would simultaneously seize the capitalist state and take possession of the means of production. Almost immediately the communist mode of production would be established and the state would wither away. Marx did not perceive the socialist transition as occurring on any other basis than as a direct and immediate move from the capitalist to the communist mode of production. In making this assumption, Marx departs from his theory of historical materialism and enters the realm of idealism.

Chapter two argues that Lenin inherits this idealism and compounds Marx's error by arguing that the state could play an active role in the socialist transition. That is, Lenin assumes that the proletarian revolution begins the transition to communism and that the state can act as a lever in creating the conditions for communism. Lenin does not consider that the state's involvement in

the transformation process could provide the foundations for a new, non-communist, mode of production. When the Bolsheviks captured state power in October 1917, Lenin sought to use the state to guide production towards communism. However, as the socialist transition developed in Russia Lenin became concerned that the state might be distorting the socialist transition.

Chapter three examines the manner in which the Bolsheviks grappled with the transformation of Russia, while still retaining Lenin's vision of the socialist transition. While Bukharin, Preobrazhensky and Trotsky differ on the policies needed to advance Russia towards communism they all define the socialist transition in terms laid down by Lenin. As a result, they are unable to conceptualise the emergence of the (non-communist) socialist mode of production and the growing class power associated with it. Stalin began to realise the potentiality of the new mode of production and class system and to mould Lenin's theory into an ideological justification for the new order.

Chapter four deals with Mao Zedong's misgivings over the Stalinist view of the socialist transition. After the 1949 victory the Chinese communists adopted the Soviet model of socialism but began to realise that the conditions within China were so different from those in Russia that certain modifications were needed to the Soviet system. Mao used the opportunity presented by the disquiet over the Soviet model to implement his own version of the socialist transition in the Great Leap Forward. The failure of the Great Leap Forward led Mao to question the system of bureaucratic power within China and to launch the Cultural Revolution as an attack on the power of the bureaucracy. The eventual failure of the Cultural Revolution revealed the resilience of the bureaucratic class and of

the socialist mode of production, a resilience gained through the actions of the Party state in providing the dominant class with the essential class unity to defend its interests.

Chapter five investigates how the Vietnamese Communist Party theorists attempted to wed the theory of the socialist transition to the struggle for national independence. From the 1920s to 1975, the notion of socialist change was integrally linked to the campaign for national liberation. Since the 1975 victory the Communist Party theorists have attempted to grapple with the complex situation within Vietnam. The Party has been unable to consolidate the new system throughout Vietnam and as a consequence Vietnam remains a society still in the phase of socialist transition.

Chapter six, seven and eight are case studies of the socialist transition as analysed through the use of the concept of a mode of production. In particular, it is argued that Russia, China and Vietnam are most fruitfully examined in terms of the competition between the capitalist and socialist modes of production. Chapter six looks at the transformation of Russia and argues that by the mid-1920s the socialist mode of production was established and in a position to displace the capitalist mode of production. The victory of the socialist mode of production was achieved through the emergence of a bureaucratic class which perceived its class interests in terms of expanding the new system and placed pressure on the Party state to achieve this end. Chapter seven investigates the competition between the two modes of production in China. The consolidations of the socialist mode of production and the class power associated with it was accomplished by the mid-1950s. However, in adjusting the socialist mode of production to the Chinese conditions there were major upheavals and direct attacks on

the power of the bureaucracy. The failure of the Great Leap Forward and of the Cultural Revolution showed the strength of the bureaucratic class and the socialist mode of production. While the Chinese case reveals the resilience of the new system, the argument in Chapter eight is illustrated by the situation in Vietnam which shows the difficulty of consolidating the socialist mode of production in an underdeveloped country, profoundly influenced by foreign intervention and long years of war. In Vietnam the conditions are not present for the consolidation of the socialist mode of production. Rather, the socialist mode of production is in competition with the capitalist mode of production and as a consequence the socialist transition remains in progress.

Chapter nine extrapolates from these case studies a theory of the interrelationship between the state, the dominant class and the socialist mode of production. The chapter argues that for the reproduction of the socialist mode of production and the class power of the bureaucratic class, the state must have a degree of autonomy from both of these elements. The "relative autonomy" of the state from the other two elements is different from that under developed capitalism as the bureaucratic class and the state are closely linked to the socialist mode of production. The thesis concludes with the view that for the transition to communism to recommence in Russia or China it is essential that the direct producers seize the means of production and the state and dissolve the power of the bureaucratic class.

1.



CHAPTER ONE

MARX AND THE SOCIALIST TRANSITION

The analysis in this chapter stresses the point that when Marx envisaged the socialist transition he did so on specific principles. These principles were derived from Marx's investigation of capitalism. Marx applied these principles to the socialist transition based upon his vision of the negation of capitalism and its replacement by communism. The model Marx used to depict the socialist transition is more accurately described as a series of interlocking formulations. However, the actual socialist transitions in Russia, China and Vietnam did not follow Marx's formulations. As a result, to understand the latter socialist transition it is necessary to reject Marx's model and to analyse the transformation of Russia, China and Vietnam in terms of the tools of historical materialism and not by a preconceived formula.

Marx wrote very little on the transition from capitalism to communism. It is possible, however, to construct an account of the socialist transition from Marx's writings. Marx saw communism emerging from the contradictions inherent in the capitalist mode of production in that the development of the productive forces entailed the socialization of labour which increasingly came into conflict with the private ownership of the means of production. Moreover, the contradiction between the forces and relations of production was reproduced throughout society in the form of class struggle. Capitalism in Marx's view is therefore an inherently unstable system which contained the seeds of its own demise and the basis for the future communist society. As capitalism became increasingly advanced so would the socialization of labour, leading to a rise in revolutionary consciousness of the proletariat. The proletariat would then seize the state and create communism.

Marx saw communism as the negation of capitalism. He argues that capitalism was the last historical society based upon social

contradictions:

The bourgeois mode of production is the last antagonistic form of social process of production - antagonistic not in the sense of individual antagonisms but of an antagonism that emanates from the individuals' social conditions of existence - but the productive forces developing within bourgeois society create also the material conditions for a solution of this antagonism. The prehistory of human society accordingly closes with this social formation.¹

For Marx the antagonisms within the capitalist mode of production provide the basis for the demise of capitalism and the rise of a non-antagonistic form of society, communism. Marx's most detailed discussion of the transition from capitalism to communism may be found in his pamphlet, Critique of the Gotha Programme.²

In this document Marx distinguishes between a lower and higher phase of communism. He defines the lower stage of communism in terms of a society that "emerges from capitalist society, which is thus in every respect, economically, morally and intellectually, still stamped with the birthmarks of the old society from whose womb it emerges."³ This lower phase of communism is not based upon capitalism but has emerged from an advanced capitalist society. Marx speaks of the lower phase of communism in such a manner as to indicate that the direct producers have "a common ownership of the means of production."⁴ Moreover,

the producers do not exchange their products; just as little does the labour employed on the products appear here as the value of these products, as a material quality possessed by them, since now, in contrast to capitalist society, individual labour no longer exists in an indirect fashion but directly as a component part of the total labour.⁵

The lower and higher phases of communism are distinguished not by ownership, which has become immediately the property of the direct producers, but by the form of distribution. In the lower phase the direct producers receive returns for their labour according to ability (work done). That is, exactly what she/he has

given to society is received back from society, after deductions have been taken for the common fund. Marx explains the method of distribution in the lower phase of communism in the following manner:

For example, the social working day consists of the sum of the individual hours of work; the individual labour time of the individual producer is the part of the social working day contributed by him, his share in it. He receives a certificate from society that he has furnished such and such an amount of labour (after deducting his labour for the common funds), and with this certificate he draws from the social stock of means of consumption as much as costs the same amount of labour. The same amount of labour which he has given to society in one form he receives back in another.⁶

Marx conceives the lower phase of communism as having such a high material base that it can function without money. The direct producers receive certificates to obtain goods from the common stock. The rights of the labourer to goods from the common fund are proportional to the labour supplied by the labourer to society. These rights Marx calls "bourgeois rights", and notes that they are merely a recognition of "unequal individual endowments".⁷ Each individual receives "equal shares" for "equal performances of labour". That is, the measurement is made with an "equal standard" of labour, but individuals have different endowments of labour and therefore can receive unequal amounts of goods from the common fund.⁸ Moreover, with different family needs there would also be differences in individual wealth. This is the case despite the fact that the measurement of labour performed is equal for each labourer.

When society has produced goods in abundance, it would be possible to discard "bourgeois rights". In the higher phase of communism, the productive forces would have created such all-round benefits that the divisions between individuals would disappear.

In a higher phase of communist society, after the enslaving subordination of the individual to the division of labour, and therewith also the antithesis between mental and physical labour, has vanished; after labour has become not only a means of life but life's prime wants; after the

productive forces have also increased with the all-round development of the individual, and all the springs of co-operative wealth flow more abundantly - only then can the narrow horizon of bourgeois right be crossed in its entirety and society inscribe on its banners: From each according to his ability, to each according to his needs!⁹

When discussing the socialist transition in the Critique of the Gotha Programme Marx sees the movement from capitalism to communism as being immediate. The proletarian revolution provides the foundations for the transformation of the capitalist mode of production. The direct producers take immediate possession of the means of production and operate them for the common good of society, determined through an association of direct producers. The relations of production and appropriation are therefore transformed in a fundamental and instantaneous manner. The direct producers have control over the means of production and over the surplus they produce; the allocation of surplus is decided through a union of association of direct producers. Returns to the labourers are, however, determined upon the principle of ability. For Marx, the higher phase of communism is also based upon the communist mode of production. The difference between the lower and higher phase of communism is basically that the productive forces of the communist mode of production expand to such a level that all-round abundance is created, thereby allowing the division of labour to vanish and for labourers to receive from society returns according to needs.

Engels writing on socialism in Anti Dühring concurs with Marx's definition of the lower phase of communism:

From the moment when society enters into possession of the means of production and uses them in direct association for production, the labour of each individual, however varied its specifically useful character may be, is immediately and directly social labour.¹⁰

Additionally, Engels argues that once society is in possession of the means of production it can plan production and distribution:

it will still be necessary for society to know how much labour each article of consumption requires for its production. It will have to arrange its plan of production in accordance with its means of production, which include, in particular, its labour forces. The useful effects of the various articles of consumption, compared with each other and with the quantity of labour required for their production, will in the last analysis determine the plan. People will be able to manage everything very simply, without the intervention of the famous "value".¹¹

Engels like Marx saw the establishment of the communist mode of production occurring immediately after the proletariat had gained possession of the means of production. Production would then be based upon use-value and not exchange-value. Each product, Engels argues, will contain a certain quantity of social labour which can be established in a direct manner through "daily experience".¹² Society can then plan production by calculating its needs based upon the available means of production, the quantity of labour required for the production of each article and the useful effects of the products for the society.

In terms of modes of production both Marx and Engels conceptualized the socialist transition as a movement from the capitalist to the communist mode of production. For them there was no distinct socialist mode of production. The transition from capitalism to communism began almost instantaneously with the direct producers taking possession of the means of production. The direct producers then form a broad association with the aim of controlling production and distribution. While there is a lower and higher phase of communism both of these were to be based upon the communist mode of production. This same point is made by A. Buick in his review of the transition. Buick notes that when Marx talks about a higher and lower phase of communism, "Marx is talking of different phases of the same society, a society "based on the common ownership of the means of production".¹³ Similarly, Bertell Ollman in his

review of Marx's vision of communism sees the lower and higher phases of communism as having the same framework, that is, "the social ownership of the means of production".¹⁴

However, Marx's two-stage theory of the socialist transition is open to misinterpretation. Marx consistently assumed that the two stages of communism were based upon the simultaneous seizure of state power by the proletariat and the immediate possession of the means of production by the direct producers. The two-stage theory was dependent upon Marx's predetermined notion of the socialist transition. But the problem arose when the socialist transition occurred in a manner not predicted by Marx. In the latter case it was possible to take notions specific to the two-stage theory out of context and use them to justify the nature of the post-capitalist society. In particular, the concept of defects in the first phase, such as "bourgeois rights", could be used to argue that these were in keeping with a communist society as it emerged from capitalism. The principles of a communist society, as espoused by Marx, could be displaced by arguing that these principles were to eventuate in the second phase of communism. Marx's theory of communism could thus be moulded to fit the existing post-capitalist order.

For example, in his analysis of the first phase of communism, Ben Fine argues that the notion of social ownership is relative to the inherited level of the productive forces.¹⁵ To support his position Fine quotes a long passage from Capital volume I. There Marx makes the comment that under communism the method of distribution will vary according to the historical development of the producers and the productive capacity of the society. It is worth at length quoting the passage used by Fine to identify its context. Marx writes,

Let us now picture ourselves, by way of change, a community of free individuals, carrying on their work with the means

of production in common, in which the labour-power of all the different individuals is consciously applied as the combined labour-power of the community.... The total product of our community is a social product. One portion serves as fresh means of production and remains social. But another is consumed by the members as means of subsistence. A distribution of this portion amongst them is consequently necessary. The mode of distribution will vary with the productive organisation of the community, and the degree of historical development attained by the producers. We will assume, but merely for the sake of a parallel with the production of commodities, that the share of each individual producer in the means of subsistence is determined by his labour-time.¹⁶

Additionally, Marx argues that communist society could function on the basis of labour-time, which could serve both as a measurement of the common labour of the individual and for the labourers' share in the common pool of consumer goods.¹⁷ Marx notes that the social relations of the individual producers are "simple and intelligible" with regard to both production and distribution.¹⁸ Fine is of the judgement that Marx herein indicates that distribution according to labour-time is "contingent upon the level of development of the productive forces and relations of production".¹⁹ Fine is making the point that a society which bases its distribution upon labour-time is fundamentally different from capitalism. It is a society, Fine argues, based upon 'bourgeois rights'. As such it is a 'socialist society'.

With the social ownership of the means of production, the surplus produced is not appropriated by one class at the expense of another, but is divided for consumption and other purposes according to a definite plan. It follows that labour power is not a commodity, as for the capitalist mode of production, even if it is remunerated in the form of wages.²⁰

Here Fine touches upon a very important issue. He argues that the negation of the capitalist mode of production creates 'socialism' (the lower phase of communism). To support his view, Fine takes a passage from Marx where Marx is directly contrasting capitalist and communist forms of production and distribution in

terms of both labour power and distribution. But Marx here assumes that the transformation of capitalism into communism is more than just the negation of the capitalist mode of production. Marx's position in this passage is consistent with that in the Critique of the Gotha Programme. When Marx notes that the mode of distribution will depend upon the historical development of the labourers and the productive capacity of the community, he assumes that the communist mode of production is established immediately and that the period of time between the lower and higher phase will depend on the inherited conditions of the society.

Marx does not assume that the common ownership of the means of production is anything but rule by the direct producers. Fine, however, is prepared to argue that the nationalisation of the means of production (state ownership rather than ownership by the direct association of the producers) and the negation of labour power as a commodity is equal to Marx's lower phase of communism. The negation of capitalism, as depicted by Fine, does create a new society but this is quite distinct from Marx's lower stage of communism. To express it differently, Marx in his account of the socialist transition does not consider the possibility that the negation of capitalism would lead to anything but communism. However, it is quite consistent with historical materialism that the capitalist mode of production could be displaced by another historical mode of production that was not communism. That is, the capitalist mode could be replaced by a mode of production that was not based upon the association of producers having possession of the means of production and exercising a unified control over the surplus product. Hobsbawm expresses a similar point of view:

The general theory of historical materialism requires only that there should be a succession of modes of production, though not necessarily any particular modes, and perhaps not in any particular predetermined order.²¹

Marx's assumption that the communist mode of production would, by necessity, follow the capitalist mode of production is made from outside of his general theory of historical materialism.

When Marx envisaged the transition from capitalism to communism he assumed a predetermined future. Marx based his assumption on the inevitable emergence of communism from capitalism on his analysis of the contradictions inherent in capitalist production. As capitalism developed the relations of production would become fetters on the productive forces. Concomitantly, the socialisation of labour would raise the socialist consciousness of the proletariat providing them with the necessary class unity to take possession of the means of production. The proletariat would simultaneously abolish the basis of capitalist production and seize state power causing the demise of capitalist class power.

There is a superficial logic in Marx's prediction that communism would emerge from the contradictions in the capitalist mode of production. Except that the actual course of the socialist transition is dependent upon material conditions not an overarching logic. As a consequence, Marx's position on the socialist transition is idealist rather than materialist. That is, Marx's theory of historical materialism is based upon the movement of one mode of production to another within material circumstances. However, when Marx discusses the transition from capitalism to communism he assumes that the material conditions would, by necessity, exist. According to Marx, the socialisation of labour would have reached such a high level that it would be possible, in a very simple fashion, to control production through a union of direct producers.

Because Marx's argument on the socialist transition lacks a materialist foundation it is open to distortion. The most obvious

example of the misuse of Marx's prediction of the transition to communism is the view that the negation of capitalism inevitably creates communism. Yet, this position is formalistic and not based within the framework of historical materialism. The nature of the mode of production which replaces capitalism is dependent upon the prevailing material conditions, the configuration of class forces, the character of the state and upon the means by which capitalism is negated. As a consequence, it is quite feasible that there are many permutations, in terms of modes of production, between capitalism and communism.

My position is that the conditions prevailing in Russia, China and Vietnam and the means by which the capitalist mode of production was displaced (or in the case of Vietnam the continued attempts to displace the capitalist mode of production) have created a unique mode of production. I term this mode of production the socialist mode of production. Thus, rather than work within Marx's idealist framework on the socialist transition, I have applied the tools of historical materialism to analysing the socialist transition in Russia, China and Vietnam. As will be shown later, the socialist mode of production is not a variant of the communist mode of production as it has relations and forces of production at odds with Marx's vision of the communist mode of production.

I argue that the socialist mode of production is a product of the historical negation of the capitalist mode of production. In contrast, there is a tendency to want to define what exists, say in Russia or China, as a variant of Marx's communist mode of production. The latter point of view is inconsistent with Marx's argument on the socialist transition, which specifically placed state power in the hands of the proletariat and at the same time has the direct producers in control of the means of production. On the

contrary, in Russia and China it is the state and not the direct association of producers which takes possession of the means of production.

When Marx discusses the state in the socialist transition he assumes that the state's actions against the capitalist class are founded upon the direct association of producers possessing and controlling production. The proletarian state could, therefore, 'wither away' leaving the communist mode of production as the basis for proletarian class dominance. As with his view of the movement from the capitalist to the communist mode of production, Marx tends to simplify the issue of state power and the manner by which the proletariat would seize the bourgeois state. But it is the complex interactions of the capitalist mode of production, classes and the state that lead to the socialist mode of production and not the communist mode of production.

For example, when Marx discusses classes in terms of the socialist transition he holds to a simplified model of class struggle. In the Critique of the Gotha Programme Marx castigates Lassalle for misreading classes in the Communist Manifesto. Lassalle claims in the Gotha Programme that the class struggle is reduced to two sides: the revolutionary "working class", and all other classes who comprise "only one reactionary mass".²² Marx replies that the Manifesto states that the proletariat "alone is a really revolutionary class. The other classes decay and finally disappear in the face of modern industry; the proletariat is its special and essential product".²³ The bourgeoisie is a revolutionary class in comparison to the feudal lords and lower middle classes. But the proletariat is revolutionary relative to the bourgeoisie, which has now become a conservative historical force. However, Marx adds, Lassalle forgets to notice that the

lower middle class is becoming revolutionary in view of its "impending transfer into the proletariat".²⁴

Marx therefore criticizes Lassalle because he has overstated the current state of the process of simplification of classes. When Marx writes on the Paris Commune he points out that the class composition of France is not reduced simply to proletariat versus bourgeoisie. He argues, however, that the middle class and the peasantry should follow the proletariat which he sees as acting in their interests. Marx writes that the Paris Commune

was the first revolution in which the working class was openly acknowledged as the only class capable of social initiative, even by the great bulk of the Paris middle class - shopkeepers, tradesmen, merchants - the wealthy capitalist alone excepted.²⁵

Marx further comments that "[t]he Commune was perfectly right in telling the peasants that its victory was their only hope".²⁶

According to Marx, the Communal Constitution provided the rural producers with the intellectual leadership of the proletariat and "secured to them, in the working men, the natural trustees of their interests".²⁷ When he discusses the simplification of classes,

Marx attributes to classes an objective and subjective quality.²⁸

Marx argues that both objectively and subjectively the middle class and the peasantry should have come to the support of the working class in the Paris Commune. Here Marx disregards the gap between objective and subjective class-consciousness.

However, when Marx is discussing the nature of the class struggle in France during the period of the Paris Commune he is deliberately and publicly showing his sympathy for the communards. It was only later that Marx was to make the comment that the Paris Commune was not a proletariat revolution in the strict sense as it was but the rising of a single city. Marx stresses in a letter to Nieuwenhuis in 1881 the fact that the communards did not have

revolutionary consciousness. In contrast, Marx argues, a socialist revolution would be conducted under circumstances where there was widespread socialist consciousness:

One thing you can at any rate be sure of: a socialist government does not come into power in a country unless conditions are so developed that it can immediately take the necessary measures for intimidating the mass of the bourgeoisie sufficiently to gain time - the first desideratum - for permanent action. Perhaps you will refer me to the Paris Commune; but apart from the fact that this was merely the rising of a city under exceptional conditions, the majority of the Commune was by no means socialist, nor could it be.²⁹

Marx could not completely dismiss the Paris Commune, as it was a case of the proletariat capturing the state, albeit only within Paris. He argues that the Commune was but a step in the direction of the emancipation of the working class. Marx writes in the first section of The Civil War in France:

The working class did not expect miracles from the Commune.... They know that in order to work out their own emancipation, and along with it that higher form to which present society is irresistibly tending by its own economic agencies, they will have to pass through long struggles, through a long series of historical processes, transforming circumstances and men. They have no ideals to realise, but to set free the elements of the new society with which the old collapsing bourgeois society itself is pregnant.³⁰

Marx relates the notion of the working class' creating its own emancipation both to the relations of production and to the state:

The Commune was therefore to serve as a lever for uprooting the economic foundations upon which rests the existence of classes, and therefore of class-rule. With labour emancipated, every man becomes a working man, and productive labour ceases to be a class attribute.³¹

The Commune sought to abolish "class-property" by transforming the means of production into the property and instrument of production of "free and associated labour".³² On this basis, Marx argues, it would be possible to end the constant anarchy of the capitalist system and in its place to establish a "united cooperative society"

to "regulate natural production upon a common plan".³³

Marx argues that the economic measures taken by the Commune proved that the government was moving in the direction of an administration "of the people and by the people". Marx praised the government's economic reforms, such as "the abolition of the night work of journeymen bakers" and the prohibition of wage reductions. Moreover, Marx describes as a matter of significance the confiscation of all closed workshops and factories and the placing of them in the hands of the associations of workmen. While Marx praised these moves as a step towards communism he offers a guarded criticism of the Commune's failure to confront the power of the finance capitalists. Marx comments that "[the] financial measures of the Commune, remarkable for their sagacity and moderation, could only be such as were compatible with the states of a besieged town".³⁴

It is Engels who makes Marx's criticism more explicit. In his 1891 introduction to The Civil War in France Engels blames the Blanquists and Proudhonists for the failure of the Commune to confiscate the finance sector. Engels adds that the Commune made a major political mistake in not appropriating the Bank of France:

It is therefore comprehensible that in the economic sphere much was left undone which, according to our view today, the Commune ought to have done. The hardest thing to understand is certainly the holy awe with which they remained standing respectfully outside the gates of the Bank of France. This was also a serious political mistake. The bank in the hands of the Commune - this would have been worth more than ten thousand hostages.³⁵

Engels continued his attack on Proudhon by criticising the Proudhonist opposition to the association of workers running the productive enterprises. In contrast, Engels notes, the Commune by moving in the direction of an economy run by the association of workers was creating the conditions for communism. Engels writes that:

by far the most important decree of the Commune instituted an organisation of large-scale industry and even of manufacture which was not only to be based on the association of the workers in each factory, but also to combine all these associations in one great union; in short, an organisation which, as Marx quite rightly says in The Civil War, must necessarily have led in the end to communism.³⁶

Marx therefore holds two perspectives on the revolutionary character of the Paris Commune. In private, where he does not have to defend the communards, he emphasises their lack of socialist consciousness and the overall unreadiness of the conditions in France for a proletariat revolution. In his public writings on the Commune, Marx argues that the policies of the communards had the potential to create a society based upon the association of workers (communism). In this regard Marx and Engels agree. But in discussing the nature of the state in the Commune Marx and Engels are not completely in accord.

Marx comments in The Civil War in France that the power of the state had become more concentrated as the polarisation of classes had developed:

At the same pace at which the progress of modern industry developed, widened, intensified the class antagonism between capital and labour, the State power assumed more and more the character of the national power of capital over labour, of a public force organised for social enslavement, of an engine of class despotism.³⁷

As a result it was necessary for the working class to go beyond simply laying hold of "the ready made state machinery"; rather the state had to be destroyed.³⁸ The repressive organs of the state, Marx argued, had to be "amputated", while the legitimate administrative functions of the state were to be "restored to the responsible agents of society".³⁹ For Marx, "[t]he commune made the catchword of bourgeois revolutions, cheap government, a reality, by destroying the two great sources of expenditure - the standing

army and State functionaries".⁴⁰

However, while Marx stresses the manner in which the Paris Commune was beginning the process of abolishing the repressive arm of the state and making the administrative institutions more representative, he does not claim that the Commune was the "dictatorship of the proletariat". Engels, on the other hand, in his speech commemorating the twentieth anniversary of the Paris Commune concludes:

Of late, the Social-Democratic philistine has once more been filled with wholesome terror at the words: Dictatorship of the Proletariat. Well and good, gentlemen, do you want to know what this dictatorship looks like? Look at the Paris Commune. That was the Dictatorship of the Proletariat.⁴¹

But Engels' statement is best understood as a rhetorical flourish rather than as a theoretical intervention on the proletarian state.

The point at issue is that when Marx discusses the Paris Commune he mentions that the workers' state could be used as a lever to create the association of producers. The repressive organs of the state were to be amputated, while the legitimate functions of administering the workers' state were to remain. From these statements it could be adduced that the proletarian state was to play a vital role in the socialist transition. But another interpretation of these comments by Marx is that the proletarian state could play a role in creating the condition not in, but prior to, the socialist transition. Once the association of producers had become generalised and the consciousness of the proletariat enhanced it would then be practical to commence the socialist transition.

My interpretation of Marx's views is supported by his comments on the 'dictatorship of the proletariat' in the Critique of the Gotha Programme. Marx comments,

Between capitalist and communist society lies the period of the revolutionary transformation of the one into the

other. Corresponding to this is also a political transition period in which the state can be nothing but the revolutionary dictatorship of the proletariat.⁴²

Marx adds that the Gotha Programme does not address the real character of the 'revolutionary dictatorship of the proletariat'. It does not go beyond "the old democratic litany familiar to all: universal suffrage, direct legislation, popular rights, a people's militia, etc".⁴³ Marx notes that these demands can be realised under capitalism; the state as outlined in the Gotha Programme is therefore not a "state of the future".⁴⁴ That is, as J.M. Barbalet notes, "[t]he dictatorship of the proletariat, in Marx's political theory, is the post-bourgeois form of the state which expresses the political power of the working class."⁴⁵ For Marx, the dictatorship of the proletariat relates to the post-revolutionary situation where there is a class-conscious working class in possession of the means of production. Clearly this was not the case with the Paris Commune. Marx's argument is that the basis for the dictatorship of the proletariat is the communist mode of production because it is this mode of production that provides the foundations for a classless and stateless society.

Engels is of the same opinion. When the means of production become social the state can disappear.

The first act in which the state will appear as the real representative of the whole society - the conversion of the means of production into social property - will be its last independent act in its capacity as a state. Intervention of state power in social relations will become gradually superfluous and will end of itself. The administration of men will be replaced by the administration of things and by the management of the productive processes. The state is not abolished, it dies away.⁴⁶

However, Engels differs from Marx in that he considers it possible, as exemplified by the Commune, for the proletariat to seize the bourgeois state prior to establishing within production the rule of

the direct association of producers. Once the latter is established the proletariat state could wither away. That is, after the event of the Paris Commune, Engels expresses the opinion that the dictatorship of the proletariat could pre-date, and in fact could be instrumental in creating the conditions for, the communist mode of production.

Both Marx and Engels saw the socialist transition proper in terms of a movement from the capitalist to the communist mode of production. Neither envisaged a post-capitalist mode of production which was anything other than the communist mode of production. However, both Marx and Engels in their comments on the Commune unwittingly raise the possibility of a post-capitalist mode of production that was not the communist mode of production. While it is Engels who reveals this tendency more strongly, it is evident in Marx also. Marx and Engels see the proletarian state as playing an active role in causing the displacement of the capitalist mode of production. For example, Marx mentions that the proletarian state in the Commune could act as a "lever" for uprooting the economic foundations of bourgeois rule.⁴⁷ Engels speaks of the proletarian state converting the means of production into social property.⁴⁸ But neither Marx nor Engels confronts the problem of the state becoming a structural part of the post-capitalist mode of production. Rather, both write of the state withering away once the communist mode of production is in operation.

When Marx and Engels envisage the socialist transition in terms of modes of production, it is conceived of as a linear movement from the capitalist to the communist mode of production. The dictatorship of the proletariat reinforces the class relations of the communist mode of production. The direct association of producers take possession of the means of production and exercise

control over the surplus product. The communist mode of production becomes the base from which the classless society can emerge. A class-less society leads to a stateless society. But when Marx and Engels discuss the state in the light of the Commune, there is mention of the proletarian state playing an active role in changing the ownership of the means of production and in altering the form in which the economic surplus is appropriated from the direct producers.

Because Marx and Engels see the socialist transition in a linear manner they do not consider the implications of the state's transforming the capitalist mode of production. But as the Russian, Chinese and Vietnamese Revolutions reveal, it is the active role of the state in the socialist transitions that creates a new (socialist) mode of production. The socialist mode of production is not merely an intermediary stage between the capitalist and communist modes of production. Rather, the socialist mode of production is founded upon relations of production that cannot lead in any direct fashion to communism. The relations of production of the socialist mode of production are characterised by state ownership (nationalisation and not socialisation) and by the state's appropriation of the economic surplus. Thus, it is the post-capitalist state instead of the direct producers which takes possession of the means of production and appropriates the surplus produced. Therefore, for the communist mode of production to be established would require the displacement of the socialist mode of production in such a manner that the direct producers gained possession of the means of production and exercise control over the surplus they produce.

With regard to Russia, China and Vietnam, the structural predominance of the state in production was assisted by the international pressures upon the respective nation-states.⁴⁹ Marx

and Engels saw the socialist transition commencing with a political revolution in an advanced industrial country and then progressing through other advanced countries to a world-wide revolution.⁵⁰ The post-revolutionary nation-state in Russia, China and Vietnam had to face external threats. The revolutions occurred not in advanced countries, nor did the revolutions create a chain reaction of other revolutions. The advanced countries remained capitalist. As a result, the structural position of the state within the socialist mode of production was linked to the external demands on the nation-state. The expanded reproduction of the socialist mode of production was interrelated to the political and ideological commitments of the new nation-state.

Marx and Engels had a vision of the socialist transition that was based upon the transcendence of capitalism. However, because they conceived the transition as by necessity leading to communism, their account of revolutionary change tended towards a mechanistic interpretation of the revolution. The socialist transition was defined in terms of its end-product, communism. As a consequence there was an inbuilt predeterminancy in their account of the socialist transition. In contrast, Marx's depiction of the transition from feudalism to capitalism is characterised by a sense of dynamic interaction. Marx takes particular care in explaining the incremental changes in the feudal relations of production that lead to generalized commodity production. Likewise, Marx does not see a direct link between the coming to dominance of the capitalist mode of production and the emergence of the capitalist state.

Marx in his discussion of the feudal transition provides an outline of a methodology for examining the socialist transition. Of special importance in this regard is Marx's account of the transformation of the rural relations of production in feudal

England and his comments on the capitalist state and its role in furthering the capitalist mode of production. Marx, in Capital volume III, traces the changes in ground rent from 'rent in kind' to 'money rent'. He argues that the distinctive feature of 'money rent' as opposed to 'rent in kind' was that it allowed for the integration of the direct producers into market exchange and therefore brought them under the influence of urban capitalism.

Although the direct producer still continues to produce at least the greater part of his means of subsistence himself, a certain portion of this product must now be converted into commodities, must be produced as commodities. The character of the entire mode of production is thus more or less changed. It loses its independence, its detachment from social connection.⁵¹

The change in form in which the surplus was extracted allowed for the direct producer to be integrated into commodity exchange. As the process of commodity exchange intensified the feudal relations of production were also transformed. The direct producers were separated from the means of production and the form in which the surplus was extracted was also changed. The key features of Marx's account of the feudal transition, within English agriculture, were the form in which the economic surplus was extracted and appropriated, the nature of property relations and the particularities of market exchange. It is clearly possible to transfer these categories to an analysis of specific and concrete socialist transitions.⁵²

When Marx examines the transition from feudalism to capitalism in mercantilist Britain he depicts a complex interaction between the state, the emerging capitalist class and the capitalist mode of production. Marx argues that the mercantilist state acted in such a manner that it precipitated the development of the capitalist mode of production and the capitalist class. As noted by Barbalet, Marx's discussion of the state within mercantilist Britain reveals

that "the state had served the interest of capital prior to the full development of the capitalist class, and that the maturity of the class followed upon the development of the national debt in the state".⁵³ In the feudal transition, the state, according to Marx, was not the instrument of a conscious capitalist class asserting its power. Rather, in a complex process, the state's responding to internal and external pressures assisted in the development of the capitalist mode of production and thereby the rule of the capitalist class.

However, when Marx describes the socialist transition he sees the state acting as a direct instrument of a class conscious proletariat. Marx argues that "[t]o conquer political power has therefore become the great duty of the working class".⁵⁴ For Marx, however, the proletariat did not seize political power simply for the purpose of using the state to serve their class interests. Rather, the dictatorship of the proletariat was seen by Marx as a temporary or transitional state which was formed with the specific aim of undermining class rule itself. The class-conscious proletariat would capture state power and use this to undermine the class power of the bourgeoisie. In the process the proletariat would introduce and consolidate the communist mode of production which would be the basis for abolishing class exploitation and lead to the withering away of the state.

In Marx's discussion of the feudal transition he analysed the change in the mode of production in terms of the alterations in the form of the surplus product. Marx then related the shift in the mode of production to the role of the state and the development of the capitalist class. While the mercantilist state facilitated the growth of the capitalist mode of production and the capitalist class, the change in the surplus product provided the basis for the

consolidation of capitalism. In regard to the socialist transition, Marx assumes that the proletariat would take possession of the means of production. Production and distribution would be founded on non-exploitative relations of production, as the direct association of producers would control the whole process. On this basis the proletarian state could be used to suppress the bourgeoisie, who, having lost ownership and control over production, had no basis for exerting their class power. When the class power of the capitalists disappeared then the state could 'wither away'.

However, as Marx's depiction of the feudal transition shows the relationship between the change in the surplus product, the shift in class power and state power is complex. It is this complex model which needs to be applied to the socialist transition. Yet to do so it is necessary to displace Marx's own account of the socialist transition. The reasoning here is that Marx's depiction of the socialist transition followed a specific formulation where the proletariat controlled both the production system and the state. However, in the cases of Russia, China and Vietnam, Marx's formula for the socialist transition was not achieved. Instead of the proletariat's taking possession of the means of production it was the state, and the state became embedded in the system of surplus extraction. By doing so the state provided the foundations for a new structure of economic exploitation which was accompanied by a new form of class domination. The consolidation of the bureaucratic class, in turn, affected the mode of production and the state. A complex interrelationship evolved between the socialist mode of production, the bureaucratic class and state-power.

In the newly formed system, the direct producers are constituted as a working class exploited by a bureaucratic class of state functionaries.⁵⁵ Unlike in capitalism the state functionaries do

not own the means of production but are nevertheless in an antagonistic relationship with the working class. The position of the state bureaucrats can be conceived by analogy with the role of capitalists in the formation of the capitalist mode of production. For example, John Foster in his analysis of the origins of capitalism in Oldham discusses the evolution of capitalist power in terms of individual capitalists' gaining control over not only labour-power but also machinery, energy and financial credit.⁵⁶ Foster comments that between 1776 and 1811 the origins of capitalist control over these elements of production could be found in the capitalist's previous class position within feudalism. The cotton mills of Oldham, Foster writes, were built "by men who started out with capital".⁵⁷ Capital provided the individual capitalist with cotton machinery but, Foster adds, machinery "was only a small part of what was needed. Far more important was competitive control over power, raw materials, labour and credit".⁵⁸

Foster goes on to describe the development of capitalism under the conditions of individual capitalists using these elements of production to create profit. The emergence of the capitalist mode of production had the effect of creating a distinctive boom-slump cycle. A distinct economic crisis became manifest which marked "the arrival of the industrial stage of capitalist development".⁵⁹ Unlike the previous economic fluctuations which were caused largely as the result of harvest failures the new form of crises was specific to the relationship between capital and labour.⁶⁰

By analogy the development of the socialist mode of production provides the foundations for the class domination of the state functionaries. The state functionaries exercise power over labour, machinery, energy sources and financial credit. For example, labour employed in state enterprises comes under the control of the

enterprise managers who, in turn, have been delegated responsibility over the means of production by the state functionaries. Thus, the character of the antagonistic relationship between the direct producers and the bureaucratic class which appropriates their surplus is a complex one. Similarly, the crises that emanate from the relations of production are unique to the socialist mode of production. However, to analyse the contradictions of the socialist mode of production it is necessary to reject Marx's account of the socialist transition. However, the issue is complicated by the fact that the revolutionaries who succeeded in capturing state power perceived their situation within the framework advanced by Marx. As a result, these revolutionaries (of critical importance here as the role played by the Bolsheviks) attempted to interpret their situation within a preconceived framework. Consequently, the post-capitalist transition was discussed not in terms of the methodology of historical materialism, but as a linear movement to communism. The break with capitalism was expected to lead, inescapably, to communism. Thus, within Marxist theory a certain predeterminancy arose that the revolution could only be interpreted within the context of the inevitable arrival of communism.

FOOTNOTES

1. K. Marx, 'Preface' to A Contribution to the Critique of Political Economy (1971), pp. 21-22.
2. K. Marx, Critique of the Gotha Programme, in K. Marx and F. Engels, Selected Works, Volume 3 (1973), pp. 9-30 [noted hereafter as MESW].
3. Ibid., p. 17.
4. Ibid.
5. Ibid.
6. Ibid., pp. 17-18. In his writing on socialism in Capital, Marx does not distinguish between a higher and lower phase. He does, however, argue that society could operate without money in Capital, Volume II (1971) p. 362.

In the case of socialised production the money-capital is eliminated. Society distributes labour-power and means of production to the different branches of production. The producers may, for all it matters, receive paper vouchers entitling them to withdraw from the social supplies of consumer goods a quantity corresponding to their labour-time. These vouchers are not money. They do not circulate.

7. Critique of the Gotha Programme, MESW, Volume 3 (1973), p.18.
8. Ibid., p. 19.
9. Ibid.
10. F. Engels, Anti Dühring (1972), p. 337.
11. Ibid., p. 338.
12. Ibid., p. 337.
13. A. Buick, 'The Myth of the Transitional Society', Critique, No. 5 (1975), p. 61.
14. Bertell Ollman, 'Marx's Vision of Communism: A Reconstruction', Critique, No. 8 (1977), p. 21.
15. Ben Fine, 'Marx on Economic Relations under Socialism', in Marx: A Hundred Years On, ed. Betty Matthews (1983), pp. 227-228.
16. Marx, Capital, Volume 1 (n.d.), pp. 82-83.
17. Ibid., p. 83.
18. Ibid.

19. Fine, op. cit. (1983), p. 228.
20. Ibid., p. 229.
21. E. Hobsbawm, Introduction to K. Marx, Pre-Capitalist Economic Foundations (1964), pp. 19-20.
22. Lassalle as cited in K. Marx, Critique of the Gotha Programme, op. cit. (1973), p. 20.
23. Ibid.
24. Ibid.
25. K. Marx, 'The Civil War in France - III', in K. Marx and F. Engels, On the Paris Commune (1971), pp. 76-77.
26. Ibid., p. 77.
27. Ibid., p. 74.
28. Cf. Ralph Miliband, Marxism and Politics (1977), p. 23.
29. K. Marx, letter to Ferdinand Domela Nieuwenhuis, 22 February, 1881, in Marx and Engels, Selected Correspondence (1975), p. 318.
30. Marx, On the Paris Commune, p. 76.
31. Ibid., p. 75.
32. Ibid.
33. Ibid., p. 76.
34. Ibid., p. 80.
35. Engels, 'Introduction to the Civil War in France - III' in ibid (1971), p. 30.
36. Ibid., p. 31.
37. Marx, On the Paris Commune (1971), p. 69.
38. Ibid., p. 68.
39. Ibid., P. 73.
40. Ibid., p. 74.
41. Engels, op.cit. (1971), p. 34.
42. Marx, MESW, V. 3 (1973), p. 26.
43. Ibid.
44. Ibid.

45. J.M. Barbalet, Marx's Construction of Social Theory (1983), p. 187.
46. Engels, Sochineniya, XIV, p. 284, as quoted in E.H. Carr, The Bolshevik Revolution, 1917-1923, Volume 1 (1950) p. 241.
47. Marx, On the Paris Commune (1971) op. cit., p. 75.
48. Engels, as per Carr (1971) op. cit. (1950), p. 241.
49. In this regard see Theda Skocpol's account of the Russian and Chinese revolutions in States and Social Revolutions: A Comparative Analysis of France, Russia and China, p. 14, (1974), where she argues that the geopolitical demands on the Russian and Chinese nation-states were the crucial factors in shaping the revolutions.
50. F. Claudin, The Communist Movement From Comintern to Cominform (1975) pp. 47-48. Claudin draws a distinction between a political revolution, defined as the capture of power by the working class, and a social revolution defined as a broad revolutionary transformation. Claudin argues that Marx and Engels considered that the emancipation of the working class would begin with a political revolution in an advanced country and this would then be followed by a series of political revolutions in advanced countries. As a result of these events communism would spread to encompass the world.
51. Marx, Capital, Volume Three (1971), p. 797. My reinterpretation of Marx's account of the socialist transition has been influenced by the debates on the feudal transition. In many respects the debate on the transition to capitalism was conducted in two phases with two distinct geographical and theoretical focuses. The first debate was concerned with the transition from feudalism to capitalism (especially in Britain and France). Influential in this discussion was Maurice Dobb's Studies in the Development of Capitalism, published in 1946. This book stimulated an interchange of views reproduced in a collection edited by Rodney Hilton, The Transition from Feudalism to Capitalism (1976). The second set of contributors to the debate on the transition 'to capitalism' addressed themselves to the question of development and underdevelopment and looked to countries outside of Europe. Especially fruitful were the debates that focused on the Indian subcontinent. See Aidan Foster-Carter, 'The Modes of Production Controversy', New Left Review, no. 107, (January-February 1978) pp. 47-79; Doug McEachern, 'The Mode of Production in India', Journal of Contemporary Asia, VI, 4 (1976), pp. 444-458; P.B. Mayer, 'The Penetration of Capitalism in a South Indian District: The First 600 Years of Colonial Rule in Tiruchirapalli', unpublished paper, University of Adelaide (1981); P.B. Mayer, 'Transformation of Two Provincial Districts, in Capitalism and Colonial Production, H. Alavi, P. Burns, G. Knight, P. Mayer, D. McEachern (1982), pp. 77-118.
52. As noted, it is essential to apply the notion of mode of production to concrete situations. In this regard the analysis rejects the formalistic interpretation of modes of

production and transitions as offered in Barry Hindess and Paul Hirst, Pre-Capitalist Modes of Production (1975). For a review of the ahistorical formalism of this book see J. Taylor, review article, Critique of Anthropology, Volume 1, Numbers 4 and 5 (1975), pp. 127-155, Vol. 11, No. 6, 1976, pp. 56-69.

53. Barbalet, op.cit. (1983), p. 182.
54. Marx, Inaugural Address to the Working Men's International Association, MESW, Volume 2 (1973), p. 17.
55. The notion of antagonistic classes in past-Capitalist societies is most persuasively presented by György Konrad and Ivan Szelényi in Intellectuals on the Road to Class Power, (1979) and further refined in Szelényi; 'The Intelligentsia in the Class Structure of State-Socialist Societies', in Michael Buraway and Theda Skocpol, eds., Marxist Inquiries: Studies of Labor, Class and States (1982), pp. 287-327.
56. John Foster, Class Struggle and the Industrial Revolution, Early Industrial Capitalism in three English Towns (1974).
57. Ibid., p. 10.
58. Ibid., p. 11.
59. Ibid., p. 19.
60. Ibid., pp. 19-20.

CHAPTER TWO

LENIN AND THE SOCIALIST TRANSITION

In his theory of the socialist transition Lenin replaces the direct association of producers by the proletarian state. According to Marx the united association of producers would seize the state and simultaneously take possession of the means of production. In contrast, Lenin argues that the vanguard party could capture state power on behalf of the proletariat and then use the state as a lever to subordinate capitalism and create communism. The state, rather than the direct association of producers, would take possession of the means of production thereby undermining the power of the capitalist, and concomitantly introducing the communist mode of production. Lenin bases his argument on the role of the state in the socialist transition on the premise that socialism would grow from the negation of capitalism. Lenin argues that capitalism had reached its highest stage, characterised by the tendency for the state to become integrated into the production process. Therefore, the negation of capitalism would present the proletariat with an effective administrative unit to run production. Lenin disregards the problem of the state withering away once it had become integrated into the relations of production. For Lenin the state would disappear at a later phase of the socialist transition when communism, as depicted by Marx, would emerge. Consequently, Lenin does not consider the dilemma of the state's being so central to the socialist transition that it acts as a barrier to establishing communism. That is, the state, by replacing the united association of producers rather than setting the conditions for the workers' eventual rise to dominance, actually becomes the basis for the continued subordination of the proletariat. The state becomes the foundation for the emergence of the socialist mode of production and the bureaucratic class. The consolidation of the new mode of production and class system ends the socialist transition.

Lenin in State and Revolution adheres to Marx's vision of the socialist transition, insofar as he distinguishes two phases of the transition determined by distribution rights.¹ Lenin reiterates Marx's formulation that the "means of production", after the political revolution, "belong to the whole society".² Society would function on the basis of every member of the community performing a certain portion of "socially necessary labour" and in return receiving from society a certificate providing goods for consumption from the public store.³ In the first phase of communism, there would be "bourgeois rights", as "equal rights" would create inequalities. Lenin, following Marx, argues that "the exploitation of man by man will have become impossible because it will be impossible to seize the means of production - the factories, machines, land, etc. - and make them private property".⁴

The means of production, Lenin notes, will in the lower phase of communism be converted into the common property of the whole society.⁵ But, Lenin adds, the proletarian state will play an active role in regulating the relations of production. Whereas Marx spoke of society as governed by the direct association of producers possessing and controlling the means of production and exercising control over distribution rights themselves, Lenin introduces the notion that the state has a role in this process. In other words, Lenin argues that the proletarian state becomes directly involved in the communist mode of production:

Until the "higher phase" of communism arrives, the socialists demand the strictest control by society and by the state over the measure of labour and the measure of consumption; but this control must start with the expropriation of the capitalists, with the establishment of workers' control over the capitalists, and must be exercised not by a state of bureaucrats, but by a state of armed workers.⁶

Similarly, Lenin notes that in the first phase of communist society:

All citizens are transformed into hired employees of the state, which consists of the armed workers. All citizens become employees and workers of a single country-wide state "syndicate"..... From the moment all members of society, or at least the vast majority, have learned to administer the state themselves, have taken this work into their own hands, have organised control over the insignificant capitalist minority, over the gentry who wish to preserve their capitalist habits and over the workers who have been thoroughly corrupted by capitalism - from this moment the need for government of any kind begins to disappear altogether.⁷

In discussing the socialist transition, Marx maintains a theoretical distinction between the communist mode of production and the proletarian state. Lenin, however, conflates the theory of the communist mode of production with the theory of the dictatorship of the proletariat. The state, rather than the direct association of producers, possesses the means of production and hires all citizens, who become employees of a single state entity. Moreover, the state becomes a form of training ground for the workers to gain administrative skills. At a certain level of expertise on the part of state employees, the proletarian state could then begin the process of withering away. Lenin relates his theory of the dictatorship of the proletariat to his claim that capitalism had reached its final stage of development. According to Lenin, in response to the pressures of imperialism the capitalist state had developed syndicates or state enterprises which served the interests of capitalism. Lenin called this "state monopoly capitalism". The state syndicates or trusts, Lenin argued, could be transformed. The syndicates could be made to serve the interests of the proletariat rather than the bourgeoisie. It is in this context that Lenin speaks of the postal service as an example of a trust that could be beneficial to the proletariat in the socialist transition.

A witty German Social-Democrat of the seventies of the last century called the postal service an example of the socialist economic system. This is very true. At present the postal service is a business organisation on the lines

of a state-capitalist monopoly. Imperialism is gradually transforming all trusts into organisations of a similar type, in which, standing over the "common" people, who are over-worked and starved, one has the same bourgeois bureaucracy.... Once we have overthrown the capitalists, crushed the resistance of these exploiters with the iron hand of the armed workers, and smashed the bureaucratic machine of the modern state, we shall have a splendidly-equipped mechanism, freed from the "parasite", a mechanism which can very well be set going by the united workers themselves, who will hire technicians, foremen and accountants, and pay them all, as indeed all "state" officials in general, workmen's wages. Here is a concrete practical task which can immediately be fulfilled in relation to all trusts, a task whose fulfilment will rid the working people of exploitation, a task which takes account of what the Commune had already begun to practise (particularly in building up the state).⁸

In elaborating upon the role of the state in the socialist transition Lenin draws a distinction between the "oppressive" and "administrative" arms of the state. In his pamphlet Can the Bolsheviks Retain State Power?, written on the eve of the October Revolution, Lenin claimed that the proletariat had the historical task of smashing the oppressive arm of the state while retaining and using the administrative arm of the state.⁹

In addition to the chiefly "oppressive" apparatus - the standing army, the police and the bureaucracy - the modern state possesses an apparatus which has extremely close connections with the banks and syndicates, an apparatus which performs an enormous amount of accounting and registration work, if it may be expressed this way. This apparatus must not, and should not, be smashed. It must be wrested from the control of the capitalists; the capitalists and the wires they pull must be cut off, lopped off, chopped away from this apparatus; it must be subordinated to the proletarian Soviets; it must be expanded, made more comprehensive, and nation wide.¹⁰

Lenin expresses the view that while the bourgeois state should be destroyed the proletarian state should be "strong" and "centralised".¹¹ For Lenin the proletarian state needed strength for two reasons, firstly, to suppress the bourgeoisie and to transform bourgeois consciousness amongst the proletariat, and secondly, the state had to carry out its economic functions. It was

only when the proletariat had gained all-round administrative ability, through all the citizens becoming state employees, that the state could begin the process of withering away. Additionally, Lenin speaks of the "repressive" arm of the proletariat state dissolving, while the "administrative" aspect of the state remains throughout the socialist transition.

Lenin's theory of the dictatorship of the proletariat is based upon a weakness in Marx's own account of the socialist transition. But Lenin's theory exacerbates Marx's error to such an extent that it undermines the original theoretical conception of the socialist transition. Marx did not consider the problem of the proletarian state's needing effective power to defeat the bourgeoisie and yet still retaining the capacity to dissolve this power and wither away. Lenin argues that the proletariat state must have concentrated and centralised power to suppress the bourgeoisie. Further, the state needed power to intervene in the new mode of production and to administer the economy. Lenin then adds that what is meant by the withering away of the state is the gradual disappearance of the "oppressive" apparatus of the state. The administrative apparatus of the proletarian state would remain throughout the transition.

Marx argued that the aim of the transition was to create a classless society and as a consequence the disappearance of the state. The dictatorship of the proletariat was merely an element in the creation of communism. For Lenin the proletarian state becomes central to the socialist transition. Lenin sees the ultimate aim of creating communism as a classless society, but asserts the view that the dictatorship of the proletariat goes beyond suppressing the bourgeoisie. The proletarian state becomes the key force in changing the mode of production and in training the workforce for

communism. The state would wither away in two phases. Firstly, the oppressive apparatus of the state would disappear with the demise of the bourgeoisie. Secondly, at a high stage in the development of the material and social conditions of socialism, the administrative apparatus of the state would wither away. According to Lenin, the proletarian state was crucial in raising the productivity of labour and thereby developing the base for communism.

Marx saw a synthesis between the communist mode of production and the dictatorship of the proletariat. Marx retains a separation between these two elements of the socialist transition and does not consider the possibility of a non-communist mode of production. However, Lenin's theoretical account of the socialist transition inadvertently allows for a non-communist mode of production to be created around the proletariat state. Lenin does not recognize that his theory of the transition contains the theoretical seeds of the socialist mode of production. Rather, Lenin argues that the communist mode of production is only appropriate for the higher phase of communism. To achieve this stage of the transition, the state is given a pivotal role in transforming the capitalist mode of production into the communist mode of production. But what Lenin does not contemplate is that in the process of negating the capitalist mode of production the state will become integrated into a non-capitalist and a non-communist mode of production. This is a mode of production that acts to prevent the emergence of the communist mode of production and the withering away of the state.

As the Russian Revolution unfolds Lenin is obliged to reevaluate the socialist transition. However, even as he deals with the practical problems of transforming Russia from capitalism to communism he does not consider the transition in terms of the introduction of the socialist mode of production. Instead, Lenin

adheres to the traditional view that Russia is passing from capitalism to communism. But while Lenin retains the linear framework of the socialist transition he adjusts its time scales to match the backward character of Russia. Lenin argues that in the case of Russia there are not two but three stages to the transition. The first stage is a preliminary phase of development where there is a transition from capitalism, not to communism, but to socialism. Russia, Lenin contends, must pass through this preliminary or prelude stage so as to create the conditions for socialism. Once socialism is established then the productive forces can advance, under state supervision, to enable communism to emerge.

For example, Lenin in the pamphlet The Immediate Tasks of the Soviet Government, written in March-April 1918, compares the situation in Russia with West-European revolutions, claiming that "at the present moment we are approximately at the level reached in 1793 and 1871".¹² He adds the view that:

Under no circumstances, however, can we rest content with what we have achieved, because we have only just started the transition to socialism, we have not yet done the decisive thing in this respect.

The decisive thing is the organisation of the strictest and country-wide accounting and control of production and distribution of goods. And yet, we have not yet introduced accounting and control in those enterprises and in those branches and fields of economy which we have taken away from the bourgeoisie; and without this there can be no thought of achieving the second and equally essential material condition for introducing socialism, namely, raising the productivity of labour on a national scale.¹³

Lenin departs from his three-stage schema of the socialist transition in Russia during the period of War Communism. In response to the view that the collapse of the money economy would accelerate the move to communism, Lenin makes a distinction between the character of the transition in industry and in agriculture. Lenin asserts that the industrial sector could move more quickly to

communism than had previously been expected but in agriculture the transition would be gradual. In his pamphlet Economics and Politics in the Era of the Dictatorship of the Proletariat Lenin speaks of Russia taking the "first steps of communism".¹⁴ Labour, Lenin notes, was:

united communistically insofar as, first, private ownership of the means of production has been abolished, and secondly, the proletarian state power is organising large-scale production on state-owned land and in state-owned enterprises on a national scale, is distributing labour-power among the various branches of production and the various enterprises, and is distributing among the working people large quantities of articles of consumption belonging to the state.¹⁵

In addition, the state had gained control over the major means of production by expropriating without compensation all the "big capitalists" and "big landowners".¹⁶ The state was now organizing large-scale industrial production which had made the transition from "workers' control" to "workers' management".¹⁷

On the other hand, agricultural production had "only just begun" to create various "forms of cooperative societies".¹⁸ Lenin adds that having achieved the overthrow of the landowners and capitalists the next task of the proletarian state was to abolish the class distinction between factory worker and peasant, "to make workers of all of them".¹⁹ Lenin provides the cautionary comment:

This task is incomparably more difficult and will of necessity take a long time. It is not a problem that can be solved by overthrowing a class. It can be solved only by the organisational reconstruction of the whole social economy, by a transition from individual, disunited, petty commodity production to large-scale social production. This transition must of necessity be extremely protracted.²⁰

However, in response to the collapse of the economy Lenin retreats from the policies of War Communism and from his optimistic view that Russia could move quickly to communism. Lenin returns to his original schema, that there was a need for a preliminary stage

of development to create the conditions for the transition to socialism in Russia (followed by another transition from socialism to communism). Lenin in this regard speaks of a period of socialist accounting and control to move Russia to the lower stage of communism:

we made the mistake of deciding to go over directly to communist production and distribution. We thought that under the surplus-food appropriation system the peasants would provide us with the required quantity of grain, which we could distribute among the factories and thus achieve communist production and distribution.

I cannot say that we pictured this plan as definitely and as clearly as that; but we acted approximately on those lines. That, unfortunately, is a fact. I say unfortunately, because brief experience convinced us that that line was wrong, that it ran counter to what we had previously written about the transition from capitalism to socialism, namely, that it would be impossible to bypass the period of socialist accounting and control in approaching even the lower stage of communism.²¹

Lenin defends the change in policy direction from War Communism to the New Economic Policy (NEP) in terms of a return to his previously announced three stage theory of the transition. He argues that a preliminary stage of development is needed in Russia to create the preconditions for socialism. In particular, he argues it was necessary to find ways of integrating the peasant economy into the socialist transition. Lenin describes the Russian economy as comprising five separate socio-economic systems: patriarchal or natural peasant farming, small-scale commodity production (including the majority of peasants who sell their grain), private capitalism, state capitalism, and socialism.²² State capitalism, according to Lenin, would provide an intermediary link with the peasant economy and assist in the advance towards socialism.²³

Lenin seeks to placate those members of the Bolshevik Party who opposed the move to NEP by claiming that state capitalism and proletarian state power were compatible:

Can the Soviet state and the dictatorship of the proletariat be combined with state capitalism? Are they compatible?

Of course they are. This is exactly what I argued in May 1918. I hoped I had proved it then. I had also proved that state capitalism is a step forward compared with the small-proprietor (both small-patriarchal and petty-bourgeois) element. Those who compare state capitalism only with socialism commit a host of mistakes, for in the present political and economic circumstances it is essential to compare state capitalism also with petty-bourgeois production.

The whole problem - in theoretical and practical terms - is to find the correct methods of directing the development of capitalism (which is to some extent and for some time inevitable) into the channels of state capitalism, and to determine how we are to hedge it about with conditions to ensure its transformation into socialism in the near future.²⁴

Lenin sees state capitalism as a system of production in which the means of production are private but the state exercises effective control over production and distribution. Lenin contrasts state capitalism with socialism, by emphasising that socialism is based upon state ownership of the means of production. On the basis of this distinction, Lenin argues that the appropriate strategy for the Party to follow is to see the unity between socialism and state capitalism, as opposed to petty commodity production and private capitalism. In addition, Lenin notes that the dictatorship of the proletariat will protect the socialist gains of the October Revolution:

We possess political power; we possess a host of economic weapons. If we beat capitalism and create a link with peasant farming we shall become an absolutely invincible power. Then the building of socialism will not be the task of that drop in the ocean, called the Communist Party, but the task of the entire mass of the working people. Then the rank-and-file peasants will see that we are helping them and they will follow our lead. Consequently, even if the pace is a hundred times slower, it will be a million times more certain and more sure.²⁵

For the transition to advance towards socialism in Russia, according to Lenin, it was necessary for the Party to discover

"intermediary links that can facilitate the transition from patriarchalism and small production to socialism".²⁶ Lenin, however, argues that it would be possible for Russia to depart from the strategy of using intermediary links if it achieved either national electrification or if there were successful revolutions in advanced capitalist countries:

If we construct scores of district electric power stations ... and transmit electric power to every village, if we obtain a sufficient number of electric motors and other machinery, we shall not need, or shall hardly need, any transition stage or intermediary links between patriarchalism and socialism. But we know perfectly well that it will take at least ten years only to complete the first stage; of this "one" condition; this period can be conceivably reduced if the proletarian revolution is victorious in such countries as Britain, Germany or the U.S.A.²⁷

In terms of modes of production Lenin's analysis of the socialist transition in Russia reflects the complexities of a society in flux. Moreover, the theory of modes of production used by Lenin is based upon his conceptualisation of the integration of the state into the mode of production. Lenin holds this view for both capitalism and socialism. Lenin speaks of state monopoly capitalism when referring to capitalist countries. In his discussion of socialism Lenin uses the unusual theoretical device of state capitalism to describe non-nationalised but state-regulated capitalist, industrial, enterprises. Lenin depicts the contradictions existing between modes of production as that between, on the one hand, state capitalism and socialism and, on the other hand, petty commodity production and private capitalism. Central to both state capitalism and socialism is the role of the state in production. Under socialism the state both owned the means of production and administered the production and distribution process. Under state capitalism the state kept a regulatory watch over production which was privately owned.

For Lenin the socialist transition was subordinate to the dictatorship of the proletariat. While Marx saw the dictatorship of the proletariat as the logical outcome of the class struggle, the proletarian state acted as a guardian of the change in class power from the bourgeoisie to the proletariat. In Marx's account of the transition the displacement of the capitalist mode of production by the communist mode of production provided the basis for the transformation of class power. The state protected these two movements. However, in Lenin's depiction of the socialist transition the proletarian state is not outside but inside the new mode of production. Similarly, the state is not merely a guardian of the new mode of production but is the major component in transforming the capitalist into the communist mode of production. According to Lenin, the state is integrated into the new relations of production (principally through the state's ownership of the means of production) and as such is a critical component of the change in class power.

Now when Marx discusses the shift in class power, his argument is that the class-conscious proletariat directly destroys the basis for bourgeois power. In contrast, Lenin introduces the notion that it is the vanguard of the proletariat that leads the revolutionary transformation. Lenin speaks of two vanguards in the case of Russia. The Bolshevik Party was the vanguard of the proletariat. The Russian proletariat were themselves the vanguard of the mass of people in Russia (especially the vanguard of the peasants). As well, Lenin offers a further variation of the vanguard theory by dividing the proletariat into those who work in large enterprises and are, as a result of their socialisation, more advanced than the rest of the proletariat, and those who work in small enterprises.

While Marx emphasised that the whole proletariat captured state power and transformed class power, through establishing the communist mode of production, Lenin stresses the key role of vanguards in the process of revolutionary change. The vanguard party is in the forefront of the capture of state power. Similarly, the proletariat acts as a vanguard of the masses in the capture of state power. After the revolution occurs it is the Bolshevik Party and the advanced section of the proletariat which, in Lenin's schema, guide the revolution.

Lenin's theory of the role of vanguards in the revolution makes a theoretical intervention into Marx's notion of a subjective and objective working class' seizing power and creating communism. For Lenin, but not for Marx, the objective conditions could exist for communism without there being a class-conscious proletariat. The vanguard would then under these conditions act to overthrow capitalism leading the proletariat to communism. Consequently, the problem Lenin's theory of revolution has to face is the relationship between the leaders and the led. In the period immediately after the October Revolution Lenin sees the Soviets as the link between the proletariat and the mass of the people. In the pamphlet, The Proletariat Revolution and the Renegade Kautsky, Lenin argues that it is the Soviets that provide the uniting link between the vanguard (here defined as the advanced section of the proletariat themselves) and the masses:

The Soviets are the direct organisation of the working and exploited people themselves, which helps them to organise and administer their own state in every possible way. And in this it is the vanguard of the working and exploited people, the urban proletariat, that enjoys the advantage of being best united by the large enterprises, it is easier for it than for all others to elect and exercise control over those elected. The Soviet form of organisation automatically helps to unite all the working and exploiting people around their vanguard, the proletariat.²⁸

Moreover, Lenin argues that in Russia:

the bureaucratic machine has been completely smashed, razed to the ground; the old judges have been sent packing, the bourgeois parliament has been dispersed - and far more accessible representation has been given to the workers and peasants; their Soviets have replaced the bureaucrats, or their Soviets have been put in control of the bureaucrats, and their Soviets have been authorised to elect the judges.²⁹

The Soviets were, therefore, not only the uniting institution between the vanguard and the masses but also the agency for the dictatorship of the proletariat.

However, after the Civil War and War Communism Lenin speaks in more cautious tones about the nature of proletarian democracy in Russia. Lenin notes that the proletariat were politically exhausted and as a result the Bolshevik Party had to substitute itself for the proletariat:

In the transition to socialism the dictatorship of the proletariat is inevitable, but it is not exercised by an organisation which takes in all industrial workers.... What happens is that the Party, shall we say, absorbs the vanguard of the proletariat, and this vanguard exercises the dictatorship of the proletariat.³⁰

Just as Lenin had argued that after the chaos of War Communism there needed to be an economic transition to socialism, so also he calls for a political transition period to create the condition for socialism. Lenin in the debate on the trade unions speaks of the "political situation" as being characterised by "a transition period within a transition period".³¹ As well, Lenin comments that because of the "war weariness" of the proletariat there was the pre-eminent danger of the state's becoming removed from the control of the proletariat.³² Lenin stresses the point that Russia was not a pure form of the dictatorship of the proletariat. In a gibe at Bukharin, whom he accuses of theoreticism, Lenin claims that in Russia there exists a peculiar form of the dictatorship of the

proletariat. The Russian state is "not actually a workers' state but a workers' and peasants' state". Further,

Our Party programme - a document which the author of the ABC of Communism knows very well - shows that ours is a worker's state with a bureaucratic twist to it. We have to mark it with this dismal, shall I say, tag. There you have the reality of the transition.³³

Lenin in his debate with Bukharin over the role of the trade unions notes that there is a difference between Marxist theory of the dictatorship of the proletariat and Russian practice. The Russian state did not simply represent, or act on behalf of, the proletariat. The peasants were also part of its constituency. Additionally, the state in Russia had a bureaucratic side to it which presented the possibility of the state's acting against the interests of the proletariat. Lenin therefore argued that there was a role for intermediary linkages between the proletariat and the state. The trade unions, he noted, were one such link. Lenin uses a series of metaphors to describe the intermediary role of the trade unions. He writes that the trade unions were "a 'reservoir' of the state power of the proletariat", "a link between the vanguard and the masses", a "transmission belt" "running from the vanguard to the mass of the working people."³⁴

Lenin makes it clear that the vanguard to which he refers is the Bolshevik Party. Thus, the trade unions were to act as an intermediary between the working people and the Communist Party. Lenin then adds the general comment that the dictatorship of the proletariat, even in advanced countries, cannot be conducted by the proletariat as a whole:

the dictatorship of the proletariat cannot be exercised through an organisation embracing the whole of that class, because in all capitalist countries (and not only over here, in one of the most backward) the proletariat is still so divided, so degraded, and so corrupted in parts (by imperialism in some countries) that an organisation taking in the whole proletariat cannot directly exercise

proletarian dictatorship. It can be exercised only by a vanguard that has absorbed the revolutionary energy of the class.³⁵

In the case of Russia, Lenin argues that it was necessary for the proletariat to be protected from 'the workers' and peasants' state'. That is, given that the proletariat was war-weary and the state suffered from bureaucratisation, institutional mechanisms were necessary for the proletariat to protect itself from the state. The Party and the trade unions, Lenin claims, could act as such instruments for the protection of the proletariat:

We now have a state under which it is the business of the massively organised proletariat to protect itself, while we, for our part, must use these workers' organisations to protect the workers from their state, and to get them to protect our state. Both forms of protection are achieved through the peculiar interweaving of our state measures and our agreeing or "coalescing" with our trade unions.³⁶

In the debate on the trade unions Lenin collapses his secondary notion of a vanguard into his first theory of the vanguard, the Communist Party. The Party, Lenin argues, was obliged to substitute itself for the more advanced workers, as well as for the proletariat in general. The state was being guided by the Bolshevik Party to operate in the interests of the proletariat and peasants. However, in his address to the Eleventh Congress of the Bolshevik Party, Lenin questions whether the Bolsheviks have a sufficient degree of culture to control the state bureaucrats. Lenin argues that all the major means of production are in the hands of the state and therefore the proletarian state has economic power "to ensure the transition to communism". What is lacking to facilitate the transition is "culture among the stratum of the Communists who perform administrative functions".³⁷

If we take Moscow with its 4,700 Communists in responsible positions, and if we take that huge bureaucratic machine, that gigantic heap, we must ask who is directing whom? I doubt very much whether it can truthfully be said that the

Communists are directing that heap. To tell the truth, they are not directing, they are being directed.³⁸

Lenin, however, adds the rider that "[o]ur machinery of government may be faulty, but it is said that the first steam engine that was invented was also faulty".³⁹ Lenin argued that to achieve socialism it was necessary to conduct an "orderly retreat" to NEP.⁴⁰ Lenin stressed the point that it was crucial in this retreat to conduct a campaign against bureaucratic nepotism and waste. Moreover, the class-conscious elements of the proletariat should be channelled into positions of authority so as to exercise a greater degree of political guidance over the bureaucracy. Lenin returns to his pre-1918 formulation that the vanguard was advancing to socialism but methods had to be discovered to link the vanguard to the proletariat and to the rest of the people so as to lead them also to socialism.

"We", the vanguard, the advanced contingent of the proletariat, are passing directly to socialism; but the advanced contingent is only a small part of the whole of the proletariat while the latter, in its turn, is only a small part of the whole population. If "we" are successfully to solve the problem of our immediate transition to socialism, we must understand what intermediary paths, methods, means and instruments are required for the transition from precapitalist relations to socialism. That is the whole point.⁴¹

In the final year of his life Lenin repeatedly returned to the theme of finding a method of linking the mass of the people, particularly the peasants, to the vanguard. Moreover, Lenin was concerned to discover means of exercising an effective control over the bureaucracy. In his last written article, Better Fewer, But Better, Lenin comments that the Russian state is "deplorable, not to say wretched".⁴² To overcome the deficiencies of the state bureaucracy Lenin suggested that the advanced elements of the proletariat, "the workers who are absorbed in the struggle for

socialism", should undergo training and then be promoted to positions of inspection and authority in the state bureaucracy.⁴³

Lenin adds that in order to renovate the state apparatus "we must at all costs set out, first to learn, secondly to learn, and thirdly to learn".⁴⁴

The workers' government had to be preserved, but the size of the state apparatus had to be reduced to the "utmost degree".⁴⁵ The working class had to retain leadership over the peasantry and by thriftiness the state could accumulate resources to develop the productive forces. If these measures were taken, Lenin argues, it would be possible slowly to move to socialism. That is, by raising the level of the productive forces, especially through nation-wide electrification, the revolution could advance towards its goal of communism, despite the fact that Russia lacked "enough civilisation" for it "to pass straight on to socialism".⁴⁶ But it was crucial that all the above measures were carried out for the transition to overcome its condition of stagnation.

Before his death Lenin presented a pessimistic view of Russia's ability to move to socialism. The Revolution was internationally isolated in a country which was both socially and materially backward. The proletariat, because of the travails of the Civil War, were politically "declassed".⁴⁷ As a result the Bolshevik Party had to substitute itself for the proletariat and to select the most advanced elements of the working class to guide the state personnel. Lenin detailed these problems in an open manner and commented that there were no simple solutions to the dilemmas facing Russia. The Party had to ensure that the gains of the transition to socialism were protected, while seeking to maintain links with peasants. Electrification and the development of large-scale industries would, in Lenin's opinion, be of great benefit in linking

the peasantry to the new regime and in raising the level of civilisation in Russia.

Lenin's followers inherited a view of the communist revolution and the socialist transition marked by ambiguities. Moreover, Lenin's view was antithetical to that of Marx with regard to the proletariat revolution and to the transition to communism. Lenin's theory of the socialist transition, with its stress upon the role of vanguards, left open the problem of the relationship between the leaders and the led. Marx's account of the transition assumed that there was no need for a vanguard as the revolution would be conducted by a class-conscious proletariat. The peasants, in Marx's depiction of the transition, would perceive that their class interest was synonymous with that of the proletariat. But Lenin sees the class alignment in the transition as a series of vanguards. The proletariat itself would have a vanguard, principally the communist party, and the proletariat would, in turn, be a vanguard leading the whole people to socialism and then communism. The Bolsheviks after Lenin's death were confronted with the problem of a disjunction and a greater separation again between the party and the peasants.

Lenin's theory of the socialist transition was dependent upon an active state's becoming deeply involved in the whole transformation process. Lenin assumed, in an unproblematical fashion, that the state's involvement in the transition would not hinder the emergence of a classless and stateless society. For Lenin, once the state had created the economic, political and social conditions firstly for socialism and secondly for communism, the state could begin to wither away. Marx, on the other hand, separated the political role of the proletarian state from the establishment of the communist mode of production. What Lenin does not contemplate is that the

very integration of the state into the conflict between the modes of production could change the whole course of the socialist transition. Lenin did not consider that the state's actions in negating the capitalist mode of production could result not in the communist but in the socialist mode of production, the essence of the socialist mode of production being state ownership of the means of production and state control over the surplus product. The consolidation of the socialist mode of production thus indicates the conclusion of the socialist transition.

In summary, Lenin diverges from Marx's account of the socialist transition in that he argues that the state could replace the direct association of producers in taking possession of the means of production. Moreover, Lenin contends that the state could provide the economic base for communism. The proletarian state would actively displace capitalism and through its administrative institutions (e.g. the postal service) create the conditions from which fully-fledged communism would eventuate. Lenin perceived that the socialist transition had three phases. The first phase was characterised by the proletariat capturing state-power, through the organisational unity of the vanguard party, and using the proletarian state to develop communism. In the second stage of the transition, which resembled Marx's lower phase of communism, the productive forces of the communist mode of production would advance to such a high degree that the state could begin to wither away. The final stage of Lenin's depiction of the socialist transition was identical to Marx's higher phase of communism.

Lenin's three-stage model was premised on the notion that capitalism had entered a new era characterised by the state's integration into production. As a consequence, the proletariat's seizure of state power gave them certain institutions from which to

develop communism. That is, Lenin takes the tenuous comments of Marx and Engels's about the state as a lever in creating communism as a guide for the socialist transition. Moreover, Lenin links the notion of the state as an instrument in the socialist transition to his view that in the era of state monopoly capitalism the state naturally had a larger role to play within production. The proletarian dictatorship transformed the class character of the state, enabling it to function in the interests of communism.

Lenin attempted to implement his three-stage model of the transition when the Bolsheviks' capture state power. The state takes possession of the major means of production and plays an active role in the economy. Lenin argues that in the first phase of the socialist transition the state should foster socialist economic elements (the nationalized enterprises) and those undertakings which he called 'state capitalism' (enterprises privately owned but under state regulations and influence). The socialist and 'state capitalist' economic elements were in competition with the capitalist economy and petty-commodity production (the peasant producers). During War Communism, Lenin momentarily departed from his three-stage model and attracted by the enthusiasm for a rapid leap into communism. However, the economic collapse convinced Lenin that Russia could only achieve communism through his gradualist, three-stage model.

In keeping with the sentiments of the first stage of the transition Lenin introduced the NEP. Lenin argued that the state could play a dual function in the NEP. Firstly, in keeping with his vision of the socialist transition the state should act as a lever in promoting communism. For example, the nationalised industries could be regulated by central planning. Secondly, Lenin noted that the state should be active in maintaining a balance between the

competing socioeconomic elements so as to advance the national economy. Gradually, the socialist and 'state-capitalist' elements could expand at the expense of the capitalist and petty-bourgeois economy. For example, the peasants could be encouraged to join co-operatives and co-operative farming could displace the private peasant sector.

In the last year of his life Lenin began to question whether the state was serving the cause of communism. The Bolshevik Party seemed incapable of directing the state in the direction of communism. Lenin called for a more efficient state and for the advancement of the productive forces in the state sector. He spoke fancifully of Russia achieving communism through nation-wide electrification. According to Lenin, the NEP would provide the necessary framework for the state to develop the conditions for a move to the next phase of the socialist transition.

Lenin was oblivious to the problem of the state's becoming integrated into production and thereby preventing the emergence of communism. For Lenin the major dilemma was finding means of directing the state. He did not consider that the state could facilitate the development of a unique, non-communist mode of production, which had a new class system. Instead, Lenin argued that the state had to be involved in the process of gradually displacing capitalism and petty commodity production in Russia. However, there was a fundamental flaw in Lenin's argument in that the negation of capitalism did not, as he assumed, introduce communism. Capitalism could be replaced by a new mode of production and class system which acted as a barrier to the development of communism. It was this legacy which Lenin left to the Bolshevik Party.

FOOTNOTES

1. V.I. Lenin, 'The State and Revolution', Collected Works, (hereafter cited as C.W.) Volume 25 (1974), pp. 385-497.
2. Ibid., p. 470.
3. Ibid.
4. Ibid., p. 471.
5. Ibid., p. 470.
6. Ibid., pp. 474-475.
7. Ibid., pp. 478-479.
8. Ibid., pp. 431-432.
9. Lenin, 'Can the Bolsheviks Retain State Power?', C.W. Volume 26 (1972), p. 102.
10. Ibid., pp. 105-106.
11. Ibid., p. 116.
12. Lenin, 'The Immediate Tasks of the Soviet Government', C.W., Volume 27 (1974), p. 245.
13. Ibid.
14. Lenin, 'Economics and Politics in the Era of the Dictatorship of the Proletariat' C.W., Volume 30 (1974), p. 109.
15. Ibid., pp. 108-109.
16. Ibid., p. 109.
17. Ibid., On the failure of Lenin to give workers' control or workers' self management a serious trial, see M. Britton, The Bolsheviks and Workers Control 1917 to 1921: The State and Counter-Revolution (1975), and Carmen Sirianni, Workers Control and Socialist Democracy: The Soviet Experience (1982).
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19. Ibid., p. 112.
20. Ibid.
21. Lenin, 'Report to the Second All-Russia Congress of Political Education Department, October 17, 1923, C.W. Volume 33 (1973), p. 62.
22. Lenin, 'The Tax in Kind', C.W. Volume 32 (1965), pp. 330-332.
23. Ibid., p. 345.
24. Ibid.

25. Lenin, 'Political Report of the Central Committee of the R.C.P. (B), March 2&, 1923, C.W. Volume 33 (1973), p. 285.
26. Lenin, C.W. Volume 32 (1965), p. 350.
27. Ibid.
28. Lenin, 'The Proletarian Revolution and the Renegade Kautsky', C.W. Volume 28 (1974), p. 247.
29. Ibid., p. 249.
30. Lenin, 'The Trade Unions, The Present Situation and Trotsky's Mistakes', C.W. Volume 32 (1965), p. 20.
31. Ibid., p. 33.
32. Ibid.
33. Ibid., p. 32.
34. Ibid., p. 21.
35. Ibid., p. 21.
36. Ibid., p. 25.
37. Lenin, 'Political Report of the Central Committee of the R.C.P. (B) to the Eleventh Congress, March 27, 1923', C.W. Volume 33 (1973), p. 288.
38. Ibid.
39. Ibid., p. 301.
40. Ibid., p. 302.
41. Lenin, C.W. Volume 32 (1965), p. 349.
42. Lenin, 'Better Fewer, But Better', C.W. Volume 33 (1973), p. 487.
43. Ibid., p. 488.
44. Ibid., pp. 488-489.
45. Ibid., p. 501.
46. Ibid.
47. Ibid., p. 69.

CHAPTER THREE

THE BOLSHEVIKS AND THE SOCIALIST TRANSITION
BUKHARIN, PREOBRAZHENSKY, TROTSKY AND STALIN

The death of Lenin in January 1924 brought into the open, divisions within the Bolshevik Party over the course of the socialist transition. However, the debate over the socialist transition was initially subordinated to the dispute over who should succeed Lenin as head of the Bolshevik Party.¹ There were three identifiable tendencies within the Bolshevik Party: the Right opposition headed by Bukharin, the Left opposition led by Preobrazhensky and Trotsky and the Centre under the authority of Stalin. All three factions adhered to Lenin's depiction of the socialist transition but placed different emphasis upon certain aspects of Lenin's theory. Bukharin stressed the view that the state should place its priority on maintaining a balance between the competing socioeconomic elements. Preobrazhensky and Trotsky, although not having identical points of view, emphasised the need for the state to support strongly the development of the state-industrial sector. Stalin held both positions alternately but eventually came to support the state acting as a lever in rapid industrialisation.

The policy dispute within the Bolshevik Party was conducted in an environment of continual crises. The foundation from which these crises originated was the competition between the capitalist and socialist modes of production and the classes associated with them. However, the three factions within the Party did not perceive the repeated crises in the above terms. Rather, the factions, following Lenin, regarded the state-industrial sector as communist because of the nationalization of the major means of production. For the factions the problem was how to expand the state sector so as to consolidate communism. Bukharin argued that the state sector should grow with the general expansion of the economy. Preobrazhensky and Trotsky theorised that the state-industrial economy should expand

through unequal exchange with the capitalist and petty-commodity sectors. Notwithstanding, it was Stalin who manipulated the theory of the socialist transition to serve the general interest of the bureaucratic class in their ascendancy to power.

Stalin was assisted in his efforts by the fact that the Party had itself undergone a process of transformation. The Party of the revolution had become the Party of government. After the Kronstadt revolt the Bolsheviks had proscribed other political parties; as a result the Party became the only legal representative of both the proletariat and the peasantry.² Under these pressures the divisions among the Bolsheviks became magnified. Moreover, the monolithic nature of the Party enabled Stalin, once in control, to mobilise the Party in support of the interests of the bureaucratic class.

However, for Stalin to assert his authority in the party and the state, the new relations of production had to stabilize so as to ensure that the surplus product could be extracted and thereby reproduce the new class system. That is, for Stalin's ideological position to be effective the material and class conditions for the reproduction of the socialist mode of production had to be secured. Once the socialist mode was consolidated and the class-power of the bureaucratic class ensured, then, Stalin could (and did) turn with impunity against his enemies and against opponents among the Bolsheviks.

Bukharin

In the period immediately following Lenin's death it was Bukharin who provided the ideological leadership for the Bolshevik Party. Bukharin emphasised that the state should function as an instrument in maintaining a balance between the diverse elements of

the economy. In particular, Bukharin argued that NEP had solved the problem of uniting peasant agriculture with the state economy which he terms 'socialist'. The NEP, he wrote, had "created an economic smychka [alliance or union] between socialist state industry and the millions of peasant economies".³ Moreover, Bukharin notes, the policy of linking the peasant economic sector to the state-industrial economy provided a basis for a class alliance between the proletariat and the peasantry. The NEP he comments had facilitated an historical smychka between forces which in 1917 had been victorious in "the combination of a proletarian revolution and a peasant war".⁴

For Bukharin the mixed economy of NEP was the most appropriate structure for Russia to evolve towards communism. Bukharin speaks metaphorically of the rural and urban economies existing in a biological unity, as if they were one "single organism".⁵ He sees a reciprocity between the two sectors, and it was within this context that Bukharin in 1925 calls upon the peasants, especially the prosperous peasants, to "enrich themselves".⁶ Bukharin argued that the expansion of the rural market, through peasant accumulation and trade, would be of benefit to the national economy and therefore socialism:

First, if commodity turnover in the country grows, this means that more is produced, more is bought and sold, more is accumulated: this means that our socialist accumulation is accelerated, i.e., the development of our industry. If general commodity turnover...is accelerated, blood runs more lively through our economic organism; this means that turnover in our industry is accelerated.... Second, from the capitalist elements which grow on this soil, we receive additional income in the form of growing tax revenue.... And these two basic sources which we receive additionally in our hands, give us additional means with which we materially help all the socialist forms, including the village poor, against the capitalist ones.⁷

Bukharin considered that the socialist industrial sector and the capitalist agricultural sector coexist within a "dynamic

equilibrium".⁸ He assumes that as the state-industrial system was socialist it was naturally superior to capitalism. As the state sector was more competitive than agriculture, market exchanges between the two would benefit state industry more than capitalist agriculture. As well trade between industry and agriculture would benefit the whole economy and, in particular, market exchange would promote the development of the productive forces. For Bukharin it was the market and not planning which would advance socialism. The state industrial sector would develop through trading with agriculture. In turn, agriculture would gradually come under the influence of state industry and through the growth of agricultural co-operatives, peasant capitalism would be transformed into socialism. According to Bukharin, co-operatives provide the link between socialist industry and small-scale peasant production:

Just as through cooperation the peasantry will link up with the working class, transform itself, and ultimately become an integral part of a single unified socialist economy; similarly, under the pressure of events, the peasantry will weld itself to the working class and will ultimately become one with its ally the working class in a single society of toilers.⁹

Bukharin saw the economic aspect of the transition in the light of the dictum that politics determines economics. For Bukharin the October Revolution introduced the dictatorship of the proletariat which gave political guidance to the economy. The seizure of power gave the proletariat the means to determine the outcome of the economic process. As Bukharin commented, "[t]he question of the possibility of constructing socialism in our country is nothing but the question of the nature of our revolution."¹⁰ Bukharin noted that the Russian state guarantees the socialist character of the transition: "[t]he development of socialism in our society is ensured by the fact that power is in the hands of the working class, which has proclaimed its revolutionary dictatorship".¹¹

Similarly, Bukharin wrote that the problems which emerge from peasant agriculture are secondary because "the working class utilises the political power at its disposal to transform the economic relations of society for the purpose of constructing socialism".¹²

Bukharin's perspective on state power in Russia is based upon the view that the October Revolution introduced the political and economic foundations of communism. For Bukharin the Russian state is the political and economic instrument of the proletariat. But this assumption of Bukharin remains untested. Bukharin failed to investigate the nature of the relations of production in industry and agriculture. Moreover, he does not take cognizance of Lenin's theory that the industrial workers were removed from political power and that their interests were indirectly served by the Bolshevik Party. Rather, Bukharin replaces an analysis of the material conditions of the Russian production process with a set of hollow formulae. He speaks of politics determining economics without giving any substance to the character of either Russian political or economic power. Bukharin stresses the smychka between the proletariat and the peasantry but fails to analyse the actual basis of these classes. He simply proclaims that the proletariat is on the road to communism because state industry is nationalized and that the state is no longer capitalist.

Similarly, Bukharin regarded the peasantry as a class that can be guided by the state as long as concessions are made to their trading instincts. Bukharin argued that through the mechanism of market exchange the whole country would grow into socialism.¹³ But Bukharin failed to perceive that the market was a link between not one but two economies. The market exchange of NEP was principally between state industry operating upon the socialist mode

of production, and peasant farming functioning under the logic of the capitalist mode of production. Consequently, the smychka between the proletariat and the peasantry was inherently unstable. For Bukharin the peasants should be encouraged to accumulate because this would raise productivity and benefit the whole economy. However, Bukharin's call for economic accumulation by the peasants simply intensifies the class antagonism between the peasantry and those classes whose interest are tied to the expansion of state industry.

As R.W. Davies shows, the history of NEP is marked by a series of crises between state industry and the peasant community:

In practice, stability on the market was extremely difficult to achieve. Only two of the nine harvests of the 1920s - those of 1922 and 1926 - proceeded without a major crisis in economic policy.¹⁴

In 1923 and 1925 the post-harvest economic crisis was resolved by the state's intervening in the market to the benefit of the peasants but to the cost of industrial accumulation.¹⁵ However, in 1927/28 the economic crises produced quite a different effect. Rather than make market concessions to the peasants, the Party-state used administrative methods to favour state industry over the marketing interests of the prosperous peasants.¹⁶ As Davies notes, a significant group of administrators in the Party and in the state economic agencies promoted state industrialisation at the expense of the market equilibrium with the peasants.¹⁷

Bukharin sees a natural symmetry between industry and agriculture but the evolution of NEP belies this vision. Moreover, once state industry is in a position to expand it places immense pressure upon the economic link with peasant agriculture.

That is, by 1926 the state-industrial sector was functioning under the logic of the socialist mode of production. The level of

productive efficiency had reached a point where the industrial workers were producing a 'surplus' which was channelled through the state institutions. Within the economic agencies of the state there arose articulate spokesmen who argued for an expansion of the state-industrial sector outside of the boundaries of NEP. Previously, the state had restricted capital investment into the state-industrial sector when it had disrupted market exchanges with peasant agriculture. Now these influential spokesmen were demanding a rise in capital investment regardless of the interests of the peasant traders. These influential men found a champion for their cause in Stalin. Once this political alliance was formed Bukharin's position became untenable.

Bukharin was unable to conceptualise the shift in the class forces in response to the socialist mode of production because he conceives the class relations in Russia in terms of communism and dictatorship of the proletariat. For Bukharin, the October Revolution ensured the rule of the proletariat which in turn determined the development of the economy. As a consequence he is unable to see the significance of the shift in the modes of production and the classes associated with them. For Bukharin class antagonisms in Russia could be contained by the proletarian state.

Bukharin, following Lenin, assumed that the 'dictatorship of the proletariat' as established in Russia would lead inevitably to communism. As a result, he could not conceptualise that the so-called proletarian state could itself be the site of a new form of class domination over the proletariat. Like Lenin, Bukharin regarded the Russian state as an instrument in creating the material and social conditions for full communism, as espoused by Marx.¹⁸ As a consequence, he could not envisage that the state could become the basis for a reversal of the October Revolution.

To Bukharin's credit it should be recognized that the policy shift in 1927-1928, to substantially raise capital investment in state-industry, would intensify the class struggle and destroy the NEP. But Bukharin could only offer a return to NEP as an alternative policy direction to that taken by Stalin. Bukharin in his opposition to Stalin called for a restoration of the equilibrium between the socioeconomic elements. In his last article printed in Pravda, 30 September, 1928, written under the title Notes of an Economist Bukharin attacks the policy of stressing class struggle over class alliance.¹⁹ Bukharin argues that while there is a class struggle in the socialist transition it can be managed by the proletarian state in such a manner that the national economy will benefit:

In the transition period (in transition from capitalism to socialism) classes still exist, and the class struggle may at times even grow sharper. But the society of the transition period is at the same time to some extent a unity, even though a unit, which still embraces contradictions... we can ascertain the conditions for the correct coordination of the various spheres of production and consumption for the various spheres of production among themselves. In other words, we can ascertain the conditions of an expanding economic equilibrium. It is this which constitutes the central problem of the working out of a national-economic plan.²⁰

Losing power Bukharin attempted to use Lenin's imprimatur on NEP as a means of criticising Stalin's support for rapid industrialisation and collectivisation. In a speech titled "Lenin's Political Testament", given in January 1929, Bukharin argued that NEP was the policy advocated by Lenin for Russia to achieve socialism.²¹ The title of the speech had a secondary meaning in that it recalled Lenin's deathbed "testament" on Party leaders.²² Lenin's article, while unpublished, was known to members of the Bolshevik Party and it criticised Stalin's style of work and warned that Stalin did not use authority with "sufficient caution".

However, despite Lenin's condemnation of Stalin the last "testament" proved ineffectual against Stalin.²² By 1929 Stalin had the backing of the bureaucratic class for his attack on the peasants and 'recalcitrant' elements in the state. Bukharin's protests were brushed aside, as Stalin mobilised the Party around the push for industrialisation.

Thus, while opposed to the policy direction of Stalin, Bukharin is prevented from theorising an alternative strategy by his adherence to Lenin's theory of the role of the state in the socialist transition. For Bukharin the Russian state was a 'class' state in that it marshalled the resources for the development of communism. A critical aspect of the marshalling of resources was the symchka between the proletariat and the peasantry. What Bukharin failed to comprehend was that the Russian state was a 'class state' in that it served the interests of a dominant class (the bureaucratic class) against both the proletariat and the peasantry. According to Bukharin, following Lenin, the state could be used to negate capitalism and thereby create communism. However, the Russian state was used to displace capitalism in the interests of the bureaucratic class, whose class power was based on the socialist mode of production.

Preobrazhensky

While Bukharin adopted Lenin's view on the Russian state as an instrument for maintaining balanced growth, Preobrazhensky based his theory of the socialist transition on Lenin's other view of the state. That is, the state should act as a lever in creating communism. Preobrazhensky, as leader of the Left opposition, argued that the fate of the socialist transition depended upon the development of state industry. For Preobrazhensky, state industry,

because it was nationalized, provided the foundations for communist production.²³ Preobrazhensky reasoned that as state industry was basically communist, the problem was how to obtain economic resources so as to expand the state-industrial sector. Further, he noted that because state industry was communist it could not exploit the industrial proletariat to raise the surplus for its own expansion. He supported his argument that the industrial relations of production were non-exploitative (that is communist) by noting that "ever since the instruments of labour have been socialized" there had been a comparable rise in the workers' wages.²⁴ But, he argued, as real wages would rise in unison with productivity increases then the surplus for industrialisation had to originate outside the state industrial sector. That is, as the relations of production in the state-industrial economy were non-exploitative every rise in productivity would be matched by a rise in real wages. Therefore, the surplus for industrial growth had to derive from the non state-industrial sector.²⁵

Here Preobrazhensky introduces the notion of "primitive socialist accumulation".²⁶ Drawing an analogy with the emergence of capitalism from feudalism, he asserts that just as capitalism had a prehistorical period of "primitive capitalist accumulation" so to communism had a prehistory governed by "primitive socialist accumulation". The seizure of political power by the proletariat and the nationalization of large-scale industrial enterprises begins the period of "primitive socialist accumulation".²⁷ As the socialist sector (state industry) absorbed its own surplus and thereby could not provide the resources for the accumulation fund, "primitive socialist accumulation" had to occur in the pre-socialist sector (principally from the peasant economy):

In the period of primitive socialist accumulation the state economy cannot get by without alienating part of the

surplus product of the peasantry and the handicraftsmen, without making deductions from capitalist accumulation for the benefit of socialist accumulation.²⁸

Preobrazhensky turns his conceptualization of socialist accumulation into a universal law.²⁹ The more economically backward a country is, when the proletariat seize power, the longer the period needed for socialist accumulation to emanate from the pre-socialist sector and the smaller the relative size of the surplus from the socialist system.³⁰ Therefore, because Russia was relatively backward when the proletariat became "the master of production"³¹, the greater would be the revenue from the non-socialist sector and the longer the process of achieving self-sustaining communism. That is, the conditions in Russia called for a massive preliminary transfer of resources from the pre-socialist to the socialist sector. The means of transferring these resources was through using market mechanisms such as state pricing policies, taxation, rail freight costs, and via an unequal exchange of value (the latter being an exchange of value between capital-intensive industry and labour-intensive agriculture, which would be of benefit to industry).³²

Preobrazhensky takes this abstract model and applies it to NEP. For Preobrazhensky NEP was characterised by the competition between two laws, the "law of value" and the "law of planning". The law of planning was itself subordinate to the law of socialist accumulation because planning was premised upon nationalized industry and state control over economic activity. Therefore, according to Preobrazhensky, the expansion of state industry would shift the competitive balance to the advantage of the "law of planning". Concomitantly industrialization would, in Preobrazhensky's opinion, raise "the material pre-conditions for the development of socialist, proletarian culture".³³ Industrialization would produce mass

proletarianization thereby overcoming the isolation of the proletariat and causing a rise in the overall political culture of the population. In turn, this effect would reinforce the proletarian character of the Russian state.

Furthermore, Preobrazhensky argues that the proletarian state served the interests of the workers and the peasantry. The proletariat organized as a ruling class, through the dictatorship of the proletariat, had a national affinity with the bulk of the peasants:

A section of the ruling class, that is, a section of the workers, is most closely connected with the peasants on an economic basis, and thus within the midst of the ruling class itself the peasantry has its own natural representatives. The growth of state industry, the fresh streams of labour-power from the countryside which will flow into state industry, will ensure this representation for many years to come, a representation which will perhaps be not less important than the rights which are secured to the peasantry under our Soviet constitution.³⁴

For Preobrazhensky the socialist transition in Russia depended upon industrialization.³⁵ The expansion of state industry would strengthen the communist nature of industry and the proletarian character of the state. However, Preobrazhensky's position is conceived upon the false premise that the relations of production in the state industry are basically communist. Preobrazhensky mistakenly supposes that the negation of capitalism, by nationalization and planning, automatically creates communism. He assumes that the workers will benefit from increases in productivity via rises in their wages. Further, he sees nationalization and planning as negating profit:

As a result of the socialization of industry and the development of the planning principle in the state economy, especially in the sphere of socialist accumulation, the category of profit not only vanishes, as a distribution-relation of bourgeois society, along with the abolition of the capitalist class, but also it almost completely ceases to operate as the regulator, on the basis of the law of value, of the distribution of the productive

forces between the different branches of the collective state economy.³⁶

That is, Preobrazhensky maintains the view that communism by necessity must follow capitalism. He therefore assumes that nationalization and planning negate capitalism and that the relations of production in the nationalized sector are non-exploitative. Having assumed that the relations of production were communist Preobrazhensky fails to comprehend the material basis of industrial production. Preobrazhensky does not analyse the relations of surplus extraction and appropriation. He simply equates state ownership with Marx's notion of the possession of the mass of production by the direct association of producers. However, once the new relations of production were consolidated the economic surplus produced by the proletariat could be extracted, in both an 'absolute' and a 'relative' form, by a bureaucratic class. Similarly, Preobrazhensky's empirical evidence that the nationalization of the industrial means of production had resulted in a rise in real wages represented merely a temporary phenomenon. Once the relations of production were established the bureaucratic class could drive down real wages, through such measures as reducing wage rates and raising the level of productivity and thereby appropriating the surplus product.³⁷

Moreover, Preobrazhensky's analogy with Marx's "primitive capitalist accumulation" is inappropriate because it assumes that changes in the relations of production can be reduced to alterations in ownership. When Marx discusses the transition from feudalism to capitalism he concentrates upon the transformation of the surplus product.³⁸ Marx details the subtle shift in the manner in which surplus is extracted from the direct producers. He links this shift to changes in market exchange and in the ownership of the means of

production. From there, Marx relates the transformation of the feudal mode of production (to the capitalist mode of production) to the developments in the state and in the dominant class. In contrast, Preobrazhensky assumes that state ownership ends the exploitative extraction of an economic surplus. Likewise, Preobrazhensky presumes that the October Revolution ensured the political character of the state.

Preobrazhensky misunderstands the process of producing and extracting a surplus within state industry (that is, within the socialist mode of production). He fails to comprehend that it is industry not agriculture which is the paramount sector for socialist accumulation because he assumes that the industrial sector is communism and therefore cannot be the source of an economic surplus. On the contrary, because the industrial sector is the most productive it is the principal source of surplus for the expansion of the socialist mode of production.³⁹ That is, Preobrazhensky's notion of "primitive socialist accumulation" is a false analogy to make with the development of capitalism.

Preobrazhensky, by ignoring the surplus extracted from the industrial workers, fails to conceptualize both the character of the (socialist) mode of production and the newly emerging class structure. Yet, to have analyzed the nature of the production system in Russia and of the bureaucratic class, Preobrazhensky would have had to break with Lenin's theory of the socialist transition. Instead, Preobrazhensky shifts his allegiances to Stalin when Stalin supports rapid industrialization. Preobrazhensky does not realize that Stalin's industrialization drive was based upon the extraction of the economic surplus principally from the industrial workers. That is, state industrialization in Russia was not conducted in terms of "primitive socialist accumulation". Rather, the accumulation fund was supplied primarily from the state sector.

Trotsky

Trotsky as the most prominent member of the Left Opposition, shares Preobrazhensky's view that to consolidate the communist revolution rapid industrialization was essential.⁴⁰ Similarly, Trotsky saw the state industrial sector as the base from which communism would grow. Trotsky, as Richard B. Day notes, differed from Preobrazhensky on the source of the resources for industrialisation.⁴¹ Whereas Preobrazhensky looked internally for revenue sources, Trotsky regards external trade as the main means of promoting an advanced industrial sector. According to Trotsky, Russia should use its comparative advantage in agricultural goods to export agricultural produce for industrial imports.⁴² However, for Russia to promote agricultural export it was necessary to maintain an all-round low pricing policy. In contrast, Preobrazhensky's "primitive socialist accumulation" relied upon the existence of high industrial prices to facilitate inequitable exchange between industry and agriculture. The difference between Trotsky and Preobrazhensky over the means of funding industrialization becomes starkly apparent when Stalin adopts a policy of high industrial forces to fund industrialization.⁴³ Preobrazhensky departs from the Left Opposition. Trotsky finds himself with few supporters for his claim that socialist construction in Russia depended upon the world market.⁴⁴ In addition, Trotsky's position unattractive because at the time Russia was internationally isolated.

Further, as industrialization develops Trotsky is left with the untenable position of, on the one hand, promoting industrialization as a means of creating socialism but, on the other hand, claiming that Russia as a single backward country could not complete the task of building socialism.⁴³ That is, Russia should begin the move to

socialism but without a world revolution socialism could not be achieved within Russia. Trotsky discovers his position is politically indefensible. Following his deportation from the Soviet Union in early 1929, Trotsky began to formulate an overall critique of Soviet society.⁴⁶ The essence of Trotsky's analysis of the Soviet Union appears in The Revolution Betrayed.⁴⁷ Trotsky claims in this work that Russia is "a contradictory society halfway between capitalism and socialism", in which:

(a) the productive forces are still far from adequate to give the state property a socialist character; (b) the tendency toward primitive accumulation created by want breaks out through innumerable pores of the planned economy; (c) norms of distribution preserving a bourgeois character lie at the basis of a new differentiation of society; (d) the economic growth, while slowly bettering the situation of the toilers, promotes a swift formation of privileged strata; (e) exploiting the social antagonisms, a bureaucracy has converted itself into an uncontrolled caste alien to socialism; (f) the social revolution, betrayed by the ruling party, still exists in property relations and in consciousness of the toiling masses; (g) a further development of the accumulating contradictions can as well lead to socialism as back to capitalism; (h) on the road to capitalism the counterrevolution would have to break the resistance of the workers; (i) on the road to socialism the workers would have to overthrow the bureaucracy. In the last analysis, the question will be decided by a struggle of living social forces, both on the national and the world arenas.⁴⁸

For Trotsky, Russia is a contradictory society because the property relations are basically "socialistic" whereas the method of distribution is "capitalistic".⁴⁹ Neither socialism nor capitalism existed in its pure form. Similarly, the state in the Soviet Union assumes a "dual character": it is "socialistic, insofar as it defends social property in the means of production; bourgeois, insofar as the distribution of life's goods is carried out with a capitalistic measure of value".⁵⁰ As a result, the state in the Soviet Union is a workers' state, but dominated by a degenerate bureaucratic "strata".⁵¹ Trotsky argues that for the Soviet Union to regress back to capitalism the bureaucracy would have to become a

bourgeois class by acquiring property and for the new power "to restore private property in the means of production".⁵² On the other hand, for socialism to emerge "a revolutionary party having all the attributes of the old Bolsheviks" would need to overthrow the bureaucracy.⁵³ Once victorious such a party would restore democracy in the trade unions, ensure the freedom of political parties, ruthlessly purge the state apparatus, abolish rank and privilege, limit inequality by standardising payments to labour, and provide for freedom of thought and expression.⁵⁴ Trotsky adds that accompanying these profound changes there would need to be only minor changes in the economy:

But so far as concerns property relations, the new power would not have to resort to revolutionary measures. It would retain and further develop the experiment of planned economy.⁵⁵

According to Trotsky the socialist transition in Russia was stationary between capitalism and communism; for the transition to progress it was essential that there was another "political revolution", but Trotsky adds that there was no need for another "social revolution".⁵⁶ In Trotsky's opinion a "political revolution" would remove the major block to the creation of communism, that being the degenerate bureaucracy. Once in power the new revolutionary party could build socialism and subsequently communism on the basis of state property. Moreover, in Trotsky's view, without a "political revolution" the bureaucratic strata will inevitably seek to consolidate its power by transforming state property into private property.⁵⁷

Trotsky's analysis of the socialist transition in Russia is based upon the Bolshevik orthodoxy as espoused by Lenin. For Trotsky the degenerate bureaucracy prevented the state-led transition from progressing to communism. Rather the bureaucracy

desired the restoration of capitalism. Trotsky sees the transition as a movement that occurs only between the poles of capitalism and communism. He accepts that state property is the base from which proletarian power emanates and it is therefore the source of socialism. However, he conceptualizes the state political system as divorced from the state economic system. The state political apparatus is in the hands of a parasitic bureaucratic strata which derives its power from the realm of distribution. Trotsky argues that once this parasitic strata is overthrown the transition can return to its original Leninist course. Yet, to achieve such a political revolution it would be necessary for a world revolution to develop.⁵⁸

Trotsky's analysis of the socialist transition, like that of Bukharin and Preobrazhensky, is founded upon a false premise. He assumes that because state property is not capitalist it is therefore in the possession of the proletariat and is as a consequence "socialistic". Concomitantly, Trotsky assumes that the bureaucratic strata is divorced from state property and that to consolidate its "capitalistic" tendencies it must wrest state property away from the proletariat. The notion of state property in Trotsky's theory is misconceived. Trotsky fails to locate property relations within a mode of production. He does not see the connection between property relations and the form in which surplus is extracted and appropriated. Like the other Bolsheviks, Trotsky ignores the nature of the surplus product. As a consequence, he cannot provide a sound basis for his depiction of the bureaucracy.

For Trotsky there is a disjunction between property relations and the method of distribution. However, Trotsky draws this distinction on the predetermined premise that the transition must be between capitalism and communism. When the transition is considered

in terms of the socialist mode of production there is an obvious unity between state property and the bureaucratic process of appropriating the economic surplus. The class interests of the bureaucracy are not divorced from but are dependent upon state ownership of the means of production. State ownership provides the mechanism through which the bureaucracy can appropriate the surplus product and thereby reproduce its class domination. Moreover, state ownership is a crucial ingredient in the ideological defence of the bureaucracy. The bureaucratic class defends its extraction of the economic surplus by reference to the interest of the working class, ultimately protected by state ownership.

Thus Trotsky, by defining the Soviet Union as a workers' state because of the nationalization of the major means of production, inadvertently aids the rule of the bureaucratic class. By failing to comprehend that the class interests of the bureaucratic class are served by state property, Trotsky is unable to offer a sound solution to the powerlessness of the proletariat. He assumes that state ownership is automatically the social base for the rule of the working class and makes this assumption upon the simple assertion that public property is the negation of private property and therefore has a proletarian character. Trotsky's view on property relations is predicated upon his perception of the transition moving from capitalism to communism. However, once the analysis departs from this predetermining scenario the weaknesses of Trotsky's view on class power are apparent. While state ownership of the major means of production assists in the break with capitalism it does not introduce the basis for communism; rather, it is a vital element of the socialist mode of production. The relations of production of the socialist mode are the base from which class power emerges. The nature of class power is expressed through the form in which the

surplus is extracted from the direct producers.

As a consequence, the existence of widespread public property does not, as Trotsky assumes, serve as a social basis for proletarian rule. Rather, the opposite phenomenon occurs. Nationalization of the major means of production combined with control over the surplus product is the base for the power of the bureaucratic class. Trotsky compounds his error over property relations by drawing a distinction between the form of ownership and the form of distribution. Trotsky thinks that the material base of the bureaucracy is in the realm of distribution. He contends that the bureaucracy only benefits from the new production system because of its ability to gain from the relations of distribution. That is, Trotsky sees the bureaucracy's obtaining goods in a manner analogous to embezzlement. On this theoretical basis, Trotsky then speculates that the bureaucracy will increasingly accumulate funds which will eventually give it the necessary power and material conditions to appropriate state property. As a result, Trotsky finds himself defending Stalin's protection of public property "from the all too impatient and avaricious layers of [the] bureaucracy".⁵⁹

Trotsky's misunderstanding of the socialist transition causes him unwittingly to give theoretical sustenance to the very system of power he seeks to undermine. That is, Stalin's defence of state property is not in contradiction with the emerging power of the bureaucratic class. Rather, it is in complete accord with the material condition of the power exercised by the bureaucratic class. The class power of the bureaucracy emanates not just from distribution but from the relations of production. The method of distribution is but a reflection of the relations of production. By supporting the notion of public property, Trotsky reinforces the dominant position of the bureaucracy and correspondingly the

subordinate place of the proletariat.

Trotsky is unable to mount an effective critique of Stalin and Stalinism because he conceptualizes the socialist transition in Russia from within the paradigm of Bolshevism. This is apparent in Trotsky's solution to the impasse of the transition where he calls for a new revolutionary party, like the old Bolshevik party, to overthrow the bureaucracy and to progress to communism on the material base of public property. Trotsky's answer to the bureaucratization of the socialist transition in the Soviet Union is to replace the state personnel with a new "more" revolutionary elite. The proletariat still remain separate from the means of production. Trotsky in effect calls for a repeat of history, but with a bureaucracy that is instilled with revolutionary consciousness and a state that is open to democratic influences.

Ironically, Trotsky gains supporters for his critique of Stalinism because he advocates an alternative to Stalin from within the paradigm of Bolshevism. Trotsky is able to benefit from the legacy of the October Revolution by advancing a theory that espouses the view that if not for the betrayal by Stalin, Russia (in conjunction with a world revolution) would have moved to communism on the relation of productions established in 1917. But Trotsky fails to see that the consolidation of these relations of production undermines the appeal of Bolshevism as a revolutionary theory to the Russian proletariat. For the Soviet working class to obtain power they would have to take effective possession of the means of production. This would be a revolutionary move in contradiction to Bolshevik theory, and especially to Trotsky's interpretation of the socialist transition which stresses the "socialistic" character of state property. Thus, Trotsky gains followers for his critical appraisal of the socialist transition from within Bolshevik theory,

while simultaneously offering the Russian proletariat substantially the same theoretical perspective as that offered by Stalin.

Stalin

While Trotsky criticizes the outcome of the socialist transition in Russia from within the Bolshevik paradigm, Stalin converts the theoretical tenets of Bolshevism into an ideological framework supporting the role of the bureaucratic class. An essential component of Stalin's transformation of Bolshevism into an official ideology is his enunciation in 1924 of the doctrine of "socialism in one country".⁶⁰ Stalin asserts that Russia could construct socialism on its own, without the need of either a world revolution or a proletarian revolution in an advanced European country.⁶¹ Rather, Stalin stresses the point that all the basic conditions existed within the Soviet Union for the creation of socialism.⁶² Stalin takes selective quotations from Lenin and moulds them into an argument, asserting that the October Revolution instituted the political framework for socialism and, concomitantly, that the nationalization of the major means of production provided the economic foundations for socialism. Citing Lenin's articles Economics and Politics in the Era of the Dictatorship of the Proletariat and On Co-operation, Stalin argues that the dictatorship of the proletariat existed in Russia but the state could not wither away because of the need to create the economic foundations of socialism and to offer protection against external threats.⁶³ Stalin stresses the point that according to Lenin the existence of the dictatorship of the proletariat and nationalized property in Russia is not yet socialism but it "is all that is necessary and sufficient" for the building of socialism.⁶⁴ By implication, Stalin argues, Lenin recognised the possibility of socialism in one country.

Stalin utilises Lenin's misinterpretation of Marx's theory of the socialist transition to impose a new meaning on the transition to communism. Stalin takes the basic flaw in Lenin's argument, that of the centrality of the state in the transition, and turns it into a virtue. Whereas Lenin asserts that Russia is commencing only phase one, of a three-phase progression to communism, Stalin claims Russia can achieve communism in two stages. Lenin speaks of the state's creating socialism and then in the second phase of the transition of the state beginning to dissolve. Stalin sees the state as having an economic role and a defence role even under Communism.

Russia could build socialism, according to Stalin, but socialism in Russia will have unique features because of the nature of the revolution.⁶⁵ In particular, the state exists even under Communism and begins to wither away only when the production forces develop to a high level and when external threats dissipate.⁶⁶ In other words, Stalin argues that what existed in Russia was a basic form of socialism that would develop into communism. Stalin derides those who criticise the notion of socialism in one country, accusing them of losing faith in the very revolution they help to create. In particular, Stalin attacks Trotsky's conceptualisation of "permanent revolution" by noting that the revolutionary regime in Russia was not contingent on the eruption of revolutions elsewhere. Rather Russia, he repeats, contained all that was "necessary and sufficient for socialism".⁶⁷ The concept of socialism in one country was propitious for Stalin in gaining supremacy within the Bolshevik Party. Moreover, the idea of building socialism within the Soviet Union had significance outside the ranks of the Bolsheviks.

Stalin's claim, that what existed in Russia was sufficient for the development of communism, was of ideological importance for

influential members in the Party-state. Stalin was providing a signal for those who had power in the state and the Bolshevik Party that if they exercised their power in support of expanding the state sector they would obtain political and ideological support from the Party. Stalin was offering the emerging bureaucratic class a frame of reference for the defence of their class-power.

However, Stalin saw to it that the bureaucratic class did not have unfettered powers. Moreover, he made it abundantly clear that there were dire consequences for those who opposed his redefinition of socialism.⁶⁸ Of special significance in this regard was the use of political show trials against alleged counter-revolutionaries. The first of these trials was held in 1928 and involved engineers at the Shakhty mines who were accused of working for a foreign power against the interests of the Soviet Union and socialism. Stalin speaking about the accused (the "Shakhtyites"), argued that the class struggle intensifies the closer the Soviet Union comes to socialism.

'Shakhtyites' are now lurking in all branches of our industry. Many - though far from all - have been caught. Wrecking by bourgeois professional men is one of the most dangerous forms of opposition to developing socialism. Wrecking is all the more dangerous because it is linked with international capital. Bourgeois wrecking is an indubitable sign that capitalist elements have by no means laid down their arms, and that they are gathering strength for new attacks on the Soviet Union.⁶⁹

As with later trials, the Shakhty trial was constructed around confessions extracted from the accused. These confessions served to emphasise the political message that opposition to Stalin was tantamount to treason. The Shakhty trial was the first in a series of trials against "bourgeois specialists" (the Industrial Party trial in 1930, the Menshevik trial of 1931, and the Metro-Vic engineers trial of 1933).⁷⁰ The trials against the "bourgeois specialists" became a part of a general climate of terror which

began with the forced extraction of grain from the peasants in 1927-28. Stalin utilised the atmosphere of insecurity to enforce loyalty from both the bureaucratic class and the exploited classes. Finally, Stalin turned the terror upon the Bolshevik Party and the Old Bolsheviks. The trials against the past leaders of the Bolshevik Party were symbolic acts, breaking the bond between the vision that inspired the October Revolution and the actuality of "socialism" in Russia.

The trials against the Old Bolsheviks served Stalin's claims that Russia had achieved socialism. The Old Bolsheviks were trapped within the ideological framework of the prosecution in that they accepting the view that the negation of capitalist created socialism. The accused were then placed in the untenable position of supporting socialism and yet opposing Stalin, at the very time when Stalin had gained acceptance that his rule had been instrumental in creating Soviet socialism. That is, the Old Bolsheviks, by accepting the notion that the negation of capitalism in Russia introduced socialism, were unable to show clearly that their sympathies were with socialism but their political opposition was against Stalin.⁷¹ Socialism and the Soviet system were now regarded as synonymous and therefore the Old Bolsheviks' alleged activities against the rule of Stalin were, by inference, actions against the historical development of socialism. The confessions of the accused thereby assisted Stalin in linking socialism with the fate of the Soviet Union.

Stalin was able to move against the Old Bolsheviks confident that the bureaucratic class perceived its interests in terms of Soviet socialism. By the time of the trials against the prominent Bolsheviks the bureaucratic class had undergone a profound political education. The bureaucratic class was formed in the break with

NEP. The basis for the class power of the bureaucratic class was the extraction of the surplus from the direct producers. However, the bureaucratic class could not reproduce its class power without the support of the state. In this Stalin was crucial Stalin marshalled the state around the interests of the bureaucratic class and in doing so crushed the peasantry. The purge trials acted as a means of disciplining the bureaucratic class, ensuring their loyalty to Stalin. That is, Stalin protected his own position by setting the political parameters in which the bureaucratic class could function. But Stalin was dependent upon the bureaucratic class to maintain his rule.

Having gained the support of the bureaucratic class Stalin was then able to turn on the Old Bolsheviks with impunity. Stalin fortified his position by nurturing a climate of terror which played sections of the bureaucratic class against one another and, more importantly, by atomising the working class. The working class was integrated into a system of hierarchical power, legally obliged to work and given no protection by the trade unions or the party. The ethos to work for the new regime was bolstered by reference to Marxism which became the official ideology and by the pervasive sense of insecurity. Opposition to the new order was construed as counter-revolutionary and linked to external threats to the very survival of Soviet socialism. Similarly, the international communist movement was reconstructed to serve the interests of the Soviet state.⁷² The advancement of communism was reinterpreted as giving first priority to the Soviet Union against the threats from capitalism. The Soviet Union and communism became synonymous.

In general, Stalin only offers a schematic theory to defend the notion that the Soviet Union was socialist (i.e. Marx's lower phase of communism). It was not until the last months of his life that

Stalin presented an outline of the political economy of socialism. On the eve of the Nineteenth Congress of the Communist Party of the Soviet Union (at this Congress the added word "Bolshevik" was removed from the title of the Communist Party)⁷³ in October 1952, Pravda published Stalin's Economic Problems of Socialism in the U.S.S.R.⁷⁴ In this work Stalin purports to provide an analysis of the laws of motion of socialism. The pamphlet is presented as a creative adaptation of the theory of the socialist transition to the Russian experience, with universal implications for future transition.

Stalin constructs his argument around the notion that socialism (and then communism) by necessity replaces capitalism. By adopting this methodology Stalin is able to invoke the spirit of Marx and Lenin. Likewise, Stalin is able to counter arguments from within the Bolshevik tradition by pointing to the fact that the October Revolution was based upon the premise that communism inevitably follows capitalism. Stalin then proceeds to argue that capitalism has been negated in the Soviet Union and therefore what exists in Russia must be communism in its lower phase ("socialism"). Concomitantly, the methods used by the Soviet government to negate capitalism are the basic economic laws of the socialist transition.

Stalin proceeds to dress this theory in the trappings of Marxism. The Soviet government, he notes, had a "specific role" in the socialist transition not just to "replace one form of exploitation by another...but to abolish exploitation altogether."⁷⁵ Secondly, the Soviet government, "in view of the absence in the country of any ready-made rudiments of a socialist economy, had to create new, socialist forms of economy, 'starting from scratch', so to speak".⁷⁶ Stalin adds that the Soviet government achieved both of these tasks because it adhered to the

Marxist economic law "that the relations of production must necessarily conform with the character of the productive forces".⁷⁷ Relying upon this law the Soviet government, Stalin writes, "socialized the means of production, made them the property of the whole people, and thereby abolished the exploiting system and created socialist forms of economy."⁷⁸

According to Stalin, nationalization of the major means of production fundamentally undermined capitalism, and permitted planning to overcome the anarchist capitalist system of exchange. That is, having established widespread public ownership, the Soviet government was able to plan production in accordance with "the objective economic law of balanced, proportionate development of the national economy."⁷⁹ Stalin thus reinforces the notion that the Soviet government negated capitalism by claiming that this was in line with an objective economic law:

The law of balanced development of the national economy arose in opposition to the law of competition and anarchy of production under capitalism. It arose from the socialization of the means of production, after the law of competition and anarchy of production had lost its validity.⁸⁰

Stalin then accounts for the anomalies in the Soviet system by reference to the historical character of the transition in Russia. He argues that the Soviet Union was "socialist" but that it did not fully match the vision of Marx and Engels because at the time of the proletarian revolution capitalism in Russia had not achieved the level of development anticipated by the founding fathers of communism.⁸¹ Consequently, Stalin notes, the government was able to socialize "not all, but only part of the means of production."⁸² There existed "two basic forms of socialist production" in Russia, "state or publicly-owned production and collective-farm production."⁸³ Until the collective-farm sector

could be fully nationalized, Stalin asserts, the law of value and a form of commodity exchange existed within the Soviet economy. However, Stalin is quick to add that commodity production in Russia was of a "special kind" being commodity production "without capitalists".⁸⁴ The sphere of action of this form of commodity production was "confined to items of personal consumption" which could not develop into capitalist production.⁸⁵

Stalin argues that as the Soviet Union had achieved "socialism" the antagonisms characteristic of capitalist society had disappeared. Stalin constructs the proof of this statement around a series of simple juxtapositions. Under capitalism there exist exploitation, antagonistic classes, antagonism between town and country, industry and agriculture, manual and mental labour but all these disappear under socialism.⁸⁶ Thus, as the Soviet Union was "socialist", they had all disappeared:

with the abolition of capitalism and the exploiting system, the antagonism of interests between physical and mental labour was also bound to disappear. And it really had disappeared in our present socialist system.⁸⁷

Again, Stalin writes,

undoubtedly, with the abolition of capitalism and the exploiting system in our country, and with the consolidation of the socialist system, the antagonism of interests between town and country, between industry and agriculture, was also bound to disappear.⁸⁸

Likewise, with the defeat of the kulaks there existed in Russia two non-antagonistic classes, the working class and the peasantry functioning together to move Russia from the lower to the higher phase of communism.⁸⁹

Stalin's arguments in defence of Soviet socialism are constructed upon flaws in the Bolshevik theory of the socialist transition. Taking Marx's erroneous notion that capitalism is succeeded by communism, Stalin contends that as capitalism is

negated in Russia the Soviet Union must therefore be communist, albeit in the lower or socialist phase. Stalin then utilises Lenin's conceptualization of the transition as a movement conducted by the proletarian state to argue that state ownership and state planning are the core elements in the negation of capitalism and the construction of communism.

In brief, Stalin's argumentation rests upon the assumption that as the Soviet state has achieved the displacement of capitalism then by simple deduction the Soviet Union must be communist (and in transition from the lower phase to the higher phase of communism). The Soviet experience of displacing capitalism through the strategy of state property replacing capitalist ownership, and state planning supplanting the anarchy of commodity production yields, according to Stalin, certain economic laws. Socialism, Stalin argues, functions under the objective law of the "balanced (proportionate) development of the national economy".⁹⁰ This law is linked to another law which is that the relations of production must conform to the productive forces.⁹¹

Based on the logic of these economic laws, Stalin contends that the transition from capitalism to communism is founded upon the planned advancement of the productive forces. Stalin is thereby able to argue that the Soviet state plays an essential role in planning the advancement of the productive forces and appropriating the surplus product so as to achieve this end. Moreover, Stalin adds, the Soviet state must remain strong to defend socialism against international threats and from internal sabotage by agents of capitalism. Stalin reinforces his arguments in defence of the Soviet state by arguing that as the Soviet Union is "socialist" and therefore a non-exploitative system, the activities of the state can only be beneficial to the two 'friendly' classes in Russia, the

working class and the peasantry. In its simplest form Stalin's argument is that it is impossible for the workers' state to exploit the two non-antagonistic classes.

Stalin manipulates the theory of the socialist transition to justify his claim that Russia is communist. Stalin begins from the premise that communism inevitably follows capitalism. He then argues that as the state was active in negating capitalism in Russia it was therefore essential in the socialist transition. The state nationalized the means of production and became the institutional basis for planning production. As a result, the state was crucial in introducing communism and concomitantly through state planning, it would advance the productive forces, thereby ensuring that the higher stage of communism was achieved.

Stalin's advocacy of the Soviet model of the socialist transition rests upon the centrality of the state in the transition. Moreover, Stalin argues that the state planners have an essential role in advancing Russia to fully-fledged communism. However, in his account of the political economy of the Soviet Union, Stalin does not offer an analysis of the relations of surplus extraction and appropriation. Rather, the transformation of the relations of production is reduced to the nationalization of the means of production. Stalin draws a distinction between the nationalized sector and the collective sector, but only in terms of property relations. He ignores the question of the state's involvement in the production and appropriation of the surplus product. He claims that the relations of production are non-exploitative on the basis of state ownership of the means of production. But state or collective ownership does not justify the assertion of non-exploitation.

For Marx, communism was founded upon non-exploitative relations of production because the direct association of producers possessed and controlled the means of production and directly regulated its own labour. In the case of Russia, the state owned the means of production, and, provided the institutional means for regulating the labour of the direct producers and for the extraction and appropriation of the surplus product. As such, the relations of production were exploitative. The surplus product was controlled by the bureaucratic class which had power over the production and distribution process. Thus, Stalin's defence of the centrality of the state in Soviet production is a defence of the class power of the bureaucratic class. It is, therefore, simply an exercise in legerdemain for Stalin to claim that the state had created communism. For the state to have generated communism the direct association of producers had to be in possession of the means of production and regulating their own labour. As this was not the case in Russia what existed was then something which was neither capitalist nor communist.

Stalin was correct in claiming that the socialist transition in Russia had negated capitalism. Generalised commodity production had been abolished. Stalin's claim that this fact proved that what existed in Russia was communist went beyond the Bolshevik theory of asserting that communism must succeed capitalism and that the state could be used as a lever to create communism. What Stalin was claiming was that the state was a central component of communism. Trotsky, Preobrazhensky, Bukharin and Lenin, following Marx, assumed that the state would disappear under communism. The Bolsheviks adhered to Lenin's view that the state created the conditions for communism within the first phase of the transition and in the second phase began to wither away. Stalin, however, contends that the

state was essential for communism and would only disappear when there was world-wide communism and material abundance. Stalin thereby alters the whole definition of communism to fit the existing conditions in Russia.

Stalin in 1936 claimed that communism had been created in the Soviet Union. In his 1952 pamphlet Economic Problems of Socialism in the U.S.S.R. Stalin makes the same assertion and yet the state, rather than beginning to wither away, had become more consolidated. The bureaucratic class was more firmly entrenched and the direct producers were still removed from economic or political power. Stalin contends that the Soviet Union will become fully communist, on the existing material and social base, when the productive forces had developed to such a level that it was possible to move from distribution according to work to distribution according to need.⁹² The socialist transition, therefore, was dependent upon the development of the productive forces.

Stalin reduces the advancement of the transition to the growth of the productive forces. As a result, the transition becomes a mechanistic and linear movement from socialism to communism. But more importantly the primacy of the productive forces is a theory based upon the premise that the prevailing system is communist in a lower phase of development. The theory therefore offers a justification for the existing structure of class power and state power. The notion of the primacy of the productive forces is supported by the law of proportionate development of the national economy. Both concepts reinforce the position of the bureaucratic class in asserting that the state-planned expansion of the productive forces is fundamental to the transition from socialism to communism. Thus, the bureaucratic class is placed at the centre of the process of creating communism. Opposition to the power of the

bureaucratic class can therefore be interpreted as opposition to the creation of communism and, as such, counter-revolutionary activity.

The enunciation by Stalin of the economic laws of socialism in 1952 can be seen as the final act in the ideological vindication of the rule of the bureaucratic class. Consequently, Stalin's theoretical perspective on socialism is a profound break with that of Lenin, and is antithetical to that of Marx and Engels. However, criticism of Stalin's version of socialism was hampered by the inadequacies of the theory of socialism as articulated by Marx and Engels and Lenin. Within Russia a certain consensus emerged as to the nature of the Soviet system, a consensus based upon a relative rise in material conditions for the population, the successful and heroic repulsion of the invading Nazi army, and finally the relative possibility of individuals entering the ranks of the bureaucratic class (that is, the opportunity for upward mobility, primarily through the education system). This consensus was supported by a system of coercion which enforced conformity. Moreover, there was no visible communist alternative to Soviet "socialism".

In conclusion, the Bolshevik theorists constructed their model of the socialist transition upon Lenin's notion of the state as acting as an instrument in creating the conditions for communism. They all assumed that the October Revolution introduced the transition to communism and that the state had to guide Russia to communism. Bukharin perceived this guiding role in terms of the maintenance of a balance between the different socioeconomic and class elements within Russia. Preobrazhensky and Trotsky argued that the state had to actively promote communism by extracting an economic surplus from outside of the communist sector. However, it was Stalin who asserted that if the October Revolution guaranteed that Russia was in transition to communism, then the negation of

capitalism in Russia, by necessity, created communism. Russia having negated capitalism by the early 1930s, Stalin could then claim that what existed was communism. But if we do not assume that communism inevitably follows capitalism, and if we see that the state can play a significant role in creating a new mode of production, then Stalin's argument lacks foundation. What existed in Russia was the socialist (not the communist) mode of production, which provided the foundations for a bureaucratic class supported by the Soviet state. It was not until the Chinese Revolution in 1949 that a comparison would be made with Russia. Mao Zedong, in particular, began to present a theory of the socialist transition that was not only distinctive from the Soviet model but essentially a critique of the Stalinist approach to communism.

FOOTNOTES

1. Cf. E.H. Carr, The Interregnum 1923-1924, Macmillan, London, (1960), Part 3, pp. 257-342, and Socialism in One Country 1924-1926 (1958), Part 1, pp. 89-189.
2. Merle Fainsod, How Russia is Ruled (1965), pp. 136-137.
3. Nikolai Bukharin, as quoted in Stephen F. Cohen, Bukharin and the Bolshevik Revolution: A Political Biography, 1888-1938 (1973), p. 175.
4. Ibid., p. 133.
5. Ibid., p. 175.
6. Ibid., p. 177. Bukharin writes in 1925, "we must say to the whole peasantry, to all its strata: enrich yourselves, accumulate, develop your economy".
7. Ibid., pp. 179-180.
8. Cf. Bukharin, Notes of an Economist (30 September, 1928), as quoted in Bertram D. Wolfe, Khrushchev and Stalin's Ghost (1957) pp. 299-302, 304-306, 309-311, 314-315; and see Bukharin, The Economics of the Transformation Period with marginal notes by Lenin (1971). For an earlier and contrary view on the link between the proletariat and peasantry see Bukharin and Evgeny Preobrazhensky, The ABC of Communism (1967) pp. 316-320. Also see David Hoffman, 'Bukharin's Theory of Equilibrium', Telos, No. 14 (Winter 1972), pp. 126-136 and Bukharin as cited in J.L. Dallemagne, Justice for Bukharin, Critique, 4 (Spring, 1975), p. 49.
9. Bukharin as cited in Dallemagne, Ibid., pp. 56-7.
10. Bukharin, as cited in Ibid., p. 58.
11. Ibid., p. 57.
12. Ibid.
13. Cohen, op. cit. (1973) p. 177.
14. R.W. Davies, The Socialist Offensive, 1929-1930 (1980), p. 28.
15. Ibid., pp. 29-30.
16. Ibid., P. 36 and p. 398.
17. Ibid., p. 36.
18. Bukharin, in The Politics and Economics of the Transition Period, edited by Kenneth J. Tarbuck (1979), p. 136, argues that proletarian nationalization leads directly to socialism. "Hence, it follows that one must make a strict distinction between bourgeois nationalization and proletarian nationalization. Bourgeois nationalization leads to a system of state capitalism. Proletarian nationalization leads to the state structure of socialism. In just the same way as the

proletarian dictatorship is the negative, the antipode of bourgeois dictatorship, proletarian nationalization is the negative, the complete opposite of bourgeois nationalization".

19. Cohen, op.cit., p. 302.
20. Bukharin as cited in Wolfe, op.cit. (1957), p. 298.
21. Cohen, op.cit., p. 303.
22. Ibid., p. 308. See also, Moshe Lewin, Lenin's Last Struggle (1975), p. 80.
23. Evgeny Preobrazhensky, The New Economics (1965), pp. 299-301.
24. Ibid., p. 195.
25. Ibid., pp. 195-196.
26. Ibid., Chapter II.
27. Ibid., p. 80.
28. Ibid., p. 88.
29. Preobrazhensky writes on the universality of the 'law of primitive socialist accumulation', in Ibid., p. 124, "The more backward economically, petty-bourgeois peasant, a particular country is which has gone over to the socialist organization of production, and the smaller the inheritance received by the socialist accumulation fund of the proletariat of this country when the social revolution takes place, by so much more, in proportion, will socialist accumulation be obliged to rely on alienating part of the surplus product of pre-socialist forms of economy and the smaller will be the relative weight of accumulation on its own production basis".
30. Ibid.
31. Ibid., p. 123.
32. For reviews of Preobrazhensky see Alexander Erlich, The Soviet Industrialization Debate (1960), idem, 'Preobrazhensky and the Economics of Soviet Industrialization', Quarterly Journal of Economics (February 1950), pp. 57-88. Richard B. Day, 'Preobrazhensky and the Theory of the Transition Period', Soviet Studies (April 1975), pp. 196-219, Donald Filtzer, 'Preobrazhensky and the Problem of the Soviet Transition', Critique, 9 (Spring-Summer 1978), pp. 63-84.
33. Preobrazhensky, op. cit. (1965), p. 195.
34. Ibid., p. 248.
35. See also Preobrazhensky, From NEP to Socialism (1973).
36. Preobrazhensky, op. cit. (1965), pp. 198-199.

37. The manner in which the 'absolute' and 'relative' surpluses were extracted from the Russian proletariat will be elaborated upon later.
38. Marx, Capital Volume III, Part IV (1971).
39. Michael Ellman makes the same criticism of Preobrazhensky, but uses a different methodology in 'On a Mistake of Preobrazhensky and Stalin', Journal of Development Studies (April 1978), pp. 353-356.
40. Leon Trotsky, The Revolution Betrayed (1972), pp. 5-15.
41. Richard B. Day, Leon Trotsky and the Politics of Economic Isolation (1973), pp. 147-148.
42. Ibid., p. 148.
43. Ibid.
44. Ibid., p. 164.
45. Ibid., p. 171.
46. See Isaac Deutscher The Prophet Unarmed: Trotsky: 1921-1929 (1970), pp. 443-471.
47. Leon Trotsky, The Revolution Betrayed (1972).
48. Ibid., p. 255.
49. Ibid., p. 54.
50. Ibid.
51. Ibid., pp. 248-249.
52. Ibid., p. 253.
53. Ibid., p. 252.
54. Ibid.
55. Ibid.
56. Ibid., p. 253.
57. Ibid., p. 254.
58. As Day notes (op.cit. (1973) pp. 188-190) Trotsky links his early notion of Permanent Revolution to his theory of Imperialism to argue that the productive forces can no longer be constrained by the nation state. The class struggle now acquired a world-wide dimension. As there was a world-wide division of labour then there was a need for an international revolution.
59. Cf. Robert H. McNeal 'Trotskyist Interpretations of Stalinism', in Stalinism, Essays in Historical Interpretation, ed. Robert C. Tucker (1977), pp. 37-38.

60. On the origins of the theory of 'socialism in one country' see E.H. Carr, Socialism in One Country (1970), Volume 2, Chapter 12, pp. 36-52, and I. Deutscher, Stalin: A Political Biography (1972), pp. 281-293.
61. See Ronald Hingley, Joseph Stalin: Man and Legend (1974), pp. 173-176, Robert C. Tucker, Stalin As Revolutionary, 1879-1929 (1973), pp. 378-384.
62. J.V. Stalin "Address to the Seventh Enlarged Plenum of the E.C.C.I." in Works, Volume 9 (1954), pp. 21-23.
63. Ibid., pp. 25-36.
64. Ibid., pp. 34-36. See also Stalin's address to the Fifteenth Congress of the C.P.S.U.(B) in Works, Volume 10 (1954), p. 347.
65. Ibid., Volume 9 (1954) pp. 37-42.
66. See Mihailo Markovic "Stalinism and Marxism", in Tucker ed. op.cit. (1977), pp. 313-317.
67. Stalin, Works, Volume 9 (1954), pp. 35-36.
68. See Hingley, op.cit. (1974), p. 188.
69. Ibid., pp. 188-189.
70. Cf. Roy A. Medvedev, Let History Judge (1971), pp. 110-140.
71. Ibid., pp. 183-191, and Robert Conquest, The Great Terror: Stalin's Purge of the Thirties (1973), pp. 368-426.
72. Claudin, op.cit. (1975), pp. 74-78.
73. See Hingley op.cit. (1974), pp. 413-414.
74. Stalin, Economic Problems of Socialism in the U.S.S.R. (1972).
75. Ibid., p. 5.
76. Ibid.
77. Ibid., p. 6.
78. Ibid.
79. Ibid., p. 7.
80. Ibid.
81. Ibid., p. 10.
82. Ibid., p. 11.
83. Ibid., p. 15.
84. Ibid., p. 16.
85. Ibid.

86. Ibid., pp. 25-26.

87. Ibid., p. 26.

88. Ibid., p. 25.

89. Ibid., p. 27.

90. Ibid., p. 7.

91. Ibid.

92. Ibid., p. 22.

CHAPTER FOUR

MAO ZEDONG AND THE SOCIALIST TRANSITION

The Chinese Communist Party (C.C.P.) was shaped by the long years of struggle to achieve power.¹ The Party gained valuable experience in revolutionary strategy during the war against Japan and in the Civil War. In the Red Base Areas, the C.C.P. began to experiment with socialist government and developed a mass-oriented style of work. When the C.C.P. captured power in 1949 it attempted to mould the mass-style approach to the Soviet model of socialism. In the period of the First Five Year Plan (1949-56) the model of the Soviet system tended to predominate over mass mobilisation. The state took possession of the major means of production and acted as a lever in displacing capitalist production and exchange. By 1956 the state had taken possession of the industrial and commercial sector and the land reform programme had given the co-operatives control over the land. However, as the Five Year Plan came to a close it was apparent that aspects of the Soviet model were inappropriate to the conditions prevailing in China.

There was debate within the C.C.P. over what modifications were needed to adapt the Soviet system to China. Mao Zedong began to question seriously the efficacy of the Soviet approach to the construction of socialism. Mao argued that Stalin's theory of socialism was too mechanistic and that the notion of the primacy of the productive forces, in particular, misrepresented the socialist transition. According to Mao, Chinese revolutionary experience had shown that change was a dialectical process. Socialist advancements were the product of movements based on the interplay of contradictions and upon radical leaps. Mao argued that the revolution advanced in the fashion of waves, where there was a rapid leap to a new stage, followed by a trough, where the change was consolidated. Mao linked the notion of waves to the theory that the relations of production could be in advance of the productive forces

and could stimulate the socialist leap. A crucial aspect of the relations of production was mass-consciousness which was itself dependent upon the Party's propagation of socialist ideas.

Mao attempted to implement his model of socialist development in the Great Leap Forward. The Party cadres mobilised the population, especially the peasants, in socialising the means of production. It was expected that through the socialisation of labour China could make a substantial leap towards socialism. However, the process of leaping stages in the socialist transition caused economic and social dislocation. The disruption to economic activity was exacerbated by climatic disasters. The C.C.P. intervened to restore order and Mao was obliged to resign as Chairman of the Republic.

The restoration of the Soviet model, albeit in a modified form, raised new questions in Mao's mind about the socialist transition. Mao began to refine his notion that social change was a dynamic process governed by class struggle. Previously Mao spoke of class struggle in China in terms of capitalism versus socialism, based upon pre-1949 class structures. The class struggle in the socialist transition was, in this theory, due to the residue of the pre-1949 class conflict. For example, the 'bureaucratic- capitalists' (a term Mao used to describe capitalists within the Kuomintang Government) had to be resisted in the socialist transition. However, Mao now added to these 'residual' class categories the notion that classes could be generated by structures within the post-1949 society. Mao spoke of 'vested interest groups' resisting the progression to communism.

Mao considered it possible for these 'vested interest groups' to take control of the Communist Party. If these groups did capture the Party they would subvert the Party's role in disseminating socialist ideas. As a result, the mass of the people would not be

directed towards communism. Mao argued that this had occurred in Yugoslavia and the Soviet Union. According to Mao, as the socialist transition only travelled along a path between capitalism and communism, the capture of the Party by these 'vested interest groups' signified the restoration of capitalism. These 'vested interest groups' then became a bourgeois class. Mao was concerned that the Chinese Communist Party had come under the influence of these 'vested interest groups', and he therefore launched the Cultural Revolution.

The Cultural Revolution was a movement which concentrated its attention upon uprooting individuals who were regarded as having ideological positions opposed to communism. It initially focussed its efforts on individuals within the superstructure (the Party, educational institutions, state personnel etc.) but soon spread to society at large. Mao's aim in the Cultural Revolution was to advance the socialist transition via mass struggle against bureaucratic excess. The bureaucracy was to be purified by ideological class struggle. However, as the class struggle was not based upon the material conditions of production, the mass movement tended to concentrate on purging individuals in positions of power. What resulted was a tendency towards misdirected sorties and victimisation.

The weakness of the Cultural Revolution reflected the flaws in Mao's theory of the socialist transition. Mao by assuming that state ownership and control of production were basically communist, and by accepting that China was either communist or capitalist, was unable to theorise the link between the vested interest groups and the relations of production. He regarded the production system as a lower or underdeveloped form of communism and therefore assumed that the problems in China were with individuals within the

superstructure. As a result, he could not theorise the link between an individual's position of power or the 'vested interest groups', and the (socialist) mode of production. Moreover, Mao was unable to comprehend that attacks upon the superstructure would prove futile unless the relations of production were fundamentally transformed. Further, because Mao regarded the revolutionary role of the Communist Party so highly he was not prepared to preside over its total demise. Consequently, Mao, by saving the Party, provided an institutional mechanism for the reassertion of the bureaucratic class.

Thus, to understand the character of Mao's critique of the socialist transition it is essential to follow the development of his theory. Mao begins with a theory of communism which follows both the traditional view (adapted from Stalinist Russia) and the mass-line approach that had evolved in the Red Base Areas. As the socialist transition develops, Mao begins to reassess the traditional position on the nature of socialism and asserts his own theory of socialist change. However, Mao's perspective on the socialist transition is hampered by his adherence to the twin notions, firstly, that the transition was inevitably between capitalism and communism, and secondly, that state ownership and planning were basic components of communism. Lastly, Mao's idea of revolutionary change within the period of the socialist transition was flawed because of its adherence to ideological class struggle in isolation from class struggle in the sphere of production.

The following outline of the development of Mao's thinking on the socialist transition expands upon the points raised. In addition, the discussion argues that Mao could not make a revolutionary break with orthodoxy on the transition, because he did not theorise the socialist transition in terms of the socialist mode

of production and the classes associated with it. The chapter concludes with the point that Mao's theory of the socialist transition cannot provide a sound basis for an analysis of Chinese society nor for revolutionary change.

The Chinese Revolution was in practice a unique type of revolution but was officially conducted under an 'orthodox' (Comintern) theoretical position. The Chinese society was depicted, following Stalin's phrase, as a "colonial, semi-colonial and semi-feudal society."² In his 1940 article, On New Democracy, Mao reiterates the Comintern position on the nature of China:

Since the invasion of foreign capitalism and the gradual growth of capitalist elements in Chinese society, the country has changed by degrees into a colonial, semi-colonial and semi-feudal society. China today is colonial in the Japanese occupied-areas and basically semi-colonial in the Kuomintang areas, and it is predominantly feudal or semi-feudal in both.³

Mao adds that because China was a "colonial, semi-colonial and semi-feudal society", the strategy most appropriate for China was a two-stage revolution, the first being a "new-democratic revolution", with the second being a "socialist revolution".⁴

However, once in power the C.C.P. was able to move rapidly to the socialist revolution. The basic nationalization of industry was conducted between 1949 and 1956. Similarly, the C.C.P. was able to transform the agricultural relations of production by 1958. The Party was hampered in its agricultural strategy because it adhered to the false theoretical assumption that agriculture was feudal (rather than capitalist).⁵ Notwithstanding, the C.C.P. cadres utilised a flexible approach to mobilize mass peasant support for land reform and cooperativisation, thereby compensating for the erroneous characterisation of the mode of production.

By 1956 the Party leaders were speaking confidently of the victory of socialism. For example at the Eighth Party Congress of

the Communist Party held in 1956, Liu Shaoqi spoke of the impending defeat of the semi-colonial and semi-feudal classes:

... the bureaucrat-comprador bourgeoisie has been eliminated as a class on the mainland of China. Except in a few localities, the feudal landlords have also been eliminated as a class. The rich peasants are also being eliminated as a class. Landlords and rich peasants who used to exploit the peasants are being reformed.... The national bourgeois elements are in the process of being transformed from exploiters into working people. The broad masses of the peasantry and other individual working people have become socialist working people engaged in collective labour.⁶

Similarly, in a speech at the Hankow Conference in April 1958 Mao asserts that the class struggle in China has been fundamentally "fought and the situation is good".⁷ Mao, however, warns that while the material base of capitalism had been transformed capitalist "ideas" still persisted.⁸ Consequently, Mao calls for a continuation of class struggle to be conducted in the form of ideological class struggle:

It is correct to say that the ownership system has been basically solved, but the mutual relationship between the political and ideological fronts has not yet been solved. It was a little too optimistic to predict that the socialist revolution had gained a basic victory. I did not expect such a big revolution. As for China's bourgeoisie, I predict there will still be struggles, long-term struggles to eliminate the deep-rooted influence of the bourgeoisie and its intellectuals. A socialist revolution involving a battle on the political and ideological fronts is inevitable; another one is necessary after a basic solution to the ownership system has been found.⁹

Mao here raises doubts as to Stalin's characterisation of socialism as the negation of capitalist property relations. For Mao the changes in the ownership of the means of production are not sufficient to signal the victory of socialism. Rather, he calls for a continuation of the class struggle within the superstructure. In addition, Mao in his 1957 speech, On the Correct Handling of Contradictions Among the People, contends that the transition advances through the interplay of contradictions.¹⁰ Mao

distinguishes between two types of contradictions, antagonistic and non-antagonistic. Antagonistic contradictions involved a process of struggle for their resolution, whereas non-antagonistic contradictions could be resolved without class struggle. For example, class contradictions are antagonistic and therefore can be resolved only by a dictatorship. On the other hand, antagonism between people within a class can be settled democratically. Mao contends that contradictions are ubiquitous within society and that they are the dynamic elements of social change. Contradictions, he writes, are "the motive force" in socialism.¹¹

Linked to his notion of contradictions is Mao's view that the transition is a process of revolution through stages. It is a process of "uninterrupted revolution".¹² For Mao his theory of "uninterrupted revolution" is quite distinct from Trotsky's "permanent revolution", which he argues telescopes rather than identifies specific stages of the revolution. Moreover, Mao contrasts his view of the transition to that of Stalin, arguing that Stalin's position is too mechanistic in its reliance upon the productive forces. Mao argues that the progression to communism will occur in a dynamic manner through the interaction of contradictions, creating an uninterrupted movement to the higher form of existence:

In his speech to the Eighth Party Congress in 1958, Mao distinguishes between his view of socialist change and that of Stalin. In doing so, Mao stresses the importance of understanding socialist change in terms of dialectical contradictions.

Dialectics should develop in China. We are not concerned about other places; we are concerned about China. What we do is more compatible with dialectics and with Lenin, but not very compatible with Stalin. Stalin said that the socialist society's production relations completely conformed to the development of the production forces; he negated contradictions. Before his death, he wrote an article to negate himself. He stated that complete

conformity did not indicate the absence of contradictions and that improper handling could develop into antagonistic contradictions.¹³

Moreover, Mao notes that individuals must not slavishly follow leaders but discover for themselves what is 'truth':

One must not follow without discrimination. We follow Marx and Lenin, and we follow Stalin in some places. We follow whoever has the truth in his hands.¹⁴

In addition, Mao conceptualises the movement of the socialist transition as occurring in a wave-like fashion.¹⁵ Drawing upon the C.C.P.'s civil war experience Mao argues that the transition occurred in a pattern analogous with military campaigns. The transition will progress through periods alternating between rapid advancements (waves) and lulls or regroupments (troughs). It was the task of the revolutionary party to synchronise the forces of China to these wave-like movements. Unlike Stalin's linear and incremental approach, Mao sees the transition as advancing via dialectical phases of disequilibrium or movements of creative imbalance.¹⁶

Mao was provided with an opportunity to implement his perspectives on revolutionary change when economic problems emerged out of the Soviet-inspired First Five Year Plan (1953-1957). Mao interpreted these difficulties as evidence of the shortcomings of the Soviet model. Marshalling support from within the Party Mao launched a new development strategy, commonly known as the Great Leap Forward. Central to this policy change was the notion that by mobilising the mass of the people (i.e., the most plentiful and basic economic factor of production within China) around the promotion of economic growth, there would be a quantitative leap in output. That is, changes in the relations of production would raise the level of the productive forces.¹⁷

The most striking example of the new strategy was in agriculture. Through the mass participation of the peasants large-scale construction work was carried out. Concurrently, communes were formed from the amalgamation of Agricultural Producer Cooperatives (A.P.C.s). The communes increased the size of both the units of land and the labour pool from the A.P.C.s, allowing for the utilisation of skilled labour in the brigades. Further, the communes facilitated the transference of tasks previously conducted by the family (e.g. cooking and child care) into collective activities, allowing more people (especially women) to enter the workforce.¹⁸ As well, the communes combined administrative, economic and political activities; this prompted some radicals to claim that the communes were the embodiment of the spirit of the Paris Commune.

There were also changes in the relation of production within industry. The one-man-management system, characteristic of the Soviet model, was replaced by an approach that stressed collective management.¹⁹ That is, representatives from the workers combined with Party delegates played an active role in the management of the enterprise. Additionally, managers and technical staff were expected to participate in everyday production tasks. As with agriculture it was anticipated that mass participation would stimulate growth in output. In a similar manner, the administration promoted the experimentation of small-scale production, sometimes referred to as "backyard" production.²⁰ Similarly, there was a shift in planning away from the Soviet model and its stress upon heavy industry to a strategy of relating the growth of heavy and light industry to that of agriculture. The Chinese referred to this as "walking on two legs" in contrast to the Soviet's "walking on one leg".²¹

However, the strategy of mass-mobilization did undermine orderly planning and caused general economic dislocation. As a result the bureaucratic class, which saw its interests undermined by the changes to the relations of production, pressed for an abandonment of the Great Leap Forward. As well as by opposition from the bureaucratic class, Mao was confronted by peasant resentment at the communes' attack on the family plots and at the collectivisation of traditional family tasks (e.g. there was particular opposition to the communal eating arrangements).²² Exacerbating these problems was a series of climatic disasters which caused widespread food shortages. In the face of opposition and the evidence of economic chaos, Mao called a retreat from the Great Leap Forward and in December 1958 resigned as Chairman of the Republic.²³

The significance of the Great Leap Forward was as the first serious attempt to transform the relations of production of the socialist mode of production. Therefore, the Great Leap Forward can be seen as a test of the resilience of the socialist mode of production and of the power of the class of bureaucrats which depended upon this mode. Ironically, for Mao, the Leap Forward assisted in the consolidation rather than the transformation of the socialist mode of production. Mao's effective challenge to the class power of the bureaucracy re-affirmed their reliance upon, and commitment to, the existing structures of economic production and the planning system. Thus by the early 1960s the organisation of planning and industrial production had been re-asserted. Collective management existed in name rather than in substance. In agriculture, the private plots were returned to the peasants and the family was again allowed to combine collective and individual work.

However, the reestablishment of the pre-Leap system of production and distribution was not in strict accordance with the

Soviet model. Rather the socialist mode of production was adapted to Chinese conditions. Planning was decentralised. Further, an indigenous economic strategy was introduced to maximize industrial output while offering agriculture more self-government and "self-reliance". Agriculture was allowed to become more self-reliant through a strategy which enabled it to retain a higher level of its own surplus product for internal investment. However, agriculture became the economic sector responsible for the absorption of increases in the labour force. Consequently, industry was able to produce a higher surplus through raising the level of labour productivity, without having to be concerned with mass unemployment. Thus, the method of extracting surplus from the direct producers was maximized in industry, whereas in agriculture the rising labour force could, at least, be adequately fed. The socialist mode of production was thereby able to stabilize and support the class interests of the bureaucratic class.²⁴

Having suffered a defeat with his Great Leap Forward strategy, Mao began to consider the reasons for the re-assertion of the old system of production and distribution (albeit in a modified form) and of the resilience of the bureaucratic class. In an effort to understand these phenomena Mao began to investigate the nature of other socialist systems, in particular Yugoslavia and the Soviet Union. Mao applied to these countries his view that the relations of production predominate over the productive forces. He linked this notion to the idea that the relations of production take their lead from the superstructure. Thus, for Mao it was politics which were crucial to the character and progression of the socialist transition. In this regard the ideological position and political role of the Communist Party was vital to the transition to communism.

In his essay, Reading Notes on the Soviet Union's Political Economics, probably written during 1960, Mao argued that the Soviet textbook on political economy underestimated the role of both the relations of production and the superstructure.²⁵ The textbook, he wrote, "only talks about material requisites and seldom touches on the superstructure, namely: class state, class philosophy, and class sciences".²⁶ Mao emphasises that it is necessary to raise the level of consciousness of the people if socialism is to be achieved. It is for this reason that he defends the Great Leap Forward:

Our putting politics in command was precisely to raise the level of consciousness of the inhabitants and our Great Leap Forward was precisely an attempt to realize this or that kind of program.²⁷

However, while Mao is searching for a means of distinguishing the Chinese transition from that of the Soviet Union he does not question that the revolution will achieve communism. He argues that in general "[s]ocialism must pass over to communism", but communism itself will not be a static situation.²⁸ In discussing the character of socialism, Mao speaks of underdeveloped and developed socialism:

The transition from capitalism to communism will quite possibly be divided into two phases. One phase is from capitalism to socialism, which can be termed as undeveloped socialism. The other is from socialism to communism, which is to say from relatively underdeveloped socialism to relatively developed socialism, i.e., communism.²⁹

Mao argues that the Soviet textbook misunderstands the dialectics of the transition. As a result the textbook does not recognize the fact that in socialist society it is possible for conservative elements to emerge which seek to retain their position of power. In a socialist society, Mao notes, "there still are conservative strata and something resembling 'vested interest

groups'. There still remain differences between brain work and manual labour, between urban and rural areas, and between workers and peasants. Although these are non-antagonistic contradictions, they have to go through struggle before they can be resolved".³⁰ Mao argues that even under socialism there are sectors of the population which resist the move to communism. He notes that throughout the transition "there will be some people" who "would like to preserve backward production relationships and social institutions".³¹ To overcome these 'vested interest groups' it was necessary to continue the class struggle to ensure the victory of communism.

At the Tenth Plenum of the Eighth Central Committee, in October 1962, Mao repeats his argument against the Soviet textbook and stresses the need to continue the class struggle in the socialist society. He then relates this position to the possibility of the reversal of the transition, suggesting that this had already occurred in Yugoslavia.³² It is also at the Tenth Plenum that Mao makes a provocative intervention into the debate, coining the slogan "never forget the class struggle".³³ However, later in the same year Mao admits that he does not fully comprehend the nature of classes in socialist societies. He asserts that capitalism has been restored in Yugoslavia but adds:

We still do not fully understand the complexity of the class struggle, because this struggle occurs in politics, the military, in economics, culture, with and without form in open and in hidden forms, and inside the Party and outside, which makes it very complicated. In addition, we still do not understand too well the differences in the class struggle during the period of socialism and during the period of the democratic revolution, nor are we too clear about the differences in the class struggle before and after seizing power.³⁴

However, by 1964 Mao and those inspired by him begin to argue that the Soviet Union under Khrushchev had, like Yugoslavia,

reverted to capitalism. The argument advanced is that the privileged stratum which benefitted from "bourgeois rights" under socialism had, with Khrushchev's approval, taken control of the Soviet Party and allowed the restoration of capitalism. Thus, the degeneration of the party and the state had caused the peaceful evolution of capitalism in the Soviet Union. The regime was seen as comprising the political representatives of a new bourgeois class:

In the Soviet Union at present, not only have the new bourgeois elements increased in numbers as never before but their social status has fundamentally changed. Before Khrushchev came to power, they did not occupy the ruling position in Soviet society. Their activities were restricted in many ways and they were subject to attack. But since Khrushchev took over, usurping the leadership of the Party and state, step by step, the new bourgeois elements have gradually risen to the ruling position in the Party and government and in the economic, cultural and other departments, and formed a privileged stratum in Soviet society.³⁵

While Mao stresses the importance of class struggle in the transition to communism he cannot locate its material base. The reason Mao is unable to conceptualize the nature of class conflict in socialist societies is that he assumes that the transition can only journey between capitalism and communism. Consequently, as Mao regards the Soviet Union as no longer socialist then it must have reverted to capitalism. As the Soviet Union was capitalist then it had to have a "bourgeois class" which benefitted from the economic and political system. But Mao's notion that Khrushchev permitted a restoration of capitalism is not based upon an understanding of the mode of production in the Soviet Union. Rather, it asserts that bourgeois ideology is dominant in the Soviet Party and that this has caused a reversal of socialism, despite the fact that there was no significant change in the relations of production within the Soviet Union.

Mao utilises the debate over the reversal of socialism in Russia to rekindle the spirit of the Great Leap Forward in China. He argues that in the C.C.P. there are two factions, a socialist faction and a capitalist faction.³⁶ To advance the socialist transition it was essential that the socialist faction prevailed. Mao then began to organise his forces for an ideological class struggle that focussed principally upon the superstructure. The campaign became known as the Cultural Revolution. The main targets in the Cultural Revolution are defined as "Party persons in authority taking the capitalist road".³⁷ But the ideological conflict with the C.C.P. and the state could not be contained and spread out into society.

Additionally the ideological confrontation became confused with personality conflicts and support for individual Party leaders. The dividing line became the thoughts of Chairman Mao. It was asserted by the followers of Mao that the thoughts of Mao Zedong "determine the proletarian vanguard nature of our Party".³⁸ The leadership of Mao, was regarded by his supporters as taking the "socialist road"; "Party leadership is the leadership of Chairman Mao, of Mao Zedong Thought, and of Chairman Mao's proletarian revolutionary line."³⁹

While the Cultural Revolution progressed through a series of cycles that continued into the 1970s, the most vital period of the Cultural Revolution was between 1965 and 1969.⁴⁰ However, even in this phase the Cultural Revolution was a movement which concentrated its energy upon transforming the superstructure and not the economic base. As a result, when the Cultural Revolution subsided in the early 1970s the relations of production of the socialist mode of production and the class power associated with it were quickly re-established. Consequently, the bureaucratic class began to re-assert its class interests in opposition to further changes to

the superstructure. The interests of the bureaucratic class began to be articulated within the Party. Zhou Enlai in his call for the four modernisations (industry, agriculture, national defence, science and technology) established the criteria for an on-going dispute within the C.C.P.⁴¹ By stressing the need for modernisation, Zhou provided the opportunity for a debate on the means of modernizing China.

The so-called 'Gang of Four' (Jiang Qing, Zhang Chunqiao, Yao Wenyuan and Wang Hongwen - who rose to power in the Cultural Revolution) argued that modernization could be achieved by transforming the relations of production through the class struggle.⁴² They emphasised the need for class struggle to be conducted within the superstructure (the Party, the army, and state administration) so as to provide revolutionary leadership in achieving modernization. However, as Bettelheim notes, the 'Gang of Four' did not offer a sound theoretical analysis of the class struggle in China; rather, they defined class in terms of "political line" or "behaviour" or at best by distribution relations conceived in terms of "bourgeois rights".⁴³ In the final analysis, the 'Gang of Four' saw the bourgeoisie in China as an effect of the nature of the superstructure and not of the economic base. Further, the methods used by the 'Gang of Four' were more akin to conspiratorial action than the politics of 'mass-line' (or mass mobilization).

In opposition to the 'Gang of Four' there was amassed the weight of the bureaucratic class. The interests of the bureaucratic class, in preserving the relations of production of the socialist mode of production, were articulated by Hua Guofeng and Deng Xiaoping. However, while Mao retained sufficient support within the Party, the opposition to the 'Gang of Four' and their policies was expressed in

a manner that seemed consistent with Mao's philosophy. Deng in particular was constrained by the presence of Mao. But the death of Mao Zedong in September 1976, following as it was by that of Zhou Enlai (January 1976), opened a new era in the dispute between the 'Gang of Four', ostensibly following the policies and philosophy of Mao, and their opposition. Despite initial success, and a momentary victory over Deng, the members of the 'Gang of Four' were defeated, imprisoned and eventually brought to a 'show trial'.

Deng was able to affirm the Party's commitment to modernisation, based upon the expansion of the "socialist" system as established in the 1950s. According to Deng, China became socialist with the transferal of private ownership to state or collective ownership in the 1950s, and the means of achieving modernisation were therefore through the advancement of the productive forces.⁴⁴ Similarly, as China was socialist from the early 1950s the truth of political practice could be judged by whether the productive forces had progressed.⁴⁵ Given the construction of this argument it was then easy for Deng to show that during the Great Leap Forward and the Cultural Revolution there were economic dislocations and therefore a retardation of the productive forces; ipso facto these periods were regressive for the cause of socialism.⁴⁶

Thus, the demise of the "Gang of Four" led to a revival of the Stalinist theory of the socialist transition, with its reliance upon ownership as the proof of socialism, combined with a stress upon state-planning as creating the conditions for the advancement of the productive forces.⁴⁷ The relations of production were seen as subordinate to, and by necessity had to conform with, the productive forces. The distribution of the products of 'socialist' production were in accordance with "bourgeois rights" and in keeping with "underdeveloped" socialism.⁴⁸ Consequently, there was no need for

class struggle within China, unless it was merely the suppression of the pre-revolutionary ('residual') ruling classes.

The reconsolidation of the socialist mode of production was followed by a re-affirmation of the rule of the bureaucratic class and the ideology (introduced originally by Stalin) that gave sustenance to its rule. Moreover, the working class and peasantry looked for stability rather than a continuation of the previous upheavals. The bureaucratic class was therefore able to gain support from these classes by raising the level of wages and by pursuing a policy of increasing peasant incomes. Initially, the C.C.P. followed a policy of developing agricultural productivity through capital investment. However, at the Third Plenum it was announced that agricultural production was to be linked to a system of contracts with peasant farmers. At the Sixth Plenum in June 1981, the Party adopted the household responsibility system as official policy, thereby undermining the communes.⁴⁹ The C.C.P. justified this move in terms of changing the relations of production to conform to the low level of the rural productive forces. That is, the communes were a form of organisation that was too advanced for the rural productive forces.⁵⁰ Instead, household farming was the more appropriate form of production for the progression of the rural economy towards socialism.

The contract responsibility system proved highly successful in raising rural output. As a consequence, the C.C.P. leaders were confronted with the dilemma of how far to follow this strategy for the whole economy. The problem was, and still is, that the stress upon lower units and upon market exchange tends to undermine planning and the state production system. It therefore offers a threat to the power of the bureaucratic class, while providing them with immediate material benefits due to the boost in the economy.

This has caused divisions within the bureaucratic class and has resulted in delicate manoeuvres by the Party leaders between support for the state production and planning system and encouragement for experimentation in (what is called) 'market socialism'. The success of the new policy, in raising output and its support from the bureaucratic class, the peasantry and working class, has reinforced the shift away from the philosophy of Mao Zedong.

In contrast, outside of China there has been debate over the merits of the new direction in comparison to the periods of Maoist leadership and to Mao's model of socialism.⁵¹ However, the problem of those who support the Maoist theory of the socialist transition is that they have inherited the fundamental flaw in Mao's position, that of assuming the transition traversed only from capitalism to communism (allowing also for the possibility of a regression to capitalism). This weakness is most apparent in the works of Charles Bettelheim and in the book Socialist Construction and Marxist Theory by Philip Corrigan, Harvie Ramsay and Derek Sayer.⁵² Having adopted Mao's depiction of the Soviet Union as capitalist Bettelheim has constructed an elaborate theory of the restoration of capitalism in Russia.⁵³ With the fall of the 'Gang of Four', and the reversion by the current leaders to the theory of socialism as constructed by Stalin, Bettelheim has depicted China as a society in the process of restoring capitalism.

Bettelheim sees the rise of Hua Guofeng to power as a coup d'état. He thus repeats for China the version of the restoration of capitalism that Mao outlined for the Soviet Union. Bettelheim writes that this "coup d'état began a political turn leading to the substitution of a revisionist and bourgeois line for the previous revolutionary and proletarian line".⁵⁴ Hua, like Khrushchev, facilitated a change in political line from that of the proletariat

to that of the bourgeoisie. Bettelheim assumes that the production system in China, as was the case in the Soviet Union, was a form of state capitalism. He makes this assumption on the premise that the capitalist mode of production is characterised by a "double separation", that is, that the direct producers are separated from the means of production, both in terms of ownership (which is state ownership) and in their ability to control the means of production, and that the enterprises are themselves separate.⁵⁵ While this "double separation" continues Bettelheim presumes the system is still capitalist. That is, Bettelheim writes:

state capitalism can function either under the aegis of a capitalist state or a workers' state, depending on which is the case - that is, depending on the class nature of the state - the effects of the plan are partly different. But in both cases - from the moment that there is a separation of workers from the means of production and a separation of enterprises - the plan only exerts its action 'on relations that are partly commodity relations', relations which put up a specific resistance to the plan itself.⁵⁶

According to Bettelheim, unless the immediate producers have effective control over the means of production, thereby eliminating the "double separation", the system remains capitalist. State ownership is seen by him as simply a juridical category.⁵⁷ Further, Bettelheim notes that the proletariat cannot exercise control over the plan and ensure that it functions in accordance with 'use values' and not 'exchange values' unless they also have direct control over its operation. The plan, in exchanging goods between the enterprises based on monetary calculations, is in effect operating in accordance with commodity production and exchange.⁵⁸ Therefore, the socialist society is only safeguarded against state capitalism by the genuine efforts of the political leaders to follow policies that bring the proletariat closer to eliminating the "double separation" and creating communism.

Bettelheim constructs his argument upon the false premise that if the production and distribution system is not communist then it is capitalist. He conceptualises communism, following Marx (primarily in the pamphlet Critique of the Gotha Programme), as a society where the direct producers have complete control over the means of production and exercise collective power over planning, ensuring that distribution is based upon use-values.⁵⁹ Bettelheim then holds up this abstract model against the reality of the Soviet Union and China and not surprisingly concludes that they do not exhibit the classic characteristic of communism. He then claims that they exhibit the characteristics of the capitalist mode of production. The basic proof Bettelheim applies to Russia and China is that the production system exhibits the "double separation" ascribed by him to the capitalist mode, and therefore these societies are capitalist.

Bettelheim takes his argument one stage further. He claims that as the economic structure is state-capitalist, naturally this affects the nature of politics. The rise of Hua Guofeng is therefore seen by Bettelheim as a result stemming from the capitalist production system. The reversal of Mao's political line is ascribed by him to the failure of the Communist Party to transform the capitalist relations of production. The capitalist relations of production in China, he writes, "make it possible for control of the means of production to be concentrated in a few hands. In this connection, the carrying through of the partial changes in the immediate production process imposed by the Cultural Revolution was blocked by the absence of a fundamental transformation of the process of reproduction".⁶⁰

Thus, Bettelheim's notion of politics is predicated upon his conceptualisation of the transition as a contest between capitalism

and communism. The Cultural Revolution failed because it only partially challenged the "double separation" of 'state capitalism'. But Bettelheim's argument is based upon a false premise that the transition moves between capitalism and socialism. He fails to see that the transition is between the capitalist and socialist modes of production and that it comes to a conclusion without the establishment of communism. Moreover, Bettelheim compounds this fundamental misconception with a formalistic approach to the idea of a mode of production. Whereas Marx regards the form in which the surplus is extracted as the crucial factor in the mode of production, Bettelheim considers that it is the relationship between the immediate producers and the means of production. Consequently, Bettelheim overlooks the change in the form of surplus in the Soviet Union and China. Therefore, he is unable to comprehend the transformation that occurs between the capitalist and socialist modes of production.

Further, Bettelheim fails to understand that the "double separation" he sees as basic to the capitalist mode of production has been transformed by the alteration in the form of the surplus product. The relationship between the immediate producers and the means of production is quite different under the socialist mode than it is under capitalism. Similarly, the contacts between enterprises are unlike those of capitalism. Bettelheim assumes that because the structure of the mode of production (in this case the socialist mode of production) is similar to capitalism the form of surplus is surplus value. In Bettelheim's argument the structures are the determining factor, and not the form of the surplus. This fundamental error is reproduced in his analysis of the political sphere. Bettelheim reads off the nature of the superstructure (essentially the Communist Party and the State administration) from

the production system, assuming that the state personnel function as a collective "bourgeoisie". That is, the state functionaries are structurally a "bourgeois class" unless they resist capitalism through adhering to a proletarian political perspective.

Bettelheim's view on class-power is premised upon his structural account of state capitalism. The position adopted by Bettelheim cannot distinguish between members of the state, apart from their ideological position. If he had considered the nature of surplus extraction and appropriation, however, Bettelheim could begin to distinguish between those who, on the one hand, exercised power over the surplus product and its distribution and those who produced ideological support for such power, and, on the other hand, other state personnel who are exploited by this process. Bettelheim's view that the state personnel function as a collective "bourgeoisie" is untenable.⁶¹ Rather, within the state there are those who benefit from and those who are exploited by the surplus extraction system.⁶²

Corrigan, Ramsay and Sayer, like Bettelheim, see class struggle as the key to the socialist transition. They write that the "productive motor" of socialist construction is "class struggle".⁶³ However, unlike Bettelheim, they perceive Russia and China as "contradictory social formations, in which socialism is dominant but not triumphant, and capitalism is subordinated, but not vanquished".⁶⁴ They see the contradictory nature of these regimes reflected in the superstructure. Corrigan et al speak of Deng Xiaoping as a representative of the nascent capitalist class. Deng's dominance, they write, "is clear evidence for the continuing strength of the forces for capitalist restoration in China".⁶⁵ Deng's victory, they argue, is a prime example of the need for class struggle during the socialist transition.⁶⁶

Like Bettelheim, these authors falsely assume that the transition is between capitalism and communism. They also depict the class struggle as between capitalism and socialism. However, whereas Bettelheim argues that China is 'state capitalist', they argue that the production system has a contradictory character, part capitalist and part socialist. As a result the class struggle is characterised by the conflict between 'capitalism' and 'socialism':

The struggle has a different physiognomy than in capitalism itself, insofar as the capitalist class has been deprived of its monopoly of the means of production and labour power has ceased to be a commodity. This marks a fundamental shift in the balance of forces. But it remains the case that to socialise the means of production does not ipso facto do away with all the social relations upon which capitalism rests; its division of labour, for example, may well remain intact.⁶⁷

Corrigan, Ramsay and Sayer then construct an argument to show that Soviet Bolshevism replicates certain relations and experiences that are akin to capitalism (for example, Taylorism). By contrast, Maoist policies, with their stress upon class struggle, challenge these elements of capitalism. Likewise, Mao's view that the relations of production shape, rather than conform to, the productive forces breaks with Bolshevism and releases the potential socialist change in China. For them Mao not only broke with the paradigm of Bolshevism but established a revolutionary epistemology.⁶⁸ According to this view, the critical ingredient in Mao's theory was the mass mobilization of the people in socialist construction:

The actual transformations which have been so much in evidence in China are the result of the people themselves demonstrating, as Marx suggested, that once correct ideas are seized by the masses they become a material force. Mao's implicit critique of Bolshevism is also a correct theory of socialist construction.... Read properly, the historical experience of China will provide us with the conditions under which the phenomenal forms of socialism (simply phrased as having enough to eat, adequate housing, clothing, and actual control of work procedures) are possible.⁶⁹

For the authors of Socialist Construction and Marxist Theory socialism can be understood, in the first instance, in terms of the provision of adequate material benefits for the population.⁷⁰ Additionally, socialism is concerned with the collective control by the producers of the means of production. Thus, the test of practice and of state institutions is "do they foster or fetter the emancipation of labour; do they help the people extend their control over their lives, or do they reproduce the shackles of free wage slavery; do they in a word serve socialism or capitalism?".⁷¹ Like Bettelheim, they regard the socialist transition as a contest between capitalism and communism, with the crucial criterion that collective control by the immediate producers creates communism. To achieve such collective control it is necessary to foster mass-based class struggle.

But for all their assistance upon class struggle, the authors, present a pre-determined analysis of the material base of this class struggle. Like Bettelheim, they assume that the "capitalist relations" are represented in the Soviet Union and China in "the division of labour" and in "bourgeois rights".⁷² Socialism can be shown to exist in these countries through the fact that "People do not starve, or die for want of warmth or medical facilities, nor do they risk homelessness or unemployment, as is in varying degrees the experience of the working class wherever capital rules".⁷³

Corrigan et al fails to define the contradiction between capitalism and socialism in terms of the surplus product. They do not investigate the changes in the form of surplus extraction, instead they see the production or distribution systems in a preconceived manner as semi-capitalist and semi-socialist. The authors are therefore unable to conceptualize the transformation of the surplus product and the subsequent effect this has upon the division of

labour and the distribution process. As a result, they are unable to see the material base for the class struggle in socialist societies. Instead they assume that those who support the production system are supporters of capitalism (e.g., Deng Xiaoping) and those who seek to change the system (for example, the division of labour) are representatives of socialism (Mao Zedong). Class, as in Bettelheim's position, is defined by attitudes and behaviour towards the prevailing system and not to the relations of production or the mode of production. Consequently, their class analysis relies on ideological categorisations which are unrelated to the actual character of class struggle stemming from the relations of production. That is, while they give noble attributes to the cause of socialism, such as all-round material well-being and collective emancipation, they do not present an analysis that reveals the material basis for the struggle for these goals.

Like Bettelheim, Corrigan et al, are trapped within the paradigm of the socialist transition as a movement which by necessity moves between capitalism and communism. This is a view quite acceptable to those whom they wish to criticise. By assuming that the transition can only evolve along this one path, they present analyses which fail to locate the reasons for the changes in political lines within the superstructure and especially within the Chinese Communist Party. They have taken the instinctive opposition of Mao to the progression of the transition and have constructed an argument that, like Mao's, is critical of the prevailing societies but is unable to discover the basis of class power and state power. They assume that the current leadership in China is (in the case of Bettelheim) a collective bourgeoisie, or (in the case of Corrigan, Ramsay and Sayer) following a capitalist direction. Consequently, their preconceived paradigm prevents them from understanding the

shift in policy direction in terms of the pressures of the relations of production of the socialist mode of production.

Corrigan, Ramsay and Sayer, like Bettelheim, seek to utilise Mao's critique of socialism as a revolutionary theory suitable for the advancement of communism. Following Mao these authors criticise the problematic of the productive forces; however, they fail to comprehend that Mao's theory of the socialist transition, while critical of the orthodox view, does not fundamentally break with the traditional theory of the transition. As a consequence, Mao's theory of socialism is an inadequate base from which to build a revolutionary theory of socialist change. That is, Mao's theory is hampered by his notion of the transition as inevitably moving between the capitalist and communist modes of production and his acceptance that state ownership and planning are the basis for communist production. Thus, Mao's stress upon ideological struggle to stimulate mass mobilisation and mass participation in society was blunted by his adherence to a faulty perspective on the socialist transition. It is only by rejecting the traditional view of the transition to communism that it is possible to construct a revolutionary theory of socialism. Mao's theory of changing the socialist transition was in the end confined to the superstructure and undermined by his insistence on the vanguard role of the Communist Party. Whereas to change Chinese society, it is essential that the direct producers overthrow the socialist mode of production. Mao's theory of the socialist transition is therefore inadequate for the task of fundamentally altering Chinese society.

FOOTNOTES

1. See Mark Selden, The Yen-an Way in Revolutionary China, (1971).
2. Mao Zedong, Selected Works, Volume II (1967), p. 315.
3. Ibid., p. 341.
4. Ibid., pp. 342-347.
5. See the discussion of Chinese agriculture in a later chapter of this dissertation and see my article 'The Socialist Transition and the Socialist Mode of Production', in Chinese Marxism in Flux 1978-84 (1985), pp. 142-171.
6. Liu Shaoqi, 'The Political Report of the Central Committee of the Communist Party of China to the Eighth Congress of the Party', in Eighth National Congress of the Communist Party of China, Volume 1, (1956) pp. 15-16, as cited in Graham Young and Dennis Woodward, 'Chinese Conceptions of the Nature of Class Struggle within the Socialist Transition', in Socialism and the New Class: Towards the Analysis of Structural Inequality within Socialist Societies, edited by Marian Sawyer, APSA Monograph 19 (1978), p. 30.
7. Mao Zedong, 'Speech at the Hankow Conference (6 April 1958)' in Miscellany of Mao Zedong Thought (1949-1968) Part 1 (1974), p. 88.
8. Ibid.
9. Ibid., p. 121.
10. Mao Zedong 'On the Correct Handling of Contradictions Among the People', in Four Essays on Philosophy (1968), pp. 79-134.
11. As cited in Young and Woodward, 'From Contradictions Among the People to Class Struggle: The Theories of Uninterrupted Revolution and Continuous Revolution', Asian Survey, XVIII, No. 9 (1978), p. 916.
12. There is a debate amongst scholars of Chinese theory as to whether Mao had one or two notions of revolutionary movement. See Ibid., pp. 912-933, and see Stuart R. 'Schram Mao Tse-Tung and the Theory of the Permanent Revolution, 1958-69' China Quarterly, No. 46 (April-June 1971), p. 222-244, John Bryan Starr 'Conceptual Foundations of Mao Tse-Tung's Theory of Continuous Revolution', Asian Survey, Vol. 11, No. 6 (June 1971), pp. 610-628, Bill Brugger 'The Historical Perspective' in China: The Impact of the Cultural Revolution, ed. Brugger, (1978), pp. 20-27 and Brugger, China: Liberation and Transformation 1942-1962 (1981a), pp. 248-249.
13. Mao Zedong, Miscellany... (1974), p. 106.
14. Ibid., p. 107.
15. See Bill Brugger, Contemporary China (1977), p. 16, and Young and Woodward, op.cit. (1978), pp. 916-917.

16. Brugger, China: Radicalism to Revisionism 1962-1979 (1981), pp. 15-17.
17. See Jack Gray, 'The Two Roads: Alternative Strategies of Social Change and Economic Growth in China' in Authority Participation and Cultural Change in China, edited by Stuart R. Schram (1977), pp. 109-135.
18. Cf. Brugger, op.cit. (1977), pp. 177-180.
19. William Brugger, Democracy and Organisation in the Chinese Industrial Enterprise (1976), pp. 255-260, Stephen Andors, China's Industrial Revolution (1977), pp. 68-92.
20. Cf. E.L. Wheelwright and Bruce McFarlane, The Chinese Road to Socialism (1973), pp. 44-6.
21. Brugger, op.cit. (1977), p. 172.
22. Ibid., p. 218, and Franz Schurmann, Ideology and Organization in Communist China (1973), pp. 472-500.
23. Ibid., p. 186.
24. See my chapter in Chinese Marxism in Flux (1985), p. 142-171.
25. See Richard Levy, 'New Light on Mao: His Views on the Soviet Union's Political Economy', China Quarterly 61 (March 1975), pp. 95-117 Mao Zedong in Miscellany (1974) p. 259, writes, "Here [the Soviet textbook] describes the development of big industries as the basis for conducting socialist transformation of the economy. This is not complete. The history of every kind of revolution shows that new productive forces need not be fully developed first before underdeveloped relations of production can be transformed. Our revolution began with the propagation of Marxism-Leninism. This was to create new public opinion to push the revolution ahead. In the course of the revolution, only after the backward superstructure was overthrown was it possible to put an end to the old relations of production. The old relations of production were wiped out and new relations of production set up. This paved the way for the development of new social productive forces. Consequently, we were able to organise a technical revolution vigorously so as to develop social productive forces on a big scale".
26. Ibid., p. 260.
27. Ibid.
28. Ibid., p. 264.
29. Ibid.
30. Ibid., p. 273.
31. Ibid.
32. See Young and Woodward, in Sawyer ed., op.cit. (1978), p. 35.

33. Ibid.
34. Ibid.
35. Ibid., p. 38.
36. Mao Zedong in Miscellany (1974), p. 427.
37. See Graham Young, 'Party building and the Search for Unity', in China: The Impact of the Cultural Revolution, edited by Bill Brugger (1978), p. 38.
38. Ibid., p. 47.
39. Ibid.
40. For an analysis of the cycles of the Cultural Revolution see Brugger, 'The Historical Perspective' in China: The Impact of the Cultural Revolution, ed. Brugger (1978), pp. 15-31; and Schram, 'Introduction: The Cultural Revolution in historical perspective', in Authority, Participation and Cultural Change in China, edited by Schram (1977), p. 1-109. We the Chinese, Voices from China, edited by Deirdre and Neale Hunter (1971), pp. 203-280.
41. See Michael Sullivan, 'C.C.P. Ideology Since the Third Plenum' in Chinese Marxism in Flux, ed. Brugger (1985), p. 74, and idem, see 'The Politics of Conflict and Compromise' in China Since the Gang of Four, edited by Bill Brugger (1980), pp. 20-23.
42. Ibid., pp. 21-27.
43. Charles Bettelheim, 'The Great Leap Backward' in China Since Mao, by Neil G. Burton and Charles Bettelheim (1978) pp. 93-94.
44. Deng as cited in Sullivan, op.cit. (1985), p. 77.
45. Ibid.
46. Cf. the new Chinese Communist Party history, C.C.P. 6th Plenum of 11th C.C., Resolution on Certain Questions in the History of our Party Since the Founding of the People's Republic of China, 27 June 1981, Beijing Review 27 (6 July 1981) pp. 10-39, see also B. Brugger, 'Soviet and Chinese Views on Revolution and Socialism - Some Thoughts on the Problem of Diachrony and Synchrony', Journal of Contemporary Asia, Vol. 11, No. 3 (1981), pp. 311-32.
47. See my article in Marxism in Flux (1985), and for a example of the official position of socialism see Xue Muqiao China's Socialist Economy (1981). Also see S. Clausen 'Chinese Economic Debates after Mao and the Crises of Official Marxism' in S. Feuchtwang and A. Hussain, The Chinese Economic Reforms (1983), pp. 53-73.
48. See Xue Muqiao, op.cit. pp. 76-80.

49. The demise of the commune system can be traced in a series of articles by G. O'Leary and A. Watson: G. O'Leary, 'The Impact of the Recent Policies on Peasant Income' mimeo, University of Adelaide, (1979); O'Leary, 'New Directions in Chinese Agriculture', paper delivered to 'Chinese Modernisation; the Latest Phase', conference at the Contemporary China Centre, Australian National University (16-18 February, 1983), O'Leary and Watson, 'Current Trends in China's Agricultural Strategy: A Survey of Communes in Hebei and Shanding', The Australian Journal of Chinese Studies, No. 4, (1980), pp. 119-65. O'Leary and Watson, 'The Production Responsibility System and the Future of Collective Farming', Australian Journal of Chinese Affairs, No. 8 (1982), pp. 1-34. O'Leary, and Watson 'The Role of the People's Commune in Rural Development in China', Pacific Affairs, Vol. LV, No. 4, (1982-3), pp. 593-612; Watson, 'Agriculture Looks for "Shoes that Fit": The Production Responsibility System and its Implications', World Development, Vol. XI, No. 8, (1983), pp. 705-30, also in China's Changed Road to Development, edited by N. Maxwell and B. McFarlane (1984).
50. For example Wan Li argues that the change from the communes to the household economy conformed with the level of management, technology and means of production of peasant farming. Wan Li asserts that the household economy was developing into a new mode of production geared to socialist commodity production. Wan Li Renmin Ribao, 23 December 1982, SWB/FE/ 77281/C8, wording changed for stylistic reasons, "This mode of production conforms to the cultural, technological and management levels of the vast number of agricultural producers in our country and provides conditions for Chinese peasants to bring their wisdom and intelligence into play. It is also conducive to the utilisation of large numbers of small-sized and simple production tools and facilities". Similarly, Du Rumsberg argues that the household economy conforms to the development of the productive forces, Renmin Ribao, 7 March 1983, SWB/FE/7288/B11/6: "a principle of Marxism is that every change in the relations of ownership is an inevitable outcome of the development of new productive forces which can no longer fit in with the old relations of production".
51. For example see Sullivan op.cit. (1985), pp. 67-98, Bettelheim, The Great Leap Backwards, (1978).
52. Bettelheim, Ibid., Philip Corrigan, Harvie Ramsay and Derek Sayer, Socialist Construction and Marxist Theory (1978), pp. 134-6.
53. See Bettelheim in On The Transition to Socialism by Paul M. Sweezy and Charles Bettelheim (1971); Bettelheim, Economic Calculation and Forms of Property (1976); Class Struggles in the USSR First Period: 1917-1923 (1977); and Class Struggles in the USSR Second Period: 1923-1930 (1978).
54. Bettelheim China Since Mao (1978) (A), p. 87.
55. For Bettelheim's theoretical framework see Etienne Balibar in Reading Capital, by Louis Althusser and Etienne Balibar (1975), pp. 209-216.

56. Bettelheim, Economic Calculations and Forms of Property (1976), pp. 90-91.
57. Ibid., p. 82.
58. Ibid., pp. 31-48.
59. For a critique of Bettelheim's notion of use-values and the character of socialist planning see Alec Nove The Economics of Feasible Socialism (1983), pp. 28-29, p. 94. For a general critique of Bettelheim's theory of socialism see Ralph Miliband 'Bettelheim and the Soviet Experience', New Left Review, 91, (1975).
60. Bettelheim China Since Mao (1978), p. 108.
61. For a critique of this view see Ferenc Fehér, Agnes Heller and György Markus, Dictatorship over Needs (1983), pp. 22-37.
62. A full analysis of the nature of class power and state power under the socialist mode of production will be provided later in the dissertation.
63. Corrigan, Ramsay and Sayer, op.cit. (1978), p. 153.
64. Ibid., p. 147.
65. Ibid., p. 135.
66. Ibid.
67. Ibid., pp. 38-39.
68. Ibid., p. 102.
69. Ibid., p. 103.
70. Ibid., p. 152.
71. Ibid., p. 153.
72. Ibid., p. 147.
73. Ibid., p. 146.

CHAPTER FIVE

THE VIETNAMESE COMMUNIST PARTY AND THE SOCIALIST TRANSITION

The discussion of the socialist transition in the following chapter is different from that in the preceding four chapters. The reason for the distinction is that the Vietnamese Communist Party (V.C.P.) theorists accepted uncritically the 'orthodox' theory of the socialist transition as espoused by Stalin.¹ However, as will be discussed in the chapter, the Vietnamese Communist Party encountered great difficulty in applying the traditional theory of the socialist transition to the Vietnamese revolution. In general, the Communist Party was more concerned with the practical problems of fighting two long wars of national independence than with debating the theory of socialism. However, as the chapter will reveal the failure to question the orthodox account of the socialist transition had adverse affects on the course of the revolution in Vietnam.

The V.C.P.'s approach to the socialist transition has evolved over a lengthy period in which the struggle for national independence has been prominent. The Party's theory of the socialist transition reflected the ever present concern for national liberation. The Party perceived the socialist transition as a movement from capitalism to communism. In this progression the proletarian state acted as a lever in creating the conditions for communism. However, the Party was concerned to relate the orthodox theory of the socialist transition to the situation in Vietnam. The Party, therefore, stressed the international aspect of the socialist transition. The theorists of the Party argued that the socialist transition was a world-wide movement in which Vietnam had an important role to play.

According to the Party, the history of the socialist transition could be divided into three distinct periods.² Firstly, there was the pre-1917 period in which the conflict between capitalism and

communism was centred in Europe. The October Revolution in Russia shifted the focus of the competition between capitalism and communism to Russia. The October Revolution and its defence in the Civil War introduced the second stage of the socialist transition. The inter-war period was dominated by the need to defend the Soviet Union against capitalist aggression. The victory of the Soviet Union over the invading German army introduced the third stage of the socialist transition. The post-World War II stage was characterised by the conflict between capitalism and communism shifting its focus from Europe to the regions of Asia, Africa and Latin America. The conflict was also notable because the balance of forces had shifted to the side of communism. The 'socialist-system', headed by the Soviet Union, was in ascendancy, with capitalism in decline. An expression of the decaying nature of capitalism was the rapacity of imperialism. Thus, Vietnam in its fight against imperialism was at the forefront of the 'socialist-system' and historically linked to the progress of mankind.

The Communist Party's struggle against imperialism began in the 1920s. Ho Chi Minh after reading Lenin's Theses on The National and Colonial Question drew a link between the fight for Vietnam's independence and socialism. After reading Lenin's pamphlet, Ho Chi Minh wrote, "I gradually came upon the fact that only Socialism and Communism can liberate the oppressed nations and working people throughout the world from slavery".³ Lenin in his discussion of the colonial societies and their possible path to socialism presented an alternative scenario to that of the October Revolution. Lenin argued that:

If the victorious revolutionary proletariat conducts systematic propaganda among them, and the Soviet governments come to their aid with all the means at their disposal - in that event it will be mistaken to assume that the backward peoples must inevitably go through the capitalist stage of development....with the appropriate

theoretical grounding, and with the aid of the proletariat of the advanced countries, backward countries can go over to the Soviet system and, through certain stages of development, to communism, without having to pass through the capitalist stage.⁴

Ho Chi Minh applied Lenin's schematic model to Vietnam's efforts to create socialism in North Vietnam. He noted that:

the greatest characteristic of our country in the transition period is its direct advance from agricultural backwardness to socialism without passing through the stage of capitalist development.⁵

For Ho Chi Minh, the notion that Vietnam could become independent was synonymous with the struggle for socialism. To achieve independence and socialism, Ho in 1930 helped form the Indochinese Communist Party (I.C.P.). During the 1930s the Party became identified as the leading political organisation opposed to French colonialism. At the outbreak of the Second World War the I.C.P. concentrated its efforts upon forming an anti-fascist front, known as the Viet Minh. The great strengths of the I.C.P. were its organisational ability, its internal support, and its global perspective.⁶

As World War II drew to a conclusion the Viet Minh capitalised upon a unique opportunity and seized political power. During World War II, Vietnam was occupied by the Japanese Army; however, the administration remained in Vichy-French hands. However, with the war in the Pacific turning against the Japanese, the occupying army enacted a coup d'etat, in March 1945, arresting the French administration. The Viet Minh utilised the ensuing political confusion to mobilise the people and, after the August Revolution, captured, political power in September 1945. But unlike in Russia or China, the communist inspired Viet Minh could not retain state-power. In the face of the returning French forces, supported by the Allies (Britain, the United States, and China under Chiang

Kai-Shek [Jiang Jieshi]) the Viet Minh lost political power, and established an alternative Government in the countryside.

The September 1945 victory and the subsequent declaration of independence on behalf of the Democratic Republic of Vietnam had a profound effect on the Party. The Communist Party obtained mass support for its struggle for national liberation. However, the Communists were confronted with the problem of translating this support into the campaign for socialism. In addition, the Party recognised that without a socialist revolution in the countryside the war against the French could not be won. The national liberation struggle needed the extra impetus from the socialist revolution to be victorious.⁷

The combination of the "anti-imperialist" and "anti-feudal" struggles in 1953 and 1954 shifted the balance in favour of the Communist Party. The communist army had a decisive victory over the French at the battle of Dien Bien Phu in May 19~~45~~⁵⁴, but reluctantly the Vietnamese Communists were obliged to accept a temporary division of the country at the Seventeenth Parallel until national elections could be organised. Thus, as in 1945, the Party was confronted by the elusiveness of total victory.

The temporary division of the country in 1954 became more permanent with the emergence of a US-backed government in the South headed by Ngo Dinh Diem. The Communist Party in the North kept a watchful eye on the events in the South, and for the first time, began to implement its theory of the socialist transformation in the North. In conducting the transformation of the North the Party adhered to the Leninist notion that the state provided a lever for displacing the old regime and for creating the basis of the new socialist-system. Moreover, the Party conceived the development of socialism in the North as contributing to the world-wide advance of

the socialist-system and therefore expected assistance from the socialist countries (principally Russia and China). In addition, the Party recognized that the state might have to be used to organise the struggle for national independence and for the reunification of the country. This was an expectation which was to be realized, in the early 1960's, when the United States became heavily involved in Vietnam.

The Party perceived the transformation of the North in terms of Ho Chi Minh's theory that socialism in Vietnam would be created through a process which bypassed the capitalist stage of development. The Communist Party interpreted the phrase 'the capitalist stage of development' to mean a whole historical phase of capitalism linked to the end result of a modern industrial-capitalist society.⁸ The Communist Party distinguished this notion of capitalism from Vietnam's experience of capitalism in the form of colonialism. The Party saw colonial-capitalism in terms both of a drain of economic resources from Indochina and of widespread underdevelopment and hardship. In addition, the communists rejected capitalism as an historical method of achieving modernization because they saw capitalism as following a certain sequential pattern of development. That is, according to the Vietnamese communists, capitalism evolved from light industry and consumer goods production to heavy industry through a long gestation period. An example of this pattern would be the development of capitalism in Britain. The communists argued that Vietnam could not wait for this set pattern to unfold. Rather, by moving directly to socialism the period of modernization could be accelerated, with Vietnam becoming a modern independent socialist society. In this regard, the Vietnamese communists accepted the Soviet theory of creating socialism through the emphasis on the simultaneous growth

of heavy and light industry, with priority being allotted to the heavy-industry sector. Finally, the Party argued that socialism would lead to rapid modernization because it was a world-system of socialist co-operation, in contrast to competitive capitalism which fostered imperialism.⁹

Thus, when the Communist Party addressed itself to the socialist transformation of North Vietnam it perceived the transition as travelling the path from feudalism (and colonialism) to socialism.¹⁰ The Party regarded Vietnam as predominantly feudal for three reasons. Firstly, the Party adopted the lexicon of the Comintern in its depiction of the colonial countries as semi-feudal and semi-colonial.¹¹ Secondly, the communists regarded exploitation in the countryside as having a feudal nature because the peasants were exploited in transactions involving land and the products of land tenure (e.g. the renting of land, the hiring of labour, tenancy, sharecropping, and rural usury based upon the landlords exploiting the peasants).¹³ Concomitantly, the Party saw the landlords as the basic cause of rural exploitation. Thirdly, the Party conceptualised capitalism in strict terms, as a relationship between a wage-labourer and capital involving the extraction of surplus value. As a result, the communists regarded capitalism as existing in Vietnam only in those industries and plantations that exploited labour-power for surplus value.¹⁴

The Party failed to recognize the inappropriateness of applying European categories to Vietnamese agriculture.¹⁵ Moreover, by adhering to the notion that the transition in Vietnam bypassed capitalism the communists failed to comprehend that French colonialism had transformed the rural relations of production into a form of commodity production and exchange. In other words, it was impossible for Vietnam to bypass capitalist development because

Vietnam was already capitalist.¹⁶ The Party's theoretical error had marked effects upon the socialist transition in Vietnam.

For example, when the Party commenced the land reform campaign in earnest during 1955 and 1956, it lost control over the process of land redistribution.¹⁷ The Party considered the problems of land reform to be due to faulty practice by the cadres, and to the errors of "classism", and of the neglect of the previous alliances formed in the struggle for national liberation. However, the Party did not recognize that the land reform errors were the product of its faulty theory of the socialist transition. In practice, the Party promoted land reform as an "anti-feudal" struggle which would transform the village economy from feudalism to socialism, bypassing capitalism. The Party mobilised the landless labourers and poor peasants and expected these classes to lead the peasants from feudalism to co-operativization. The Party considered the poor peasants and landless labourers as akin to a rural proletariat and therefore considered that these classes would successfully isolate the "reactionary" landlords and move the village towards socialism.

However, the Party's theory of land reform was not based upon an analysis of the relations of production. The Party assumed that the relations of production were feudal, whereas in fact they were embodied in commodity production and exchange. As a result, when the Party mobilised the poor peasants and landless labourers and gave them the leading role in the land reform, these classes did not confine their attacks to the 'reactionary' landlords. Instead these peasants extended their criticisms to the rich and middle peasants and sought a general redistribution of the village land holdings. That is, as the relation of production were capitalist and not feudal the poor peasants and landless labourers had been exploited not merely by the landlords but also by other peasants, and

therefore, attempted to seek retribution by a general pooling of the land. The class struggle, as a consequence, spread far beyond that anticipated in the Party's 'anti-feudal' theory, obliging the Party to intervene to restore order.

In evaluating the land reform errors the Party concluded that class struggle had been promoted to the detriment of the previous alliance for national liberation. In his report on the land reform, Vo Nguyen Giap stated that:

while carrying out the anti-feudal task, we slighted - there were even areas where the cadres denied - the achievements of the anti-imperialist struggle. The land reform was separated from the Resistance and the revolution; there were even places where they were set in opposition to each other.¹⁸

Similarly Giap argued that the land reform movement disregarded the previous political structures established in the countryside:

In regard to the old organizations of the Party, the government and the various people's organizations, because we investigated too little, and overemphasized classism, we often slighted or denied accomplishments in the Resistance and only attached importance, in a distorted fashion, to accomplishments in the anti-landlord struggle during the mass mobilization for rent reduction and the land reform.¹⁹

In discussing the errors of land reform, Giap argued that the Party made the mistake of "classism", that is, of assuming that class origins can be directly equated to class-consciousness. Giap points out that "classism" can be an error in which the most exploited classes are assumed to have socialist consciousness, as well as the error that the landlord class is considered incapable of serving the socialist revolution.²⁰ To overcome the problem of classism, Giap stresses the role of the Party in educating and training not just workers and peasants but other classes, while retaining the worker-peasant revolutionary alliance.²¹ In terms of the Party leadership in the land reform campaign, Giap argued

that it tended to suffer from "leftism", that is, a tendency to push the social revolution too far.

The Party failed to comprehend that the errors of land reform stemmed from a faulty analysis of the socialist transition. The reason that the Party assumed there were too many landlords and why there were problems with class demarcation was because the Party's notion of the transition (as having as its starting point in feudalism) was simply an artificial construct. Once the land reform cadres began to mobilise peasants around the concrete cases of exploitation, the Party's theory of the socialist revolution was of little help.

Having been chastened by land reform the Party approached co-operativization with caution.²² The communists regarded the formation of co-operatives as the crucial step in the creation of socialism in the countryside. The Party saw co-operatives as socialist units emerging from a feudal society, which were bypassing capitalism. The Party's gradualist and cautious attitude to collectivization was integrated into a theoretical approach which stressed the elimination of feudal exploitation and of the economic and political power of the landlords. Therefore, for the Party, the formation of lower level or semi-socialist co-operatives was seen as the leap from feudalism to socialism.²³

However, the lower level co-operatives were only 'socialist' in the sense that the co-operatives owned the land. The peasants controlled the production process and tended to consume the bulk of the produce. The establishment of the semi-socialist co-operatives prepared the way for the introduction of the socialist mode of production. Capitalist relations of production were displaced but the new relations of production were not consolidated. That is, the new system of extracting the economic surplus was only partially

introduced. The state only received a small part of the peasants' produce; the remainder was consumed by the peasant household or where possible marketed through the co-operatives.

The collectivization of the land facilitated the abrogation of commodity production and exchange. However, it also allowed the family units to play an important role in the running of the co-operatives. The Party overlooked the power of the family household in the co-operatives as it saw the lower-level co-operatives as socialist.²⁴ The Communist Party was prepared to accept the crucial role of the family farmers in the co-operative because it regarded the co-operatives as basically self-sufficient units, and because it was dependent upon the peasant families to supply recruits for the struggle for national independence in the South which began to intensify after 1960.

In theorising the development of socialism in the North, the Communist Party placed the highest priority on advancing the productive forces. The Party regarded industrialisation as an essential component of the socialist transition.²⁵ For the Party socialism and modernization were synonymous. The communists considered that the state should run industrial production and plan society because the state was the embodiment of the will of the people. Therefore to raise the level of the productive forces it was crucial to build large-scale state-owned and run enterprises. The Party conceptualized the advancement of the productive forces in terms of a steady progression, complemented by sudden bursts or 'leaps'. In this regard, the Party was borrowing from both Soviet and Chinese experiences. In his discussions of the socialist transition in the North, Le Duan argued that the "scientific and technical revolution" was the most important aspect of the development of the productive forces.²⁶ He added that:

the productive forces of our country must and can at the same time develop gradually, according to the law of change from small to large scale productions, and by leaps, direct to mechanization and automation, first of all to mechanization.... We must on the strength of the supremacy inherent in the socialist economic system and the active help of the brother socialist countries, as well as international exchanges, bend all our energies towards building a big industry with modern technology, make economic and technical leaps, and through these leaps advance toward the modernization of the whole of our national economy.²⁷

In considering the advancement of the productive forces the Party followed the Soviet model of industrialisation. The Party regarded heavy industry as the base from which socialism would develop in Vietnam. Le Duan concurs with Lenin's dictum that "[c]ommunism is Soviet power plus electrification of the whole country".²⁸ Le Duan elaborates upon this phrase by noting that Soviet power implies the dictatorship of the proletariat. Additionally,

Electrification means large-scale industry based on electrification; it lays down the material and technical basis of the new society. Wanting either of these two factors, there cannot be socialism and communism.²⁹

The central task of the transition, according to Le Duan, is industrialisation.

In the context of Vietnam, Le Duan adds, the objective of the socialist transition was to link industrialisation to the socialist transformation of the relation of production. That is, Le Duan argues that to create a modern socialist society in Vietnam it was essential to transform the relations of production, especially those of agriculture (i.e. from feudalism to socialism) so as to develop the productive forces.³⁰ For Le Duan, while the productive forces had to be given priority, there was complementarity between the relations and the forces of production. It was necessary in Vietnam, he argues, to change the relations of production so as to

allow for the development of the forces of production. But equally the forces of production could lead and stimulate the transformation of the relation of production.³¹

According to Le Duan the conditions in Vietnam called for an all-round approach to socialism. In particular it was necessary for Vietnam to solve the fundamental problem of converting "small individual production into large-scale production".³² Further, it was necessary to "build almost from scratch the whole material and technical basis" of socialism.³³ In this regard it was essential to build both the "economic foundation" and "the superstructure" by simultaneously "carrying out a triple revolution: revolution in production relations, technical revolution, and ideological and cultural revolution".³⁴

By 1965, the Party considered that the early attempts at constructing socialism within North Vietnam were sound. In agriculture, semi-socialist co-operatives were formed and there was confidence within the Party that higher level co-operatives could develop, thereby allowing for the ultimate goal of large-scale agro-industrial complexes to be formed. In industry, the Party had commenced to build a base for a modern industrial sector, founded upon state-owned heavy industry. However, the Party's campaign to construct socialism in North Vietnam was affected by the situation in South Vietnam. As the war for the liberation of the South began to escalate, the Party directed its attention to the war efforts while consolidating the gains of the transition to socialism.

While the Party wanted to use the state and foreign assistance from socialist countries as a lever in advancing the productive forces, it also had to use both these elements in conducting the war of liberation. The state was needed to organise the war effort and in the defence of the North. Moreover, the state had to coordinate

the economic sphere which was continually disrupted by the U.S. bombing. Foreign aid, principally from Russia and China, was channelled into the economy so that the Government could marshal all its forces for the war to reunify Vietnam. As a result, between 1965 and 1973, the socialist transition in North Vietnam tended to stagnate. In particular, the U.S. bombing retarded the development of the productive forces.

The signing of the Paris Peace Accords in 1973 provided the Government with the opportunity to take stock of the socialist transition in the North. In his speech at the Third Vietnam Trade Union Congress held in February 1974, Le Duan argued that the "greatest achievement" of the socialist transformation of the North was the abolition of exploiting classes and "the replacementt of small-scale and scattered production by co-operation".³⁵ Le Duan adds:

Under the leadership of the working class whose representative is our Party, the working people of the North have become masters of our society and State and of their own fate.³⁶

However, Le Duan notes that production levels were only at the 1965 mark.³⁷ He argues that unless radical solutions were found to advance the productive forces, "it will be impossible even to inch forward on the road of socialism". Along with the need to advance the productive forces, Le Duan notes that it will be necessary to run the state more efficiently. He states that:

The state apparatus, particularly administrative bodies, non-productive organs, have swollen excessively in recent years. Salaries and similar expenditures have outstripped the possibilities of the economy.³⁸

With regard to agriculture production, Le Duan reports that the country was not able "to meet the people's needs in foodstuffs".³⁹ Similarly, in industry, "most of the important

factories were destroyed during the war and while a large number of them have been rehabilitated production has not been brought back to normal."⁴⁰ Le Duan comments that a series of major difficulties face the country; the level of production was low, there had been a "population explosion", the national income was so low that it did not meet the needs of consumption, and imports far outstripped exports.⁴¹

In short, the outstanding feature of the North's present economic situation is that social labour and economic potential are not made the most of, while social production is still very low, domestic capital accumulation absent and the life of the masses still hard.⁴²

In his 1974 summary of the situation in North Vietnam, Le Duan argued that the character of the country was basically one of small-scale production where the agricultural economy predominated. He noted that "the crux of the matter is that we have not been able to lay the material and technical foundations of socialism".⁴³ Le Duan argued that North Vietnam faced a "grave choice": either create the material conditions for socialism or suffer a reversal to individual production.⁴⁴ Consequently, for the cause of socialism there was only one choice of action, to "give a strong impulse to socialist industrialisation, advance quickly to large-scale socialist production".⁴⁵ He noted that, along with advancing the productive forces, the "socialist" relations of production had to be consolidated so as to prevent a regression to individual production.⁴⁶ As a result, the Party decided to accelerate the socialist transition in the North by promoting industrialisation and large-scale co-operatives.

But the 1974 decision to hasten the socialist transition in the North was overtaken by events in the South. During 1974 the V.C.P. had calculated that a series of military campaigns in the South might create favourable conditions for a general offensive in

1976.⁴⁷ However, after a 55-day military attack, beginning in the highlands and then expanding into a nation-wide assault, the communist army captured Saigon on 30 April 1975. The civil and military forces of the Republic of Vietnam (R.V.N.) unconditionally surrendered to the communists. Overnight the V.C.P. became the guiding power behind the internal and external affairs of southern Vietnam.

The Party initially spoke of developing socialism in Vietnam while recognising the uniqueness of the North and the South.⁴⁸ For example, at a press conference in March 1976 Nguyen Thi Binh, Foreign Minister in the Provisional Revolutionary Government, reported that "we will build socialism in the whole country, but we will build socialism while taking into account the special characteristics of each zone".⁴⁹ She went on to list five socio-economic systems which would be allowed to co-exist in the South for the foreseeable future:

(i) The private sector, including factories operated with "the capital of the national bourgeoisie...and foreign investment". Such enterprises would be taxed, but would be allowed an adequate amount of profit to encourage them to continue in business.

(ii) The joint state private sector, in which the state and private capital would collaborate in running enterprises

(iii) The state sector

(iv) The collective sector, consisting of co-operatives and mutual aid projects in the countryside

(v) The individual sector, comprising self-employed artisans and shopkeepers. The peasantry would retain their land, but the government would buy up the rice which they produced in order to eliminate hoarding and speculation.⁵⁰

In the period immediately following the surrender of the R.V.N., the Communist Party decided to move cautiously and gradually in the South. The V.C.P. stated that the southern economy would function as a separate unit, and that the reunification of the country

(politically, economically and administratively) would take up to five years. However, by late 1975, the V.C.P. decided to change drastically the timing of the reunification. Plans were announced for the political reunification of the country which was to begin immediately and was to be completed by early 1976. The Party declared its intentions to dispense with the period of the national-democratic revolution in the South and to move directly to the socialist revolution and socialist construction.⁵¹

The Party's decision to conclude the national democratic revolution in the South reflected a sense of confidence within the Party's leadership that socialism could be swiftly created throughout Vietnam.⁵² The Party was of the opinion that the efforts and energy exerted in the general offensive could be transferred to the task of socialist construction. Moreover, the V.C.P. leadership had presided over a relatively smooth transfer of political and military power in the south. There was evidence, therefore, to support the Party's view that reunification was an immediate possibility.

However, the change in policy reflected a certain over-confidence by the Party in its ability to marshal the population around the construction of socialism. The northern region had been devastated by over thirty years of war, including the massive U.S. bombardment, and showed signs of acute war-weariness. In the southern area, the bulk of the economy remained outside of government ownership and control and there was no substantial evidence to show that the population was ready for a major transformation of the production and exchange system (i.e. from capitalism to socialism).

Between November 1975 and April 1976, the political and administrative reunification of the country was completed. The

reunification of the economy was linked to the Second Five Year Plan which was unveiled at the Fourth National Congress of the V.C.P. in December 1976.⁵³ The Congress ratified the decision to advance immediately to socialism. Le Duan in his opening address to the Congress stated:

Socialism is the immediate target of the Vietnamese revolution and is also the natural path to progress for Vietnamese society in conformity with the evolutionary trend in human society which is in transition from capitalism to socialism throughout the world.⁵⁴

In addition, he noted,

Our entire country is today advancing toward socialism...We already possess initial material and technical bases and especially the experience gained in 20 years of socialist construction in the North.⁵⁵

In the North, Le Duan reports, exploitation and with exploiting classes, had been abolished. The socialist production relations were established, with the initial bases of large-scale production already in place; all that remained was to transform small-scale production into large-scale socialist production units. With regard to the South the process of ending exploitation had begun; and it was also a society in which small-scale production predominated.⁵⁶ Consequently, Le Duan comments, Vietnam as a whole was characterized by small-scale production which was "advancing directly towards socialism by-passing the stage of capitalist development".⁵⁷

By implication Le Duan was drawing a distinction between capitalism which exists as a product of "neo-colonialism" and capitalism as an historical phase of economic development. Thus, in the south, Le Duan notes, there existed a capitalist sector which had to be transformed by an "arduous" and "complex" class struggle.⁵⁸ However, for Vietnam to become a modernized society there was no need for a long historical phase of capitalism. On the

contrary, capitalism in South Vietnam had produced an artificial form of development, not conducive to modernization.

Having reaffirmed Ho's characterisation of Vietnam, Le Duan then restated his view of the complementary nature of the productive forces and relation of production in the construction of socialism. But Le Duan stressed that it was vital that Vietnam construct the productive forces so as to advance to socialism:

One transforms to construct and constructs to transform. Transformation includes construction, and construction includes transformation, with construction remaining the essential aspect....It is necessary to create new productive forces and new production relations, a new economic infrastructure and a new superstructure, a new material life and a new spiritual and cultural life.⁵⁹

Le Duan added that for socialism to be created in Vietnam it was crucial to give priority to the "scientific and technical revolution".⁶⁰ By concentrating upon raising the technical level production the Party would lay the foundations for the emergence of a "socialist-system", a "socialist-system" in which there was "collective socialist mastery" over society, where large-scale production predominated, allowing for a new socialist culture and "a new-type" of "socialist man".⁶¹ To achieve collective mastery, Le Duan argued, it was essential that "a new state" be built which represented the people and thereby allowed "the Party to exercise its leadership over society".⁶² He noted that this new State "is an administrative organization, a control organ and an economic and cultural organization".⁶³

In the former Northern region the Party considered that the state, supported by foreign aid (from both the capitalist and socialist countries), would advance the productive forces. In the southern region, the Party conceptualised the state as a lever for displacing the bourgeois merchants and for transforming the economy towards socialism. The state would guide the class struggle,

converting "neo-colonialism" and "feudalism" into a mixed socialist economy (with state-run and co-operative economic elements). During 1978 there was a concerted effort to raise the level of productivity in the north and to intensify the class struggle in the south.

Initially the Party's efforts to advance the socialist transition appeared to succeed. However, the intensification of the class struggle in the south revealed factional divisions within the Communist Party. In the Party's paper Nhan Dan it was reported that:

some people contend that integrated revolution, socialism and the abolition of the capitalist economy are not necessary, that socialism can set good examples while overcoming its own shortcomings and that the good points of capitalism and private economic systems can be of use. Realities in the past three years have adequately exposed the negative [sic] aspects of these two economic systems. Although being gradually limited and restricted to a very small area, the capitalist economy has continued to "rule the roost". So long as it exists, the reorganization of agriculture and handicrafts along socialist lines will be very difficult. Similarly, as long as capitalist trade survives, it will be impossible to build a strong socialist trade.⁶⁴

Divisions within the Party reflected the problems facing the Party as the society refused to respond to the call for the advancement of the socialist transition. In the south, the capitalists resisted the state's drive for the elimination of "neo-colonialism" and "feudalism". The Party discovered that the acceleration of the socialist transition was met by resistance in both the cities and the countryside. However, the Party had difficulty in conceptualizing the nature of this resistance as it assumed that capitalism in the south was merely a product of U.S. imperialism, whereas in fact capitalism was deep rooted in production and exchange. It was capitalism which predominated over the socialist system in the south. When the Party became aware that the use of state pressure on the peasants and merchants during 1978 and 1979, had significantly reduced grain supplies, it was obliged

to retreat and to relax regulations on the market.

In the north, the Party encountered resistance to the acceleration of the socialist transition from both city and urban dwellers. The resistance was not because of the people's commitment to capitalism but stemmed from the general war-weariness of the people. The economy in the north responded sluggishly to the Party's demand for a 'leap' into socialism. Moreover, the inflow of foreign aid was at times misused because the northern state had not adjusted from the conditions of war to those of peace. Over-centralization and its accompanying inefficiencies retarded economic development.

Compounding the internal difficulties was an unexpected array of external dilemmas.⁶⁵ Relations between Vietnam and China became increasingly unfriendly, principally over the border dispute between Kampuchea and Vietnam.⁶⁶ China supported the Pol Pot regime in Kampuchea's dispute over its border with Vietnam. In June 1978 China withdrew its economic assistance from Vietnam. Soon after Vietnam became a member of Comecon (the Council for Mutual Economic Assistance). In December 1978, the Vietnamese army led a contingent of expatriate Kampuchians in an invasion of Kampuchea.⁶⁷ In February 1979 China mounted a temporary invasion of Vietnam.⁶⁹

Vietnam unexpectedly found itself internationally isolated and reliant upon the Soviet Union (and the Eastern European countries) for economic and military aid.⁶⁸ Moreover, the war effort and the new demands for national defence exacerbated the economic problems in Vietnam. The economy was now in a deep-seated malaise. In a response to this situation the Central Committee of the Party met in plenary session in August 1979. At this meeting the Central Committee decided to reduce the tempo of the socialist

transition.⁷⁰ The Central Committee admitted that the strategy of the Fourth Congress was too "subjective" in its evaluation of the concrete conditions within Vietnam.⁷¹ The meeting of the Sixth Plenum noted that the line set at the Fourth Congress contained an "erroneous tendency" in that it tried to "leap beyond the conditions of this initial period of transition to socialism".⁷²

The Sixth Plenum announced that for the present the government would allow the existence of private enterprises and the free market alongside the state-run sector and the planned market. The resolution stated that:

we must take slow, steady steps forward so as to avoid unnecessary confusion. Beside the state-run economy, we must maintain other forms of the economy such as the collective, joint private/state, individual and private economies. Under the unified guidance of the socialist market we shall maintain the activities of the free market as regards those commodities which do not fall directly under the state management control.⁷³

In the north the Party was prepared to promote production through individual peasant households. In a manner similar to that of China, the state signed contracts with the peasant household in which the state received a quota and the peasants were permitted to market their above-tax surpluses.⁷⁴ In the south the pace of the transition was reduced. Private peasant farming was allowed to flourish and co-operativization was conducted at a significantly slower rate.

The policy reversal announced at the Sixth Plenum 1979, was significant in terms of the socialist transition in Vietnam. The Party was tacitly admitted that it did not have the resources, nor the popular support, to displace capitalism within the South. The Party acknowledged that for the present it would accept the co-existence of capitalism and socialism (alongside other forms of production, e.g. self-sufficient farming) within the southern

zones. As Nguyen Khac Vien noted, the decision of the Sixth Plenum was a "realistic step backwards".⁷⁵

At the Fifth Party Congress held in December 1976, the Party reaffirmed the 1979 policy decision to slow the pace of the socialist transition. The method to achieve the socialist transformation was seen as principally via foreign aid (primarily from the U.S.S.R.) which would be channelled into building the material and technical bases of socialism (special importance was given to large-scale industrial projects) while there would be a gradual change in the relations of production.

In summary, the V.C.P. was unable to displace capitalism in the former South Vietnam due to the extensive character of the commercialization process and because of the inability of the government to convince the majority of the people that the 'socialist-system' is a viable alternative to the capitalist system. The government does not have the resources or the support to launch a direct offensive against capitalism in the south. As a consequence, the socialist transition in Vietnam is progressing, but, only at a sluggish rate. The competition between the socialist and capitalist modes of production remains as does the classes associated with these modes, which exist in contradictory relationships. The contradictions between classes are overlaid by the long struggle for national liberation and the current programme of national defence. The Government is able to maintain support for national defence, but in return has to be flexible in its approach to the economic situation so as to retain the support of the peasants.

Thus, unlike Russia or China, Vietnam is still in the phase of socialist transition because the capitalist mode of production has not been displaced and the socialist mode of production is not stabilized throughout the country. Whereas China's experience of

attempting to alter the socialist mode of production reflected the resilience of the socialist mode, Vietnam's post-1975 history indicates the difficulty of establishing the socialist mode of production in a country profoundly affected by long years of war and by the nature of capitalist production and exchange in the south.

Moreover, the Communist Party has been hampered in its efforts to create socialism by a faulty theory of the socialist transition. The Party uncritically accepted the Stalinist theory of the socialist transition. That is, communism inevitably followed capitalism and the state was a key component in creating socialism. The Party linked the traditional theory of the socialist transition to the struggle for national liberation. In moulding the notion of the socialist transition to the campaign for national independence the Party introduced the idea that Vietnam could achieve socialism without experiencing capitalism. However, this theoretical innovation was erroneous as Vietnam was dominated by commodity production and exchange. As a consequence, when the Party attempted to implement its theory of the socialist transition, it ran into difficulties. The northern land reform campaign developed a momentum which was not anticipated by the Party and which it found hard to control. Similarly, the establishment of lower-level co-operatives was perceived by the Party as making the leap from feudalism to socialism, but was in reality a move from capitalism to individual farming on co-operative land.

Likewise, in the attempted transformation of the south, after 1975, the Party expected the transition to occur smoothly and rapidly because it conceptualised the relations of production there as "neo-colonial" and "feudal". However, the southern economy was dominated by capitalist relations of production and exchange. Rather than the urban economy being "neo-colonial" (solely a product

of U.S. imperialism) and the countryside "feudal", both functioned under the logic of commodity production and exchange. When this logic was challenged there was strong class resistance which obliged the Communist Party to retreat.

Since 1979 the V.C.P. has been compelled to manage the contradictory elements within the country rather than direct these elements towards socialism. Divisions have emerged within the Party over how to advance the socialist transition. Some within the Party support a theoretical view which sees benefits in the market and in the complementarity of the diverse elements in the Vietnamese economy. Their approach is akin to that of "market socialism" and accept that the socialist north can learn from the capitalist south. On the contrary, others in the Party are concerned that socialism in the north will be adversely affected by southern capitalism. For them the capitalist practices in the south need to be curbed through actions by the state. However, the delicate balance of class forces in the south prevents the latter group from pursuing their objectives.

FOOTNOTES

1. In 1930 a Communist Party was formed in Vietnam known as the Indochinese Communist Party (I.C.P.). In July 1950, the I.C.P. was disbanded and the Communist Party took the name Vietnam Workers' Party (Dang Lao Dong Viet Nam). At the Fourth Congress of the Communist Party held in December 1976, the Communist Party changed its name to the Vietnamese Communist Party (V.C.P.).
2. Le Duan, 'Strengthening Solidarity and Unity of Views and Advancing towards Further Successes', in Selected Writings (1977), pp. 14-20.
3. Ho Chi Minh, On Revolution (1967), pp. 6-7 see also William J. Duiker, The Communist Road to Power in Vietnam (1981), p. 16.
4. Lenin, 'Report on the Commission on the National and Colonial Questions, July 26, 1920', in Collected Works, Volume 31 (1974), p. 244.
5. Ho Chi Minh, as cited in Le Duan, op.cit. (1977), p. 229.
6. For accounts of the early development of the Vietnamese Communist Party and the campaign leading up to the August Revolution see the official Party history, 50 Years of Activities of the Communist Party of Vietnam (1980), and Huynh Kim Khanh, Vietnamese Communism, 1925-1945 (1982).
7. See Christine White, 'The Peasant and the Party in the Vietnamese Revolution' in D.B. Miller (ed.), Peasant and Politics (1978), pp. 21-35.
8. For an account of the Party's view on capitalist development see Le Duan, Selected Writings (1977), pp. 230-243, pp. 247-260.
9. Ibid., pp. 23-28.
10. See Party History, op.cit. (1980), pp. 11-12.
11. See Hélène Carrère d'Encausse and Stuart R. Schram, Marxism and Asia (1969), pp. 26-62, p. 279.
12. See the seminal study by Truong Chinh and Vo Nguyen Giap, The Peasant Question, 1937-1938 (1974), pp. 11-19.
13. Ibid.
14. Ibid., pp. 17-19.
15. The Vietnamese Communist Party adhered to the notion that Vietnam was feudal throughout the period under discussion. However, there were some Vietnamese scholars who argued that the mode of production in Vietnam prior to French rule was more akin to Marx's "oriental mode of production". The Party seemed unaware of Marx's depiction of the transformation of rural production (in Capital Volume III (1971), pp. 614-802). See White, op.cit. (1978) p. 46, fn. 1.

16. French colonialism had a similar effect on the relations of production as that in British colonial India.
17. There are two detailed reports on the land reform programme in English. See Christine White, Agrarian Reform and National Liberation in the Vietnamese Revolution, 1920-1957 (1981), Edwin E. Moise, Land Reform in China and North Vietnam: revolution at the Village Level, (1977). See also, David Elliot, Revolutionary Re-integration: A comparison of the Foundation of Post-Liberation Political Systems in North Vietnam and China (1976).
18. Vo Nguyen Giap as cited in Moise, op.cit., p. 395.
19. Ibid., p. 393.
20. See Moise, 'Land Reform and Land Reform Errors in North Vietnam', Pacific Affairs, Vol. 49, No. 1 (Spring 1976), p. 82.
21. As cited in Moise, op.cit. (1977), pp. 394-5.
22. For discussion on North Vietnam's co-operativisation see Alec Gordon, 'North Vietnam's Collective Campaigns: Class Struggle, Production and the "Middle Peasant" Problem', Journal of Contemporary Asia (J.C.A.), Vol. 11, No. 1 (1981), pp. 19-49, Andrew Wickerman, 'Collectivisation in the Democratic Republic of Vietnam, 1960-66, A Comment' J.C.A., Vol. 12, No. 4 (1982), pp. 484-497, Elliott, 'Political Integration in North Vietnam: the co-operativization period' in J. Zasloff and M. Brown (eds.), Communism in Indochina: New Perspectives (1975), pp. 165-197.
23. As cited in Wickerman, op.cit., pp. 490-491, see also the report on Agriculture Cooperatives in the Documentary Record of the Third National Congress of the Vietnam Lao Dong Party (1965), pp. 172-199.
24. See Jayne Werner, 'Socialist Development: The Political Economy of Agrarian Reform in Vietnam', Bulletin of Concerned Asian Scholars (B.C.A.S.), Volume 16, No. 2 (April-June 1984) pp. 48-56, see also the debate between Werner and Fforde. 'Adam Fforde in Response to Jayne Werner's Socialist Development: The Political Economy of Agrarian Reform in Vietnam', B.C.A.S., Vol. 17, No. 1 (Jan-March 1985), pp. 68-71. Jayne Werner 'Rejoinder', same volume, pp. 71-72. See also Adam Fforde, Problems of Agricultural Development in North Vietnam, Ph.D., thesis, University of Cambridge (1982); 'The Management of Co-operatives' Vietnamese Studies (special issue on Agricultural Problems) No. 51 (n.d.). Nguyen Yuan Lai, 'The Family Economy of Co-operative Farmers', Vietnamese Studies, No. 13 (n.d.); C. White, 'Socialist Transformation of Agriculture and Gender Relations: the Vietnamese Case', Institute of Development Studies Bulletin, (University of Sussex) Vol. 13, No. 4 (September 1982). C. White, 'Reforming Relations of Production: family and co-operative in Vietnamese Agricultural Policy', mimeo, Institute of Development Studies University of Sussex; Melanie Beresford, 'Household and Collective in Vietnamese Agriculture', J.C.A., Vol. 15, No. 1 (1985), pp. 5-37.

25. See Irene Norlund, 'The Role of Industry in Vietnam's Development Strategy', J.C.A., Vol. 14, No. 1 (1984), pp. 94-107, A. Wickerman, 'A Note on the Role of Industry in Vietnam's Development Strategy', J.C.A., Vol. 15, No. 2 (1985), pp. 224-235.
26. Le Duan, Selected Writings (1977), p. 239.
27. Ibid.
28. Le Duan, Ibid., p. 238.
29. Ibid.
30. Le Duan comments (Ibid., pp. 235-236) "the revolution in production relations is a *sinè qua* son step which paves the way for the development of the productive forces, quickens the pace of the technical revolution, and builds up the collective masterhood of the toiling people in the economic field".
31. Ibid., pp. 235-237.
32. Ibid., p. 234.
33. Ibid.
34. Ibid.
35. Le Duan, Some Present Tasks (1974), p. 9.
36. Ibid.
37. Ibid., p. 11.
38. Ibid., p. 15.
39. Ibid., p. 16.
40. Ibid.
41. Ibid.
42. Ibid.
43. Ibid., p. 17.
44. Ibid., p. 18.
45. Ibid., p. 18.
46. Ibid., pp. 18-19. Also see Le Duan, 'Problems of Socialist Construction in North Vietnam', Vietnam Courier, No. 23 (April 1974), p. 27.
47. Carlyle A. Thayer, 'Building Socialism: South Vietnam Since the Fall of Saigon' in Thayer and David G. Marr (eds.), Vietnam Since 1975 - Two Views from Australia (1982), pp. 1-6.
48. Duiker, Vietnam Since the Fall of Saigon (1980), pp. 59.

49. Nguyen Thi Binh as reported in Keesings (August 1976), p. 278.
50. As reported in Keesings, Ibid.
51. Thayer, op. cit. (1982) p. 18 and Truong Chinh in his keynote address to the Reunification Conference reported the change in policy as follows (as cited in Duiker, (1980) pp. 9-10). "South Vietnam has been carrying out a people's nation and democratic revolution. At present, when it has been completely liberated, should South Vietnam limit itself within the people's national democratic revolution for a period of time before embarking on the socialist revolution and socialist constructions. I think that is not necessary. The great victory of the general offensive and uprising in the spring of this year has put a victorious end to the phase of the people's national and democratic revolution in South Vietnam and opened up for the South Vietnamese people a new phase of the revolution with a new strategic task - that of socialist revolution."
52. Duiker, Ibid. (1980) pp. 9-12.
53. Thayer, op. cit. (1982) p. 20.
54. Le Duan in Summary of World Broadcast Far East, 17 December 1976, FE 5392/C/1.
55. Ibid., p C/2.
56. Ibid., p C/3.
57. Ibid.
58. Ibid.
59. Ibid, p C/4.
60. Ibid.
61. Ibid., p. c15
62. Ibid.
63. Ibid.
64. Duiker, op.cit. (1982), p. 35.
65. Thayer, op. cit. (1982) pp. 31-37, Duiker, Ibid., pp. 39-42.
66. Ibid., pp. 23-28.
67. Thayer, op. cit. (1982) pp. 35-36.
68. Duiker, op.cit. (1981), pp. 336-341, Duiker, op. cit. (1980), p. 58.
69. Marr, op. cit. (1982) p. 58.
70. See Kathleen Gough's interview with Nguyen Khac Vien in J.C.A., Vol. 12, No. 3 (1982) pp. 376-381.

71. as cited in Thayer, op.cit. (1982) p. 40.
72. Report from the Sixth Plenum as cited in SWB, 16th October, 1979, FF/6246/C/2.
73. Marr, op. cit. (1982) pp. 59-60.
74. See the debate between Werner and Wickerman, Bulletin Concerned Asian Scholars, Volume 17, No. 1 (Jan-March 1985), pp. 68-72.
75. Nguyen Khac Vien, op.cit. (1982), p. 377.

CHAPTER SIX

RUSSIA AND THE SOCIALIST MODE OF PRODUCTION

The socialist transition in Russia commenced with the October Revolution, reached its peak during the War Communist period, emerged in its most antagonistic form during NEP and was completed in the First Five Year Plan. The conflict between the capitalist and socialist modes of production entered a heightened stage with the suppression of the capitalist class during War Communism. The industrial sector experienced, in embryonic form, the effects of the socialist mode of production. However, due to the economic collapse the Bolshevik Government was obliged to institute a new course, the NEP. The NEP was inherently unstable because it was based upon a compromise between two antagonistic modes of production. As NEP evolved, the socialist mode of production became consolidated and began to influence both the class structure and the form of state power. With the emergence of a bureaucratic class, which perceived its class interests in terms of the expansion of the socialist relations of production the socialist transition entered its final phrase. The break with the market equilibrium of NEP (the market's being the outward sign of the compromise between the two modes of production) led to the coercive collectivisation of agriculture. This collectivisation completed the displacement of the capitalist mode of production in Russia. Industrialisation during the First Five Year Plan revealed the characteristics of the socialist mode of production as it expanded throughout the Soviet Union. Moreover, during the period of the Plan the new system of class power and state power was secured.

The October Revolution introduced a new form of political power which facilitated the introduction of the socialist mode of production. Having seized state power the Bolshevik Party was confronted by opposition from representatives of capital, the intelligentsia and groups within the Government and State

institutions, as well as groups outside of the public sector, such as teachers and doctors.¹ The immediate response of the Provisional Government was to consolidate the revolution, to control capitalism rather than to move directly to socialism.² The new Government enacted legislation dealing with land and workers' control which provided state support for moves by the workers and peasants to confront the capitalists and landlords respectively.³ The Government, however, did not attempt to implement Lenin's theory of socialism. The nationalisation of the private banks and their merging with the State Bank was the exception rather than the rule, ostensibly undertaken because of a strike of civil servants and employees of the banks and State Bank.⁴

According to Carmen Sirianni, in his book Workers Control and Socialist Democracy, it was the workers themselves who began spontaneously to expropriate individual capitalists enterprises.⁵ The decree on workers' control of November 1917 gave factory committees access to company records, and the right to supervise production and business transactions, but reserved to the proprietor the right to conduct the business as a capitalist enterprise.⁶ However, most managers obstructed the implementation of workers' control.⁷ Where the director opposed the workers' control legislation to the extent that the factory was disrupted or the director closed the factory, the individual enterprise was nationalised. According to Sirianni, "the vast majority of the firms that were nationalized in the first eight months of the new regime were seized by local workers organizations independently of the central government".⁸

The Bolshevik Party regarded the nationalisation of separate factories by means of workers' control as contrary to the needs of state control. The Party saw such nationalisation as either

"punitive" acts stemming from the resistance, or sabotage on the part of the capitalist owner, or as "spontaneous acts" emanating from the revolutionary momentum of the workers themselves.⁹ Lenin, in particular, regarded the nationalisation of individual factories as useful only in the sense that it challenged the power of capital.

In The State and Revolution Lenin described the socialist transition as state-led, by which all citizens were to be "transformed into hired employees of the state".¹⁰ Lenin restated this point in the pamphlet Can the Bolsheviki Retain State Power?, written in October 1917. He argued that the workers' control movement had to be made subordinate to the dictatorship of the proletariat.¹¹ For Lenin workers' control was a part of the means by which the production process was made accountable to the proletarian state. Workers' control was, in Lenin's thinking, a form of "book-keeping".¹²

On this basis, Lenin began to establish institutions to incorporate workers' control into the state. Within the nationalised factories the trade unions were instructed to assert control over the workers' committees. The Supreme Council of the National Economy (VSNKh) was given power to absorb the workers' control organisations and to commence regulating economic activity as a precursor to the planning of the economy.¹³ The period immediately following the October Revolution can therefore be characterised as one of contradictory tendencies. On the one hand, the government sought to promote compromise with capitalism and pursued socialism in a gradualist fashion. On the other hand, the peasants and workers actively confronted the class power of the landlords and capitalists, seizing their property. The new government sought to stabilize the economy and to regulate the

activities of the capitalists. The direction of the Government was in keeping with Lenin's designated first phase, of his three-phase theory, of the transition from capitalism to communism. The Government attempted to foster a system of 'state capitalism', combined with elements of socialism, to create the conditions for a movement to all-round socialism. The workers and peasants who had developed their own revolutionary momentum during 1917 conducted a revolution from below against capitalism and the landlords. This contradictory situation lasted until the spring of 1918.¹⁴

The advent of the Civil War shifted the revolutionary emphasis away from the peasants and workers to the state. The Government then began systematically to nationalise whole industries (in contrast to its previous approach which involved the nationalisation of individual factories). In May 1918 the sugar industry was nationalised, followed in June by the nationalisation of all industries with large-scale production and of the railways.¹⁵ In July 1918 the oil industry was nationalised.¹⁶ Accompanying the nationalisation of industry was the nationalisation of trade; the Commissariat of Supply was given power directly to control the supply of consumer goods and of the peasants' grain supplies.¹⁷

According to Maurice Dobb, the process of nationalising industry developed such a momentum that by November practically all industrial undertakings had been nationalised:

In November, 1920, a decree announced the nationalisation of all enterprises employing more than five workers where mechanical power was used and more than ten workers in purely handicraft workshops; and by the end of this year as many as 37,000 enterprises were listed as belonging to the state. This figure embraced many thousands of quite small workshops: 18,000 of the 37,000 did not use mechanical power, and more than 5,000 of them were actually businesses with only one employee.¹⁸

Parallel with the nationalisation of industry was the centralisation of economic activities and their absorption into the

state sphere. The free exchange of commodities was replaced by supplies directed through VSNKh.¹⁹ In August 1918 it was decreed that all transactions between state enterprises were to be carried out by accounting methods, without recourse to money.²⁰ In November 1918 all private internal trade was prohibited.²¹ Regulations were placed on the movement of labour between enterprises and this was followed by the mandatory use of labour-books as internal passports.²² As War Communism evolved the conscription of labour was introduced; in November 1919, legislation was passed for the mobilization of nationalised enterprises and their personnel were placed under military discipline.²³ The trade unions were provided with staff to assist in the militarization of labour.²⁴ Thus, within the industrial sphere, the advent of the Civil War had the effect of placing the state at the centre of the production and distribution process.

In other words, in the industrial sphere the capitalist mode of production was profoundly challenged. However, the economic dislocation prevented the consolidation of the socialist mode of production. Under the economic strain pressure mounted for a change in policy. Lenin responded to the economic chaos by instituting the New Economic Policy in March 1921, which had at its core a compromise between the capitalist and socialist modes of production.

For Lenin, the retreat from War Communism to NEP was due in part to the economic collapse and in part to the situation within agriculture. The October Revolution had been supported by the peasants because it provided them with the opportunity to appropriate the landlords' land. But War Communism threatened the basis of the peasants' acceptance of the Bolshevik regime. War Communism took from the peasants their economic surpluses and the widespread hostile response from the peasants had the potential to

destabilise the new society. However, the NEP only offered a temporary compromise between the peasantry and the Bolshevik state, because peasant agriculture was founded upon the capitalist mode of production, whereas, state industry was based upon the socialist mode of production.

The changing relationship between the Bolshevik Government and the peasantry was governed by the antagonistic contradictions between the capitalist and socialist modes of production. On 26 October 1917 the new Government had passed the 'decree on land' abolishing private landed property.²⁵ The estates and implements of production of the crown, monastery and church land were placed at the disposal of the land committees of Soviet and Peasant Deputies.²⁶ However, the Bolshevik government's decree on land had been overtaken by events in the countryside where the peasants had begun to share out the land spontaneously. It was the intention of the Bolshevik Party that land be distributed on the basis of household needs and that state lands be preserved so as to provide a foundation for a viable socialist sector.²⁷

However, in practice the village community the (mir) rather than the peasant soviets redistributed the land. The mir, predominantly controlled by the 'better-off' peasants, redistributed the land on the principle of 'ability to work' the holdings (rather than on a 'needs' basis as advocated by the Bolsheviks) which benefited those peasants with more family labour and instruments of production.²⁸ In addition, the state holdings were, in general, added to the land for redistribution. The exact amount of land that was redistributed is unclear.²⁹ According to Carr, of the confiscated land,

86 per cent is said to have been distributed to peasants, 11 per cent going to the state, mainly in the form of Soviet farms, and 3 per cent to agricultural collectives.³⁰

The Bolshevik Party had little political support within the countryside, as the peasants looked to the Social Revolutionaries (SRs) as their political champions.³¹ There were two wings of the SR Party, the Right aligned with the interests of the well-to-do peasants, and the Left which had support amongst the poorer peasants.³² The Bolshevik Party formed an alliance with the Left SRs in the period leading up to and immediately following the October Revolution. However, with the outbreak of the civil war that tenuous coalition was broken. In June 1918 the right wing of the SRs was banned because of alleged counter-revolutionary activities.³³ In July 1918 the SR left wing was outlawed, after two Left SRs assassinated the German Ambassador Mirbach, followed by an abortive Left SR uprising.³⁴ The Government responded by outlawing the Left SRs, effectively silencing all political opposition. The Left SRs reacted by attempting to assassinate Lenin, who was seriously wounded.³⁵ In turn, this hardened the Bolsheviks' attitude towards opposing political organisations leading to the Bolsheviks turning Russia into a one-party system.

As a consequence of these events the Bolshevik Party found itself without a formal political ally in the countryside. The Party, therefore, was obliged to temper its demands to the wishes of the bulk of the peasantry. For its part Government promoted a further distribution of the land, through the establishment of poor peasant committees in June 1918, however, the programme was conducted at more of an ideological than practical level. Lenin spoke of the Poor Peasant Committees as instruments in forging an alliance between the poor peasants and the proletariat. For Lenin, the committees were a key development in shifting the agrarian revolution from a "bourgeois-democratic" phase to a "socialist revolution".³⁶ In reality the committees were abject failures and

in December 1918 they were disbanded.³⁷

The immediate effect of the October Revolution for the peasantry was that many peasants gained land and there was a marked decline in the number of large landowners. Apart from a small state sector, the agricultural production and distribution process was controlled by the peasants. Government policy could profoundly influence the peasant farmer, but it was the peasant farmer who exercised decisive control over production. Moreover, the peasants looked to the market for their income. Market exchange as a means of maximising peasant incomes was enhanced by the Government's prohibition on both the leasing of land and the exploitation of wage-labour.

The acuteness of the Civil War emergency obliged the Bolshevik Government to bypass the market and to requisition the peasants' surpluses to feed the towns and the army.³⁸ As the food crises intensified, the Government sent armed detachments of soldiers and workers into the countryside forcibly to acquire surpluses from the peasants.³⁹ The requisitioning of their surpluses prompted the peasants to reduce the area of land sown and to look to the illegal market for sales of their grain. As a result, the legal (or government) market was starved of grain sales, grain either was requisitioned or sold on the black market.⁴⁰ Moreover, the Government was obliged to allow the illegal trade in grain to continue, as it provided essential resources to the cities. According to Carr,

On any hypothesis it seems clear that, throughout the period of war communism, the urban population either went hungry or met more than half its basic requirements of food through what was nominally illicit trading.⁴¹

The intensification of the conflict in the countryside, caused by the Civil War, reinforced the peasants' instincts for self-interest and their determination to protect their holdings.

In terms of peasant holding the redistribution of land had produced a certain 'levelling' effect.⁴² That is, there had been a shift downward of large landowners, and simultaneously a shift upward of the landless and small holders. As a result, by 1920, throughout Russian agriculture, there was a marked equalization of the size of the peasant holdings.⁴³ However, as Athar Hussain and Keith Tribe argue the equalization of holdings was not matched by a redistribution of the means of working these holdings.⁴⁴ Hussain and Tribe comment that "In Kiev province 75 per cent of the peasants had no plough, and over 80 per cent no equipment at all".⁴⁵ Thus, while many peasants had land there were marked distinctions among peasants in their ability to work the land. These distinctions permitted a re-polarization of peasant classes once commodity production and exchange was allowed freely to operate.

As War Communism evolved the economy began to disintegrate. A symptom of this was the forced requisitioning of food from the peasants. Lenin, while momentarily caught up with the enthusiasm for War Communism, soon began to see War Communism as a product of expedience rather than policy.⁴⁶ However, for the Left Opposition within the Bolshevik Party, War Communism was the specific form of the transition to communism appropriate to Russia, as expressed in the general terms by Marx in the Critique of the Gotha Programme. For example, Bukharin and Preobrazhensky in their popular 1919 manuscript, The ABC of Communism spoke of Russia as entering a heroic phase of development:

The capitalist regime has now been overthrown in Russia. What Marx prophesied is being fulfilled under our very eyes. The old order is collapsing...Everywhere the workers are advancing towards revolution, and towards the establishment of soviet rule.⁴⁷

In his book The Politics and Economics of the Transition Period, written in 1919, Bukharin saw the collapse of the Russian economy as

a positive thing; he argued that from the splitting and disintegration of capitalism would emerge a communist society.⁴⁸ Bukharin writes that the decline in the capitalist economy would be more than offset by the expansion of the productive forces under communism:

the cost of the revolution and the civil war will be seen as a temporary reduction of the productive forces, which nevertheless laid the foundations for their massive growth, after the relations of production have been reconstructed on a new footing.⁴⁹

For Bukharin the forced requisitions of grain surpluses (like the 'tax in kind') was a necessary means of funding industry. The extraction of an economic surplus from the peasantry was, according to Bukharin, in the interests of the peasants in that it facilitated the growth of industry which, in turn, supplied agriculture with machines, implements, electric power and fertilizer, etc.⁵⁰ He adds, "[c]onsequently, state coercion is not 'brute force' of the Düring state, inasmuch as it is a factor in the mainstream of general economic development".⁵¹ Bukharin reiterates a point made by Marx in his writings on the Paris Commune that the proletarian state naturally protected the interests of the peasantry, and that therefore the forced extraction of peasant grain was, in the long run, to the benefit of the peasants. The surpluses would be used to create all-round abundance and this would benefit both the workers and the peasants.

According to Bukharin, out of the chaos of War Communism there would arise "the edifice of a new harmonious society".⁵² Bukharin saw War Communism as the form in which the socialist transition would occur in backward Russia. However, it is only through a fundamental misreading of Marx that War Communism could be considered the same society as envisaged in the Critique of the Gotha Programme. The superficial reasons which could be offered to

support War Communism as a society in transition to communism include the facts that money had lost its centrality in exchange. The free market was suppressed. The workers received rations for work performed. The major means of production were no longer owned by the capitalist class.

However, War Communism was not founded upon the same basis as that conceptualised by Marx. The state rather than the direct association of producers took possession of the means of production within industry, whereas in agriculture the peasants had control over the land and considered their holdings in terms of private property. Rather than being freely associated the workers were subject to military discipline by the state. In addition, the flight from the money economy was not, as Marx had anticipated, based upon material abundance. Instead, the collapse of the currency led to the devaluation of money in an environment of widespread backwardness. The use of 'money in kind' was not an advance from market exchange but a reversion to a 'natural economy'.

While War Communism did not resemble Marx's vision of the transition to communism it played a significant role in undermining capitalism. However, the dire conditions of the economy prevented the displacement of the capitalist mode of production and the consolidation of the socialist mode of production. For example, the economic chaos acted as a barrier to the transformation of the surplus product. The capitalists were prevented from producing and realising surplus value by the widespread nationalisation of industry and the centralisation of economic power in the state. But the state could not accumulate an adequate surplus for the reproduction of the socialist mode of production because of the decline in industrial production. That is, there was an extensive flight of labour from industry into the countryside and into the Red

Army. According to an official estimate the industrial workforce declined by nearly fifty per cent between 1917 and 1921.⁵³ In the three years after the revolution the major cities saw a marked decline in their population. According to Carr, by 1920, "Moscow lost 44.5 per cent of its population, Petrograd, where the industrial concentration was the heaviest, 57.5 per cent".⁵⁴ Marie Lavigne calculates that industrial activity declined from an index of 100 in 1913 to an index of 13.8 in 1920.⁵⁵

M. Tomsky, the head of the Soviet trade unions, noted that the industrial sector was suffering from an extensive malaise, highlighted by a flight of labour and a decline in productivity. Tomsky appraising the depressing conditions in industry, speaks of "the general curtailment of all production, the extraordinarily low productivity of labour, and the very small utilization of enterprises that are functioning".⁵⁶ Dobb notes that by 1921 the fuel crisis had made many industrial enterprises idle. He reports that in August 1921 "35 out of 56 woollen mills were idle, largely for lack of fuel; and of 64 cotton factories 51 were idle".⁵⁷

The economic collapse prevented the complete displacement of capitalist relations of production in the industrial sphere. Concomitantly, the economic dislocation blocked the consolidation of the socialist relations of production. In terms of the power of the capitalist class, War Communist was significant in undermining the rule of capital. If we recall John Foster's depiction of the rise of the capitalist class in Oldham, he noted that the individual capitalist had accumulated capital (previously in the feudal system) and used this to purchase machinery and to then exercise competitive control over raw materials, energy, labour and credit. Once established the individual capitalists utilised these resources to exploit labour-power to accumulate surplus value (in

both its absolute and relative forms). As the process of commodity production became generalised there was a dramatic change in the boom-slump cycle.

By analogy, the War Communism period saw the reverse of Foster's account of capitalism in Oldham, with the decline of the capitalist class in Russia. The individual capitalist lost ownership of the means of production, through nationalisation. He also lost control over the supplies of raw materials, energy, labour and credit. The labourers were themselves controlled through the state primarily by the labour exchanges, and within the factories by state appointed managers (and factory committees). The State Bank not only stopped credit to the private sector but began to play an active role in promoting the centralisation of resources. The capitalists were not able to accumulate capital through the extraction of surplus value. Rather it was the state which appropriated the surplus produced by the direct producers. The capitalists lost control over the factors of production, the production process and the distribution system. As a result, the individual capitalist was deprived of his means of exploiting labour-power.

In the industrial sphere it was the state through its economic agencies which exercised control of the resources of production and the accumulation process. However, in agriculture the state directly owned only a small part of the land holdings. Davies estimates that the socialist sector, including both the state farms (sovkhozy) and collective farms (kolkhozy), accounted for only 2.2 per cent of gross farm production by the mid-1920s.⁵⁸ The peasant farmers controlled the production process and looked to the market to further their interests. The state placed external restrictions on the accumulation process by prohibiting the leasing of land and by banning the exploitation of wage-labour. The state also

appropriated a portion of the peasants surplus through taxes and via requisitioning produce. The latter was, in effect, a form of coercive taxation. However, the state did not control the rural relations of production and as a result it could not regulate the agricultural surplus product.

Thus, when Lenin announced the abandonment of War Communism and the introduction of NEP he did so on the premise that state-industry and private agriculture could co-exist. In his address to the Tenth Congress of the Bolshevik Party, Lenin noted that the Civil War had forced the Government to appropriate the peasant surplus. He added that the class struggle and the dire economic circumstances were exacerbated by weaknesses in the structure of peasant farming. The crop failure of 1920-21 was due in part to the effects of the Civil War and in part to the smaller sown area, the worsening of farm equipment, lower crop yields, and the shortage of hands.⁵⁹ Lenin argued that a "tax in kind" should replace the requisitioning of grain, and that the peasants should be able freely to market their grain. He noted:

When concentrating on economic rehabilitation we must understand that we have before us a small farmer, a small proprietor and producer who will work for the market until the rehabilitation and triumph of large-scale production. But rehabilitation on the old basis [War Communism] is impossible; it will take years, at least a decade, and possibly longer, in view of the havoc. Until then we shall have to deal, for many long years, with the small producer as such, and the unrestricted trade slogan will be inevitable.⁶⁰

The announcement of the move to a 'tax in kind' was accompanied by legislation allowing the peasants freely to trade goods on the market. The state grain agencies resorted to the commercial procurement of grain, at market prices. The market became the crucial link between the peasants and the state. However, the market link between the peasants and the state was inherently

unstable because agricultural production was based upon commodity production and exchange, whereas industrial production was embodied in the emergent socialist mode of production. The consolidation of the socialist mode of production had the potential to intensify the contradictions between the state sector and peasant agriculture because each sector was founded upon a different logic of production. The history of the New Economic Policy reflected the unravelling of the contradictions between the socialist mode of production (based on state industry) and the capitalist mode of production (based in the agricultural sphere).

Furthermore, the working out of the contradiction between the two modes of production affected the character of state power. Concomitantly, the pressures of the state were felt within the Bolshevik Party as the latter was integrated into, but sought to provide the ideological backing for, the state. The Party's integration into the state aggravated the divisions within the Bolshevik Party. Lenin was able to command support from the different Party factions and thereby maintain a certain coherence in Party policy. He advanced the view that the move to NEP was a return to his original theory of the transition as a three stage schema where (in stage one) the state would gradually create the conditions for socialism. NEP would provide the condition for such a move to socialism. For Lenin, Russia was passing through the first phase of the transition, in which the socialist system (based on nationalised industry) and "state capitalism" were in competition with petty commodity production and capitalism.⁶¹ The state, in Lenin's theory, had a dual role to play: it was to act as a lever in advancing the transition and as an instrument for maintaining the balance between the competing socio-economic elements in the NEP.

The basis of the shift to NEP was designed to encourage the peasants to trade their above-tax surpluses on the open market and thereby alleviate the food shortage. The market was deregulated, by the state's abolition of restrictions on monetary circulation and on commodity exchange, and by its allowing individuals to engage in handicrafts. As well, managers of firms with less than ten employees were able to apply for denationalization. According to Zaleski, by the fall of 1922 some four thousand such small enterprises were denationalized.⁶² Similarly, Lavigne reports that by 1926 there were 4,689 private industrial concerns, employing fewer than five persons and this number amounted to 84 per cent of the total private industrial undertakings.⁶³ In terms of output the private firms did play an important role, accounting for 33 per cent of industrial production in 1923-4.⁶⁴ Alongside the private (or capitalist) enterprises were those enterprises which came under Lenin's rubric of "state capitalism". That is, the state offered to managers of firms with less than twenty workers, the right to run their enterprises as profit-making concerns, as long as they operated through the state agencies.⁶⁵ The major form of "state capitalism" during NEP was the leasing of enterprises (two-thirds being flour mills) to managers; rent was paid in kind or in money, with the managers obliged to maintain capital equipment in a state of good repair. Lavigne reports that there were 3,874 such enterprises.⁶⁶ However, as NEP evolved these enterprises were strictly controlled. According to Lavigne, these leased enterprises were "subject to heavy taxation" and from 1926 onward "they were unable to obtain credit from the State Bank".⁶⁷

Large-scale enterprises remained in the hands of the state, and they accounted for two-thirds of industrial production. Initially, these enterprises were influenced by the move to the free market for

resources and monetary transactions. While individual enterprises were incorporated into a trust system, the enterprises were permitted to purchase their own requirements on a contract basis.⁶⁸ However, by the middle of 1924 the separate enterprises had lost their independent status to the trusts. The trusts integrated large undertakings, within the same branch of industrial activity or on a regional level, into a buying and selling network. At the same time as the trusts emerged so did the syndicates, associations of trusts created to make commercial transactions more coherent. The trusts were important organs in unifying the nationalised enterprises and in the process of renationalising the market transactions of the state enterprises.⁶⁹ After 1926 the syndicates were central to the state allocation and distribution system, facilitating the replacement of market exchange between state enterprises by a system of purchase vouchers.⁷⁰

Thus, although the state industrial enterprises were initially operating through the free market, they were soon centralised and the market between state enterprises was renationalised. By 1926, the nationalised industrial sector functioned without recourse to the open market. Similarly, the managers of state factories and mines were made responsible to the higher authority of the trusts, and through them to VSNKh. Nicholas Lampert notes that, in the period 1921-2 when the free market and concessions to private enterprises were at their peak, the managers of state concerns acted relatively autonomously. He comments, that "after 1923, when trusts were established, factory management came increasingly under the control of the higher economic agencies".⁷¹

Along with the centralisation and renationalisation of the state sector, stricter controls were placed on the private industrial economy. With the recovery of the currency, the State Bank began to

use its prominent financial position to regulate the credit of other banks and of private concerns. By 1926 the State Bank had become another instrument in promoting the nationalised sector; by that time, as Lavigne notes, no credit was being given to private enterprise.⁷² After 1926 the Government began to terminate prematurely the contracts of the leased enterprises and to absorb the leased enterprises into the nationalised sector.⁷³ By 1926 there was a strong state industrial sector (based upon the socialist mode of production) which absorbed 'state-capitalism' and was competing against petty commodity production and capitalism. Industry as a whole had recovered to 73 per cent of its pre-war level and was ready to expand.⁷⁴

However, while the technical conditions were present for the expansion of the socialist mode of production there were political barriers to the production and appropriation of the surplus product. In particular, the Left Opposition within the Bolshevik Party, now nominally headed by Trotsky (with Bukharin as the leader of the Right Opposition), adhered to the view that the working class should not provide the surplus for the expansion of state industry. The Left Opposition opposed the exploitation of the workers for industrialisation and therefore argued that rises in productivity had to be matched by rises in real wages. Adhering to Preobrazhensky's theory of "primitive socialist accumulation", the Left Opposition sought a 'tribute' from the non-socialist sector to advance industrialisation. When the Central Committee of the Bolshevik Party, in April 1926, endorsed a standstill in wages so as to create a surplus for industrialisation, the Left Opposition voiced their disapproval.⁷⁵ Under the mounting political pressure the Central Committee reversed its decision, and real wages were raised in August 1926 in keeping with the rises in productivity.⁷⁶

However, the victory of the Left Opposition was short-lived. The Central Committee's push for a unilateral rise in wages had the backing of significant economic agencies within the state. VSNKh, now acting as the commissariat of state industry (while Gosplan conducted the overall economic policy of the state), along with the trusts and syndicates, was especially strident in promoting rises in productivity. In November 1926 VSNKh promoted the idea that capital accumulation in state industry should be considered within the equation between wages and productivity.⁷⁷ Similarly, Tomsy, as head of the trade unions, defended the unilateral rise in the level of productivity in terms of the long-term interests of the workers. Tomsy argued that the trade union movement could support a rise in the level of productivity over that of wage rises because the workers were protected by the dictatorship of the proletariat, and that "the interests of today must be subordinated to the general class interests of tomorrow and of the ensuing period".⁷⁸ V.V.Kuibyshev, as head of VSNKh issued a joint communique with Tomsy explaining that,

in the relation between the productivity of labour and wages, it is indispensable to achieve a decisive turn in the direction of raising the rate of growth of productivity above the rate of growth of wages.⁷⁹

During 1927 the economic agencies of the state, in conjunction with the Party and the Party's press promoted an ingenious scheme to raise labour productivity while offsetting the criticisms of the Left Opposition and the workers. In October 1927 Bukharin, on behalf of the Politburo, raised the question of reducing the working-day from 8 to 7 hours.⁸⁰ The Left Opposition for sometime had advocated a reduction of the working-day and was therefore obliged to support Bukharin's proposal. But a move to a seven-hour day opened the potential for three rather than two shifts per day.

Consequently, there existed in the seven-hour day schema the flexibility for the state enterprises to move to a three-shift working-day. For the economic agencies of the state and the Party the introduction of a seven-hour day could be accompanied by an increase in the productivity of labour.

At a meeting of VSHKh, V. Mezhlauk promoted the idea of a three-shift working-day.⁸¹ Kraval also commented that such a work pattern would facilitate reduction in the level of unemployment and force enterprises to use obsolescent equipment.⁸² S. Strumlin, speaking on behalf of Gosplan, spoke of the change in shifts as a means of reducing unemployment.⁸³ Likewise, a lead article in the October 18 edition of Pravda linked the seven-hour day to a diminution of the level of unemployment.⁸⁴ In October the textile workers' union agreed to experiment with the three-shift system.⁸⁵ In early November a government commission was established, with representatives from the Commissariat of Labour (Narkomtrud), from the trade union council and from VSNKh, to make practical arrangements for the proposal to be implemented in the textile industry.⁸⁶

In January 1928 the three-shift system was introduced in the textile industry, replacing the former system of two eight-hour shifts.⁸⁷ As the experiment progressed protests began to be heard from the workers over the disruption to their lives caused by the new system.⁸⁸ In November 1928, V. Shmidt on behalf of Narkomtrud reported that in the textile factories that had gone over to the new system, the numbers employed had risen by 24.9 per cent, production had increased by 24.5 per cent, and the average daily wage had fallen to 92.1 per cent of its former level, while accidents had increased by 35.7 per cent.⁸⁹ Despite these mixed results, the Central Executive Committee (TsIK) passed a decree in January 1929

that all productive enterprises must adopt a seven-hour day within the period of the five-year plan.⁹⁰

Accompanying the introduction of the seven-hour day were administrative pressures to raise the 'norms' of output.⁹¹ The 'norms' were of critical importance in fixing piece rates. Kraval, the influential spokesman of the labour economics department of the industrial trusts (a sub-department of VSNKh), in April 1926, stressed the need for a re-evaluation of the output 'norms'.⁹² Similarly, in 1927 Kuibyshev on behalf of VSNKh promoted the idea of using norms as a means of increasing productivity, as well as discharging surplus workers.⁹³ The authorities used the revision of norms to raise the level of productivity through changes in the piece-rate conditions, and as a consequence reduced the wages and conditions of the workers. According to Carr and Davies, in the years between 1925-6 and 1928-9 "productivity increased by no less than 42 per cent".⁹⁴ During 1928 alone productivity in industry increased by 15 per cent.⁹⁵

Thus, by 1927 the foundations had been laid within state industry for an expansion of the state sector through the absorption of labour (creating an 'absolute' surplus) and via increasing the level of productivity (creating a 'relative' surplus). Similarly, by 1928 the private industrial economy was fundamentally undermined. Lavigne reports that the private sector accounted for 17 per cent of industrial production in 1928 as opposed to 33 per cent in 1923-4.⁹⁶ Zaleski estimates that by 1927/28,

the socialist sector (state-owned or co-operative) accounted for 80 per cent of the gross value of industrial production, 75 per cent of retail trade, and only 2 per cent of agricultural output.⁹⁷

Moreover, within the state bureaucracy and in the Bolshevik Party there had emerged spokesmen representing the interests of the bureaucratic class. However, there remained a major barrier to the

expansion of the socialist relations of production in that agriculture was still based upon commodity production and exchange. Agricultural production had the potential to disrupt the expansion of the socialist sector because it was founded on the capitalist mode of production which was antagonistic to the socialist mode of production. The most obvious manifestation of the antagonisms between the two modes of production was over market prices which affected the exchanges between the two modes. The issue of prices became crucial as it reflected the different logics of the socialist and capitalist modes of production. For example, to expand the socialist mode of production within the industrial sphere, it was essential that the administration maintain a low pricing policy for inputs into state industry. In particular, it was crucial that the cost of labour to the state enterprises was low, so as to allow a high level of 'absolute' surplus accruing to the state industrial enterprises and to be appropriated by the bureaucratic class. As most of the industrial workers and potential new recruits to industry (primarily from among the peasantry) were unskilled, the initial means of acquiring a surplus was through the extensive use of labour (an 'absolute' surplus) at low costs. An essential part of the cost of reproducing the labourer was that of products from agriculture (e.g. grain, potatoes, dairy produce, meat). However, the peasants controlled the flow of agricultural goods and they regulated this flow depending upon the prices offered by the state and the free market. In simple terms, the peasants looked to high rural prices for their produce, whereas the state bureaucracy sought low prices so as to appropriate a high level of surplus from the industrial workers.

The state was dependent upon the peasants for grain supplies. But as Davies notes, it was only a particular section of the

peasantry which supplied grain to the state agencies.⁹⁸ Davies argues that it is important to recognise that within Soviet agriculture there were grain-surplus and grain-deficit areas. The grain-surplus areas were critical for sales of grain to the state. Moreover, Davies argues that when the grain trade among the peasants is discounted, there was only a particular section of the peasantry, within the grain-surplus regions, which could provide the state with grain:

When [the] transactions between peasants are omitted, net marketings were overwhelmingly dominated in the USSR as a whole by the upper sown-area groups in the grain-surplus areas: 22 per cent of the peasant population in these areas, some 16 per cent of their households, and a mere 10-11 per cent of all households in the European USSR supplied 56 per cent of all net sales of grain in the European USSR in 1927/28, and the percentage was higher in earlier years.⁹⁹

The supplies of grain to the state came from 'well-to-do' peasants in the grain-surplus regions. Davies calculates that "about 2 million households in the grain-surplus areas, with a sown area in excess of eight hectares per household, were crucial for Soviet grain supplies".¹⁰⁰ Similarly, the sales of meat and dairy produce came from the 'better-off' peasants in the grain surplus region. However, more peasants marketed meat than grain and therefore the urban market was less dependent on the 'kulaks' and 'well-to-do' peasants for meat and dairy produce.¹⁰¹

The issue of grain supplies to the state was contentious throughout the NEP period. The peasants relied upon sales of farm produce for their money income. According to Davies, 53.2 per cent of peasant money income derived from the sale of farm products on the market.¹⁰² For peasants selling farm produce, it was in their interest to maximize their income through seeking high prices. The Government could have followed a simple model of demand and supply

to manage the market exchange between the peasants and the state agencies. For example, the Government could have promoted market sales of a particular product by raising the price of that product. Eventually, the increased supply of the product would drive down the price. However, there were a number of complex factors affecting a strategy based on a simple demand/supply model. In the first place there was less produce marketed overall after the Revolution than before. The elimination of the large estates and the reduction in the size of the holdings of the kulaks and 'better-off' peasants tended to reduce the level of marketings.¹⁰³ Moreover, the poorer peasants also grew more food for their personal consumption than they had before the October Revolution. Similarly, the Government in an effort to win peasant support maintained a low tax policy for peasant produce, thereby reducing the need for peasants to market goods to pay their taxes.¹⁰⁴ Further, industry tended to recover more slowly than agricultural production and there were, as a consequence, less industrial goods to be traded on the market and therefore less incentive for the peasants to market their produce in return for manufactured goods.

In recent years there has been an interesting debate on the collapse of NEP. The debate has concentrated on the continual problems with market exchange between the industrial and agricultural sectors. However, in general, the debate has not located the inner cause of the crises in market exchange between the two sectors. The collapse of market exchange between industry and agriculture was due to the conflict between two systems of surplus extraction and appropriation. The industrial sector began to respond to the logic of the socialist mode of production, whereas agriculture responded to commodity production and exchange. In industry, the surplus was dependent upon the exploitation of the

industrial proletariat. An important means of extracting a high industrial surplus was through lowering the cost of the reproduction of the labourer. Low-priced agricultural products were therefore essential for the extraction of a high 'absolute' surplus from the proletariat. But those peasants who marketed their produce looked to high prices for agricultural produce. The history of NEP reflected the conflicting logics of the different forms of surplus product embedded in the competing modes of production.

As NEP evolved the Government discovered that the delicate balance between the state and the peasants (i.e. those well-to-do peasants who had surpluses which could be marketed) was difficult to maintain. In particular, the Government encountered the problem that whenever it attempted to increase markedly investment levels in the state industrial sector, market exchange between industry and agriculture was adversely affected. The outward manifestation of the problem between state industry (functioning on the logic of the socialist mode of production) and peasant agriculture (which responded to the logic of commodity production and exchange) was in the field of pricing policy.

The whole history of NEP was marked by pricing problems. The first major pricing crisis occurred in 1923 when the terms of trade moved markedly against agricultural products. Agricultural production had recovered at a rate far in excess of industry and the shortage of industrial goods pushed up their prices. Compounding the shift in the terms of trade was the policy of VSNKh to provide credits to expand state industry, in conjunction with the use of oligopolistic prices (facilitated by the consolidation of the industrial syndicates which regulated the supplies to the industrial sector) to maintain higher prices for industrial goods.¹⁰⁶ As a consequence there was a stark divergence between the prices of

industrial and agricultural goods. The "prices scissors", as Trotsky termed the phenomenon, was characterised by the price of industrial goods rising to a level three times higher than in 1913, whereas agricultural prices were below the level of 1913.¹⁰⁷ The peasants responded to the high prices for manufactured goods by reducing their purchases; as a result industrial turnover fell dramatically.¹⁰⁸ The Government reacted by cutting credit to industry, thereby lowering industrial demand, and by using its economic agencies to reduce industrial prices.¹⁰⁹ Davies argues that the administrative reduction of prices was a significant act on the part of the state bureaucracy:

It was henceforth recognised that direct administrative intervention by the general economic agencies of the state might be required in order to maintain a stable market relationship between state industry and the individual peasantry. This first major intervention by the state in the market protected the peasants against the power of state industry, but it also provided a precedent for later attempts to over-ride their economic preferences in the interests of state industry.¹¹⁰

The second major crisis between the peasantry and the state happened in the summer of 1925. The Government had commenced a substantial programme of capital investment in the state sector. The heightened level of investment raised urban demand for industrial goods. The administration, having obtained firm controls over industrial prices, refused to raise prices to meet the new level of demand. Instead the Government maintained a low pricing policy, as this was beneficial for industrial inputs into state industry. Faced with a shortage of goods the peasants reduced their grain sales to the state agencies. The authorities changed their policy to placate the peasants by increasing the supply of industrial goods at the expense of the expansion of the state industrial sector.¹¹¹

In 1927 the Government embarked upon a campaign of capital investment with the intention of expanding state industry, at the same time maintaining a low pricing policy for industrial goods. A serious shortage of industrial products resulted. However, the Government refused to alter its policies with regard to state industry and pricing. Kuibyshev, as chairman of VSNKh, spoke of the decision as a triumph of planning over the market.¹¹² VSNKh, according to Davies, placed pressure on the Politburo to increase capital investment for industry for 1927/28. In August 1927 the Politburo increased the planned allocation of capital investment to industry. On this move, Davies comments,

Thus at the time of the 1927 harvest, an influential group in the Party and in the economic agencies of the state secured the adoption of plans for industrialisation which were incompatible with market equilibrium and involved overcoming the market by administrative instructions of a kind which had not been adopted since the end of war communism.¹¹³

The decision to increase capital investment only exacerbated the shortage of manufactured goods. In response to this shortage the peasants refused to supply grain to the state agencies. In turn, the Government began to collect grain by forced requisitioning. The enforced collection of grain was initially successful, and from this Stalin drew two conclusions. Firstly, he concluded that the marketing problems were due to the power of the kulaks in the countryside and secondly, that to obtain a steady supply of grain for the state it was necessary to collectivise agriculture.¹¹⁴

The decision to break with NEP and to collectivise agriculture has been interpreted in a variety of ways.¹¹⁵ Nevertheless, what is of particular interest here is that the decision to depart from the framework of NEP came after a period of constant pressure in which the expansion of state-industry was constrained by the market relationship with agriculture. The 1928 decision to depart from NEP

was promoted by powerful individuals in the state economic agencies who placed immense pressure on the Politburo to end the NEP system. That is, the decision to advance nationalised industry at the expense of NEP was made by an emerging bureaucratic class, whose interests were tied to expanding the state industrial sector. The continual need of the bureaucracy to administer rural prices and to make adjustments to the industrial sector had, by 1928, hardened the bureaucracy's attitudes towards the peasants. As a result the bureaucratic class was prepared to support Stalin's radical policy of collectivising agriculture by force. In addition, Stalin's policy was reinforced by a campaign against opponents of the new course amongst the bureaucracy. For example, the Shakhty trial played an important role in enforcing general obedience from the bureaucratic class to Stalin's rule.¹¹⁶

The break with NEP came as a result of the continual tension between agriculture and industry. As R.W. Davies and S.G. Wheatcroft argue three trends undermined NEP.¹¹⁷ Firstly, Gosplan, as the major planning agency, raised its targets to a level incompatible with the market equilibrium of NEP. Secondly, there was intense pressure from within VSNKh for high investment levels for state industry. Thirdly, during the course of NEP the authorities moved from a position of relying on the market so as to maintain a pattern of balanced growth to a position of administering the economy to achieve Government priorities.¹¹⁸ Davies and Wheatcroft the enforced grain collection was a natural continuation of the activities of the economic agencies of the state.¹¹⁹ In regard to VSNKh, the authors argue that, in 1928, there was a division within the state institution between party and nonparty specialists as to the merits of raising investment levels.¹²⁰ They note that while nonparty specialists resisted the pressure for higher targets, the

trusts (now nearly all headed by Party members) increased their demands to raise the levels of capital investment.¹²¹ Davies and Wheatcroft note that it was not until January 1928 that Stalin gave his support for the break with NEP. They then speculate on the possibility of the state economic agencies, particularly VSNKh, being responsible for the Politburo's decision to move to grain collections:

On present evidence it would perhaps be going too far to conclude that Kuibyshev was responding actively to pressures from within Vesenkha [VSNKh], conveying these pressures into the Politburo in 1926 and 1927, and hence playing an important part in changing the prevailing assumptions of Stalin and his circle, rather than deliberately encouraging pressures for industrialization from Vesenkha, manipulated by Stalin as the master organizer. But there is no doubt that a group of men around Stalin was by 1927 showing sympathy for the appeals from industry and the ideas of Krzhizhanovskii and Strumlin.¹²²

The analysis of Davies and Wheatcroft adds a new dimension to the theory that the demise of NEP and subsequent industrialisation and collectivisation programme, was state-led. They raise the question whether it was state personnel (albeit predominantly members of the Bolshevik Party) who prevailed upon Stalin to dispense with NEP rather than vice versa. However, Davies and Wheatcroft's speculation is still written within the theoretical framework, (most clearly associated with E.H. Carr) that the Party-state led the drive to industrialisation and collectivisation as a means of modernizing Russia. Carr writes that

The Soviet industrial and agrarian revolution plainly fell into a category of "revolution from above", imposed by the joint authority of party and state.¹²³

In the process of enacting the "revolution from above", according to Carr, the Party became more dictatorial and divorced from its proletarian base.¹²⁴

From a differing perspective, Theda Skocpol argues that the Soviet state, under the global imperative of competing in a world of hostile nation-states, turned against the peasants so as to modernise Russia.¹²⁵ According to Skocpol, the reason the Soviet state could build a modern society was that it inherited an economic base conducive to a crash course of heavy industrialisation.¹²⁶ The tragedy for Skocpol was that, to create a modern viable nation-state, the Bolsheviki had to extend the revolution in such a manner that "power from above" was used to subordinate the peasantry to the imperative of the "rapid national industrialisation of the Soviet Union".¹²⁷

However, the argument, as espoused by Skocpol, that the state acted in a manner separate from any basis in a mode of production or in a response to an emerging class power overlooks the whole dynamic of NEP. The decision to depart from NEP came at the very time when the socialist industrial sector was placing immense pressure on the economic agencies of the state (in which the socialist mode of production was based) to expand beyond the boundaries of NEP. The decision by Stalin in January 1928, to move outside of the parameters of NEP, was taken after the economic institutions and influential members within these institutions had placed enormous pressure on the Politburo to act on their behalf. Stalin's role in this change, of course, was important in that he marshalled the Party to support the bureaucratic class. Moreover, once he decided fully to support the socialist mode of production and the bureaucratic class, Stalin did not waver. Rather, he used the divisions within the bureaucratic class to reinforce his own power.

In their discussion of the collectivisation of Soviet agriculture, Hussain and Tribe oppose the view that state policy directed the revolution. In mounting their argument they note that

the state "cannot be treated as a coherent totality, but must instead be dealt with as an ensemble of agencies, institutions, policies, instruments and spheres of action, none of which are necessarily coordinated or effective".¹²⁸ Yet, what Hussain and Tribe fail to see is that the state was reacting to the emergence of a new form of class power. While there were divisions and conflicts among the bureaucrats and at times there was a lack of coherence in state policy, the overall direction of the state was clear. The state asserted its power over the peasantry and subordinated the interests of the peasants to those of the state. In the process the capitalist mode of production in agriculture was displaced by the socialist mode of production. The Soviet Union was for the first time completely under the sway of the socialist mode of production and the bureaucratic class.

The decision to collectivise agriculture emanated from the campaign to acquire grain through requisitioning. The drive to acquire grain was linked to a political attack on the kulak class. The Government claimed that the kulaks were an "organized political force" sabotaging the supplies of grain to the state agencies.¹²⁹ In October 1929 the procurement campaign was linked to collectivisation. The Party, the Government and the press related the grain requisitioning to the necessity to attack the kulaks and then to the mass collectivisation of agriculture.¹³⁰ The collectivisation of agriculture was integrally related to the process of "dekulakization". On December 27, 1929 Stalin publicly called for the "liquidation of the kulaks as a class".¹³¹

Under pressure from the state, the regional authorities acted hastily and with a good deal of coercion to implement the twin policy objectives of eliminating the kulaks as a class and collectivising agriculture. Between October 1929 and February 1930

the peasants under duress, joined the collectives. The Government claimed that by February 1930, 50 per cent of the peasants had joined collective farms.¹³² Stalin presented the collectivisation of agriculture as a "serious success" which, with the gains in seed collection, showed that "the fundamental turn of the countryside to socialism can already be regarded as guaranteed".¹³³

Having launched the collectivisation campaign through the state Stalin then blamed the local officials in implementing Government policy. He claimed these officials were "dizzy with success".¹³⁴ The rapid collectivisation of the peasants had caused immense chaos and confusion within the countryside, producing an adverse effect on the spring growing programme. The chaos prompted a change in Party directives to assert that collectivisation had to be voluntary. As a result, the proportion of peasants in the collectives declined from 55 per cent in March 1930, to 23 per cent in June 1930.¹³⁵

Millions of peasants left the collective farms (the kolkhozy) taking with them their livestock and means of production. However, despite the exodus of peasants from the kolkhozy the collective and state farming sectors showed initial signs of their potential for providing food produce to the state. According to Davies, during the spring of 1930 the kolkhozy and sovkhozy were together responsible for 40.5 per cent of all spring sowing. Approximately 55 per cent of spring wheat and 48 per cent of industrial crops were sown within the kolkhozy a sovkhozy, as compared with only 27 per cent of oats and 9.6 per cent of potatoes.¹³⁶

During 1930 pressure mounted for the recollectivisation of agriculture. The industrialisation programme placed high demands on the supply of food for the city workforce. The initial success of the collective farming sector in providing wheat and industrial crops (for example sugar-beet, cotton, and oil seeds) provided the

Bolshevik Government with the confidence to push ahead with widespread collectivisation. Moreover, within the bureaucracy an intense conflict emerged over the pace of industrialisation and over the policy of collectivisation.¹³⁷ Moves were made against opponents of the new course. A ferocious campaign was conducted against prominent (non-party) specialists within VSNKh and Gosplan. A group of specialists was accused and found guilty of conspiring with the French Government to overthrow the Bolshevik regime. Simultaneously, nine prominent specialists including the agrarian specialists Kondratiev, Chayanov and Makarov were arrested and accused of leading counter-revolutionary organisations.¹³⁸

As Davies notes, the defeat of the opposition within the bureaucracy paved the way for a programme of recollectivisation:

The crushing of the last vestiges of opposition - and the provision of scapegoats for the economic difficulties - was seen by the dominant group of party leaders as the political prerequisite for the renewed socialist offensive, a crucial feature of which was the drive to complete collectivisation in the main agricultural areas.¹³⁹

With the bureaucratic class firmly entrenched the recollectivisation of agriculture could progress unhindered by opposition from within the Party-state. To reinforce the new class power the Party became a conduit for recruits to prominent positions in the economic agencies of the state. Party membership became an important credential as it signified allegiance to the policies of collectivisation and industrialisation. An indication of the change in the personnel of the state can be gauged from the rise in the number of party members in Gosplan. According to Zaleski, Gosplan was purged of its non-party specialists, who were replaced by individuals loyal to the new course. Zaleski reports that the proportion of party members and young Communist League members in Gosplan rose from 24.2 per cent in July 1930, to 68.4 per cent at

the beginning of 1932.¹⁴⁰

The peasants were gradually pressured, persuaded and coerced back into the collectives. Incentives were offered to peasants to join the kolkhozy and sovkhozy, and discrimination was exercised by the Government against peasants who remained outside the collective sector. From 1930 onward the percentage of peasants in the collectives grew steadily. Alec Nove calculates that the percentage of peasants households in collectives was 23.6 in 1930; 52.7 in 1931; 61.5 in 1932; 64.4 in 1933; 71.4 in 1934; 83.2 in 1935, and 89.6 in 1936.¹⁴¹

The collectivisation of agriculture consolidated the socialist mode of production throughout Russia. Individual peasant farming, based upon commodity production and exchange was displaced within agriculture in favour of the collective farm (kolkhoz) and to a lesser extent the state farm (sovkhoz). The best land was taken by the kolkhozy and the state had first claim on the produce of the peasants. As Lavigne notes, the whole basis of the collective farms was a system of compulsory deliveries to the state, exercised by means of planned production, through setting of sowing and harvesting dates and the general overseeing of kolkhoz production.¹⁴² The farmers were paid for their compulsory deliveries at prices less than the cost of production and therefore had to look to other means for their livelihood. The state gained control over the peasants' surpluses through the direct administration of the production process. However, the state had to pay a price for the compulsory extraction of the peasants' surpluses.

The most obvious consequence of forced collectivisation was the reduction of livestock numbers. The peasants, rather than have their livestock collectivised, slaughtered them for food. Davies estimates that by May 1930 "the total number of animals in the USSR

had fallen by 25 per cent in a single year, a greater loss than in the whole of the civil war."¹⁴³ Moreover, inept Government policies, such as the extensive requisitioning of grain, exacerbated the depletion of the livestock. The peasants left with inadequate grain supplies to feed their animals had little choice but to slaughter their livestock.¹⁴⁴

In response to the decline in livestock the Government was obliged to replace animals with tractor power. The kolkhozy were supplied with farm machinery through Machine Tractor Stations (M.T.S.s) which acted as a kind of compulsory service agency.¹⁴⁵ The M.T.S.s became an important instrument in the exercise of control by the state over agricultural production, operating through the channels of the state planning agencies, to regulate production according to the state plan. The kolkhoz depended upon the M.T.S.s for equipment for the crucial task of production, such as sowing and harvesting, which allowed the M.T.S.s to oversee the production processes in the kolkhoz. Moreover, the kolkhoz paid the M.T.S.s in kind for the services performed. These payments became a significant part of the supply of grain to the state agencies. According to H. Shaffer, payments to the M.T.S.s by the kolkhoz became a major means through which the state obtained grain:

Payments in kind by the collective farms for M.T.S. services surpassed compulsory deliveries as a means of grain procurements as early as 1937 and accounted for 47 per cent of total grain procurements as late as 1957.¹⁴⁶

The peasants' resentment of collectivisation was reflected not only in the slaughter of livestock but also in their apathy towards working in the collectives.¹⁴⁷ To overcome this apathy, the Government revised its policies towards private agriculture, allowing peasants to retain livestock and to cultivate a private plot of land and to trade on the kolkhoz market. The 1935 model

statute for the kolkhoz formally permitted the peasants to work their private plots and to retain livestock. As Nove notes, the 1935 statute:

gave formal recognition of the right of the kolkhoz household to a private plot of land, amounting to between 1/4 and 1/2 hectare in most of the country (i.e. an acre or less). Possession of livestock was limited to one cow and calves, one sow and piglets, four sheep, and any number of rabbits and poultry. Livestock was generally pastured on collectives lands.¹⁴⁸

The household plot existed in a sort of symbiosis with the collective sector. The collectives (or state farms) provided the bulk of the crops but the private plots were responsible for a large porportion of the vegetables and fruit marketed, as well as for animal husbandry. It is common to see the private plots and their produce as existing somehow outside the state economic sector. For example, Nove treats the household economy as "the most important element of private enterprise in the Soviet unions".¹⁴⁹ However, the household economy was and is an integrated part of the socialist relations of production within the countryside. The produce of the private plots provided the peasants with most of their means of reproduction, thereby alleviating the state of this responsibility.

The private plots were an integral part of the system of surplus production. The private plots provided the peasants with food for their consumption relieving the state of the burden of reproducing the rural workers.¹⁵⁰ Concomitantly, the state received low-priced grain from the kolkhozy. That is, the collective farm did not have to include in its production costs the reproduction of the labourers. The low-priced grain became, in turn, a critical input into the cost of production within the state industrial sphere. The low price for grain meant that the reproduction of the proletariat could be achieved at minimal costs to the state, allowing for the extraction of a high 'absolute' surplus from the

industrial workers. Thus, by removing from the grain production process the cost of reproducing the peasant labourers the state was able to maximize the surplus extracted from the industrial proletariat. The low cost of grain production, therefore, reverberated throughout the whole system of surplus extraction.

In their discussion of collectivisation Bienstock, Schwarz and Yugow estimate that by 1937 the kolkhoz accounted for nearly 63 per cent of the total output from agriculture, the sovkhos contributing 9.3 per cent and the private plots 21 per cent of the output from agriculture.¹⁵¹ By 1938 they calculate that the kolkhoz sector produced 86 per cent of all grain and between 30 and 35 per cent of all livestock and animals products.¹⁵² In addition, 90 to 95 per cent of all industrial crops (e.g. cotton, sugar-beet, flax, seed oil) came from the kolkhozy.¹⁵³ Vyas calculates that the collectivisation of agriculture permitted a sharp rise in the supplies of grain and potatoes to the cities; however, this was partially offset by the decline in other rural produce:¹⁵⁴

The rapid collectivisation of Soviet agriculture enabled large increases in the amount of certain foods to be made available for urban consumption - in the case of grain and potatoes the increase was as much as 66% and 35% respectively. Owing to the large-scale losses of livestock during collectivisation, the last three items in the food basket, milk and dairy produce, butter and meat, show sharp declines of 45%, 18% and 52% respectively.¹⁵⁵

Similarly, Michael Ellman notes that agriculture provided the industrial sector with "a greatly increased supply of basic wage goods (bread, potatoes and cabbage)".¹⁵⁶ Moreover, he argues that the collectivisation of agriculture allowed for a large increase in the urban labour force. He estimates that between 1928 and 1932 the urban labour force rose from below 10 million to more than 21 million.¹⁵⁷ In addition, agriculture provided substantial exports and thereby contributed to import substitutions.

Ellman and Vyas calculate the contribution of agriculture to industrialisation, principally, upon the data provided by the Soviet historian A.A. Barsov. However, James R. Millar, utilising the data of Barsov, argues that these statistics show that "Soviet agriculture did not contribute in any significant measure to industrialization during the First Five Year Plan".¹⁵⁸ He adds that when the Barsov's data is reworked, according to Western, non-Marxist economic techniques, the contribution of Soviet agriculture to the First Five Year Plan "actually turns out to have been negative."¹⁵⁹

Nove questions Millar's argument, claiming that the peasants suffered more than the working class and that Barsov's data needs to be considered over a longer period of time than that of the First Five Year Plan so as to capture the whole picture of collectivisation.¹⁶⁰ He also argues that collectivisation and the forced expulsion of the kulaks from the villages caused an exodus of peasant labourers to the cities. Nove notes that,

Life in the villages was so miserable, and people were so frightened of being labelled kulaks and arrested, that perhaps up to 10 million of them fled to the construction sites and factories that were being built. I don't quite know how to measure it, but it was an important contribution of agriculture to industrialization.¹⁶¹

Likewise, Vyas estimates that approximately 60 per cent of the increase in the urban workforce came from the agricultural sector during the First Five Year Plan.¹⁶² He argues that rural labour flowed to the cities because of a decline in rural per capita consumption relative to urban per capita consumption.¹⁶³ That is, in contrast to Ellman who asserts that the mass exodus of peasants from the village to the cities was caused by the extensive coercion,¹⁶⁴ Vyas contends that the exodus was the result of a relative rise in urban living standards which lured the peasants to

the cities.¹⁶⁵

Whereas Ellman, Vyas, and Nove debate the reason for the flow of peasants and see it as important for industrialisation, Millar argues that there was no apparent need for the inflow of peasants into the urban economy. In the second place, Millar is of the opinion that collectivisation encouraged an excessive flow of labour which was probably detrimental to industrialisation.¹⁶⁶ Vyas argues that Millar is wrong on both positions:

First, the industrialisation programme necessitated a large increase in the non-agricultural labour force within a period of five years.... The entire increase in the labour force could not come from the reserves of urban unemployed. In fact, by the first quarter of 1930, most of the urban reserves had been absorbed, so that the labour force for the investment programme of 1930 and 1931 would have to come from the agricultural sector. Secondly, the so-called 'excessive flow' was necessary to work on construction sites, which were increasing at a tremendous pace during 1930 and 1931.¹⁶⁷

Millar construes the Barsov figures via a two-sector model, which has its roots in Adam Smith's perception of the economy.¹⁶⁸ However, Millar's concept of flows between agriculture and industry (like Adam Smith's) is made without considering the form of the surplus product. When the flows between industry and agriculture are conceptualised in terms of Marx's system of surplus extraction the inner dynamic of the exchange is revealed. Industry and agriculture were both functioning on the basis of the socialist mode of production. The flows of low-priced grain and labourers to the cities provided the industrial sector with the foundations for extracting a high surplus product. Moreover, once the industrial system was established the extraction of an 'absolute' surplus could be augmented by the increase in the productivity of labour facilitating the appropriation of a 'relative' surplus.

Thus, to understand the significance of collectivisation to the industrialisation process it is vital to recognize the character of

the surplus product. The high rate of surplus extracted from the proletariat was assisted by the low price for agricultural food products. Moreover, the rapid expansion of industry was made possible by the plentiful supply of low-priced labour. Both the peasants and the workers suffered a decline in living standards. But it was the industrial workers who were the source of the accumulation fund for industrialisation, even if the peasants played a critical role in the high rate of accumulation through the supply of low-priced food and via the inflow of labour into the cities.

Within the rural relations of production, a certain compromise was reached between the state and the peasants. The agricultural labourers were obliged, by necessity and by law, to work on the collective farm to supply low-priced grain (and other produce) for the proletariat. As a compensation for their collective efforts, and as a means of survival, the peasants were allowed to work on their private plots. Undoubtedly, the compromise with the peasants led to inefficiencies in overall farming, with the peasants spending a disproportionately high amount of time on their small plots. However, for the state this was a reasonable concession to be made so as to obtain the transfer of low-priced grain and industrial crops to the urban sector, enabling a high extraction of surplus product from the industrial workers.

In return for the flow of agricultural crops, the state supplied machinery to agriculture via the Machine Tractor Stations. The state's supply of machinery was, for most part, a means of offsetting the disastrous decline in the number of farm animals caused by forced collectivisation.¹⁶⁹ A close relationship between the kolkhoz and the M.T.S. emerged, with the M.T.S. serving as an essential organ of state planning and control within agricultural production.¹⁷⁰ The transfer of machinery was within

the one system of production as agriculture was now integrated into the socialist mode of production. The M.T.S.s were the recipients of the machinery for agricultural production and the machinery (e.g. the tractors and harvesters) was used to oversee kolkhoz production. The M.T.S.s became a crucial cog in the rural relations of production, ensuring the transfer of the rural surplus to the cities.

As noted, the issue of the transfer of a surplus from agriculture to industry was given added impetus by the articles written by the Soviet historian Barsov. The Barsov data provided the basis for a lively debate in academic circles on the relationship between agriculture and industry during the Soviet First Five Year Plan. In his evaluation of the Barsov material, Vyas translates the flow of surpluses between agriculture and industry into a two-sector class model. He writes

In essence, the contribution of the two classes [the peasants and the working class] can be put very simply: the peasantry provided the food and labour power, while the working class was engaged in the production of capital goods. In the process, the standard of living of both classes declined. However, it is clear that the per capita decline in consumption of food and megs [manufactured consumer goods] was slightly greater for the peasantry than for the working class.¹⁷¹

That is, according to Vyas, as there was a drastic decline in the living standards of both the peasantry and the working class, it is possible to assume that both classes contributed to the accumulation fund. However, in specific terms, it was the working class which contributed the main burden for the capital fund which fuelled industrialisation. In estimating the contribution of the industrial workers to the accumulation fund, Vyas calculates that between 1929 and 1937 real wages fell by approximately 43 per cent.¹⁷²

Michael Ellman in his evaluation of the Barsov articles also argues that it was the working class which provided the overwhelming

bulk of the accumulation fund in the First Five Year Plan. Moreover, he calculates that it was "relative surplus value" rather than "absolute surplus value" which facilitated industrialisation:

The increase in absolute surplus value in the industrial sphere resulting from the increase in the urban labour force accounted for 30% of the increase in accumulation, and the increase in relative surplus value for 101%. The source of the increase in accumulation in 1929-32 was the surplus obtained from the employment of additional workers in the urban sector at real wages less than those enjoyed by employed workers in 1928 plus the surplus obtained by reducing real wages of those who had been employed in 1928.¹⁷³

In her analysis of capital accumulation and the division of labour in the Soviet Union (made outside of the debate on the Barsov data), Elizabeth Garnsey argues that, during the First Five Year Plan, it was the high inputs of labour (rather than technical improvements which raised labour productivity) that made possible the expansion of industrial output in industry.¹⁷⁴ She adds that, in comparison to Western economic development, "labour shares in light industry decreased from 71% to 56% of all industrial employment between 1928 and 1933".¹⁷⁵ Garnsey argues that labour was used extensively within the Soviet industrialisation drive, even when capital-intensive technology was borrowed from the West, such as in heavy industry.¹⁷⁶ Moreover, Garnsey notes:

Scarce capital was allocated to priority industries but it was necessary to organise work in auxiliary activities and transport in a traditional way. In practice high priority heavy industries were saturated with labour in attempts to overcome supply shortages and blockages, which nevertheless persisted. Under these conditions the expansion of industry required very high rates of labour force participation and intensive use of women workers in industry. The proportion of women in the labour force rose from 27% in 1927 to 39% in 1940; 82% of the increase in the number of workers in the labour force was made up of women.¹⁷⁷

In conjunction with the high participation rate, Garnsey notes, Soviet authorities directed the labour force into work closely

connected to the accumulation of physical outputs.¹⁷⁸ The Government used its investment programme to direct labour into enterprises concerned with the accumulation process. Moreover, the maintenance of a low wage policy allowed for a high output level, but in turn ensured that the service sector was kept to a minimum.¹⁷⁹ Lavigne also comments on the manner in which Soviet industrialisation was labour intensive. She notes that a persistent characteristic of Soviet industry, from its rapid growth during the First Five Year Plan, was the high proportion of auxiliary workers in the total industrial workforce:

The situation is explained by the history of industrialisation in the U.S.S.R.: because of its scarcity, capital was allocated to equipping the productive sector; an abundance of unskilled labour was used in auxiliary work.¹⁸⁰

Lavigne adds that even in the 1960s large numbers of workers were still required for maintenance and repairs within the enterprises. She calculates that in this period, "71% of Soviet industrial concerns produce their own castings, 61% their riveting parts, 99% their pinions, 51% their cog-wheels".¹⁸¹

Thus, the decision to promote industrial expansion through the extensive use of labour was, on the one hand, effective in creating an 'absolute' surplus, but on the other hand, tended to retard the development of a 'relative' surplus. For example, from the 1930s onward the planners attempts to raise the level of productivity were counteracted by a system which was based upon the mass absorption of labour. Increases in mechanisation were offset by the high percentage of workers in auxiliary activities, the latter mostly being primarily unmechanised. Similarly, the promotion of rises in labour productivity through such methods as piece-rates and national emulation movements, such as that of the Stakhanov campaign, were counteracted by resistance from the workers. Evidence of worker

resistance to attempts to raise the level of exploitation are to be found in such phenomena as absenteeism, poor workmanship, excessive turnover of labour, and widespread drunkenness.

The class contradictions in the relations of production are most intense at the level of the enterprise. To placate the workers' hostility to rising levels of exploitation the enterprise managers tend to undermine the plan and seek agreements with the workers so as to achieve the set targets. The managers are prepared to subvert the plan in an effort to obtain cooperation from the workers to meet the output quotas. The managers can therefore be seen as occupying a contradictory class position. They must respond to both the planners and the workers, while ensuring that the surplus is extracted. Notwithstanding that they are in the bureaucratic class, the managers often have to make class alliances with the workers against the planners.

In his analysis of Soviet industry V. Andrie makes the similar point that there is a persistent contradiction between enterprise managers and state planners.¹⁸⁸ He cites the example of the wage fund as illustrating the tension within the relations of production:

Although the wage rates are naturally fixed conflict at the enterprise level is possible as most workers are on piece-rates or various other types of norms, which are fixed at the enterprise. On the other hand, directors are not particularly keen to tighten norms because this might lead to the reduction of the overall wage fund and shortage of labour; indeed it is one of the peculiarities of the Soviet economy that the party leadership has to turn to the unions and all other mass organisations for help in overcoming the managerial reluctance to tighten work norms.¹⁸⁴

Lavigne argues that the Soviet production system that emerged under Stalin suffered "from a permanent conflict of interest between enterprises and the planning administration. Mutual recrimination was the result".¹⁸⁵ It is for the same reason that attempts by the planners to introduce Western scientific management practices

(e.g. Taylorism) have failed in the Soviet Union. For example, David Granick reports that despite the Central Committee's call in 1935 for the basing of work norms on a "scientific" management basis rather than "experience", work norms remained set by "practice". He writes that in the machine construction industry in 1939, "66 per cent of all work norms were 'practical' ones, 12 per cent were based on time and motion studies, and only 23 per cent were based on a full analysis of production and on a methods study".¹⁸⁶

The consolidation of the socialist mode of production entailed the development of a unique division of labour. The form of the surplus extraction shaped the division of labour. The process of extracting the surplus from the direct producers in both industry and agriculture involved a hierarchical division of labour. Built into this hierarchical division of labour were class relations specific to the socialist mode of production. However, the existence of a hierarchical division of labour has led some critics to claim that there is evidence that capitalism remains in the Soviet Union. For example, Corrigan, Ramsay and Sayer criticise the Bolshevik leaders for their support for 'Taylorism' (scientific time and motion studies) and argue that the Bolsheviks failed to recognize that technology was not 'neutral'.¹⁸⁸ The support for Taylorism by the Bolsheviks is then linked by Corrigan et al to the Bolsheviks' alleged failure to transform the 'capitalist' division of labour. However, as noted the application of Taylorism in Russia was moulded by the class relations specific to the socialist mode of production. Taylorism in its capitalist form was not established in Russia; rather, the evolution of work norms was subject to the class antagonisms specific to the socialist mode of production. To achieve higher norms, the planners had to allow a degree of autonomy at the enterprise level which facilitated the acceptance of

'practical' rather than 'scientific' norms. 'Taylorism' was absorbed into a system of production which placed its emphasis upon the extraction of an 'absolute' rather than a 'relative' surplus. That is, 'scientific' management was circumscribed by the socialist relations of production and the class system associated with them.

As noted, one of the most obvious characteristics of the class system in the division of labour is the relationship between the enterprise managers and the workers. The managers have to ensure that the surplus is extracted but to achieve this end they must reach agreement with the workers. As Moshe Lewin notes, the class relations within the division of labour were established at the time of industrialisation. Lewin reports that in 1932 the managers of enterprises were permitted by law not only to dismiss workers but also to deny them food rations, access to food stores and lodgings. But he notes, "[e]nforcement of this law was, however, impeded by the inability or unwillingness of many managers to antagonize the workers to the point of making the factories unmanageable".¹⁸⁹

Moreover, Lewin argued during the 1930s the state found it difficult to articulate an ideology to justify the power of the bureaucrats and managers. He argues that the emergence of a "powerful class of bosses" in the 1930s occurred "in conditions of stress, mass disorganization, and social warfare, and the bosses were actually asked to see themselves as commanders in a battle".¹⁹⁰ He adds that the rewards for being admitted to the class of bosses were considerable:

Some privileges - a car, a special pension, separate eating places - were public knowledge. But much was hidden, like the special stores, special warrants, graduated scale of expense accounts, housing privileges, special well-sheltered resorts, and finally the "sealed envelope" with money over and above the formal salary. All these slowly developed into a formally stratified and quite rigid ladder of importance and power.¹⁹¹

Likewise in agriculture the relations of production came under the logic of the socialist mode of production and the class antagonisms associated with it. The technical relations of production were similar to those in industry. Surplus was extracted from the direct producers in a many-layered manner. Within the kolkhoz the state received taxes and compulsory sales, primarily through payments to the Machine Tractor Stations. The kolkhoz was under planned directives, but a degree of autonomy existed at the management level. The direct producers received income in proportion to the work performed and were allowed to work on their private plots.

The sovkhos operated in a manner akin to industry. The sovkhos workers were paid according to work performed. In contrast to the kolkhoz workers, the sovkhos peasants were paid through budget allocations regardless of the profit and loss statement of the sovkhos.¹⁹² As well the state farm workers were permitted to work on smaller private plots than those of the kolkhoz peasants. As in industry there was a tendency for sovkhos managers to employ an excessive number of workers to operate the land so as to fulfil the plan targets. There was, therefore, a high level of seasonal underemployment, which combined with low wages to breed apathy, carelessness and negligence in regard to work.¹⁹³ The planners were continually frustrated by the failure of the sovkhos to meet planned targets. For their part, the sovkhos managers resented the pressure from above and the lack of physical resources to meet their targets. The tension between the sovkhos managers and the planners produced an oscillation between periods of tight management over the kolkhoz, with the manager's autonomy highly restricted, to periods of wide-ranging managerial autonomy. The restrictions on the manager's autonomy led to the loss of initiative and thereby caused

inefficiency. The appearance of inefficiency, in turn, obliged the state to grant greater freedom to the enterprise so as to stimulate production which was resented by the planners. Thus, as in industry, the rural relations of production exhibited contradictions which were expressions of the class tensions in the production process.

As with industrial managers, the sovkhos managers attempted to alleviate class tension at the point of production by deceiving the state planners.¹⁹⁴ As in industry, the relations of production were given ideological support by party cadres who also acted as 'watch dogs' over the labourers and peasants. The Party cadres acted in a symbiotic relationship with the rural managers to control production and to ensure that the targets were met. As in industry, the managers in agriculture were integrated into the bureaucratic class and into its system of privileges. However, the field of operation of the managers was set by the class antagonisms specific to the socialist mode of production.

The October Revolution introduced the period of the socialist transition in Russia. During War Communism the state became integrated into industrial production, primarily through the nationalisation of industrial enterprises and through the attempts to centralise economic power. However, War Communism was a misnomer; the state, rather than the direct association of producers, possessed the means of production, while in agriculture, the peasants possessed the land and looked to commodity production and exchange for their livelihood. Moreover, War Communism contained elements of a 'natural economy' based on the scarcity of resources, rather than the conditions of abundance as anticipated by Marx. The contradictions of War Communism and the collapse of the economy obliged the Bolshevik Party to introduce the New Economic

Policy. Lenin spoke of NEP as a form of transition to communism. However, NEP did not represent the socialist transition as envisaged by Marx but an unstable compromise between the competing logics of the socialist and capitalist modes of production.

The two modes of production came together through market exchange which was reflected in pricing policies. The history of NEP exhibited a continual crisis over prices. The reason for the pricing instability was that the logic of the socialist mode of production was conducive to low agricultural prices, so as to extract a high level of surplus from the industrial workers, whereas peasant agriculture was shaped by the peasants' desire for high prices. In 1923 and 1925 the state bureaucracy curtailed the expansion of industry so as to maintain market relations with the peasants. However, when a similar crisis arose in 1927, the state bureaucracy refused to alter its industrialisation programme. The reason for the change in policy in 1927 was that the socialist relations of production in state industry were consolidated, and there had emerged powerful spokesmen for state industry who advocated the expansion of industry outside of the framework of NEP. These spokesmen reflected the rising power of a bureaucratic class which was able to persuade the Politburo to support their demands. The socialist mode of production had spawned a bureaucratic class who sought to entrench its power through the expanded reproduction of the social relations of production (based on the extraction of an 'absolute' and relative' surplus from the working class).

The pressure from the bureaucratic class in support of expanding industry set in motion a chain of events which led to the forcible collectivisation of agriculture. Stalin provided the policy directives for collectivisation and "the liquidation of the kulaks

as a class". Once industrialisation and collectivisation commenced, the bureaucratic class closed ranks. Opponents, real and imaginary, of the new course were purged. The collectivisation of agriculture had the effect of displacing the capitalist mode of production by the socialist mode of production. The socialist mode of production could then enter a stage of expanded reproduction throughout Russia. However, just as the capitalist mode of production had inherent contradictions so did the socialist mode of production.

The contradictions intrinsic to the socialist mode of production had both a technical and a class component. The socialist mode of production initially expanded on the basis of extracting the maximum 'absolute' surplus. The mass absorption of labour did allow for a high surplus because real wages were forcibly and drastically reduced. The extraction of 'relative' surplus this was initially not on the same magnitude as that of the 'absolute' surplus. When the state bureaucracy sought to intensify the exploitation of labour, through mechanisation and increases in the rate of production class impediments retarded the exploitation of a 'relative' surplus. Workers resisted rises in productivity and upheld their claim in terms of the ideology of socialism. The government had propagated the view that it was essential for all able people should work, under the socialist philosophy of 'to each according to his work'. Yet, this ideology cut both ways. To augment the extracting of 'relative' surplus it was necessary to displace labour, through labour-saving techniques. However, the displaced labourers had to be given work. As a result, the drive for 'relative' surplus through mechanisation was matched by the continuation of labour intensive work, such as that which existed in the auxiliary workshops.

Further, the planning system encouraged the hoarding of labour, as it placed enormous pressure on the managers to fulfil the allotted targets. As labour was extensively used to create an 'absolute' surplus, the enterprise manager tended to hoard labour so as not to be caught short of labourers at the crucial time of plan completion. In addition, the manager was in a contradictory class position as his/her interests were tied to the bureaucratic class, but to maintain his/her class position it was often essential to make deals with the workers against the directives of the plan.

In agriculture, the collectivisation of agriculture allowed the state to channel low-price food into the cities and thereby augment the surplus extraction process. However, like industry (but in a more intense and blatant form), agricultural production was based upon a contradiction in the socialist mode of production. The state extracted its surplus but the peasants were permitted to escape to their private plots to obtain the bulk of their livelihood. In both the kolkhozy and sovkhozy the managers had to reach a compromise with the direct producers so as to meet the planners' targets. The antagonisms over the extraction of a surplus from the direct producers bred apathy and inefficiency.

The expanded reproduction of the socialist mode of production, during the 1930s, was accompanied by the bureaucratic class seeking means to ensure its position of power was reproduced. For example, during the 1930s egalitarianism was condemned, military ranks were reintroduced, school fees re-established and the percentage of students in the universities from working-class origins dropped, to be replaced by students from the intelligentsia.¹⁹⁵ The efforts of the bureaucratic class to ensure the continuation of its class power were seized upon by Stalin to reinforce his own position of power.

Thus, the socialist mode of production and the class power and state power connected to it were consolidated during the 1930s. As a consequence, the socialist transition in Russia came to an end without the possibility of communism being created on the basis of the socialist mode of production. However, the socialist mode of production was founded upon a contradictory base which militated against exploiting workers extensively through a 'relative' surplus for accumulation and appropriation. Attempts to raise the level of the surplus through increases in productivity have met with resistance from the working class. Despite persistent attempts over the decades to raise the level of productivity, the bureaucratic class has not been able to break the barriers to this move. That is, the field of economic reforms in Russia is circumscribed by the socialist mode of production and the class power dependent upon it. The bureaucratic class protects its class interests by maintaining its power over the surplus production process and by appropriating the surplus product. The workers resist this exercise of power by indirect methods, such as poor workmanship and absenteeism. For economic reforms to be effective there would need to be a fundamental transformation of the relations of production. However, the bureaucratic class is reluctant to make such a major change as it would threaten its class power. The working class is prevented from playing a meaningful role in economic reform as this would also threaten the existing relations of production. However, for any meaningful advance towards an efficient society the working class must play the central role. And for this to occur there would need to be a revolutionary change in the Soviet Union.

FOOTNOTES

1. Lenin, 'Fear of the Collapse of the Old and the Fight For the New'. Collected Works Volume 26 (1972), pp. 400-403.
2. Maurice Dobb, Soviet Economic Development Since 1917 (1972), pp. 82-84.
3. See Lenin, 'Report on Land, October 26 (November 8) pp. 257-261, and 'Draft Regulations on Workers' Control', pp. 264-265 in, Ibid.
4. Dobb, op.cit. (1972), pp 83-84.
5. Carmen Sirianni, Workers Control and Socialist Democracy: The Soviet Experience (1982), p. 103.
6. Dobb, op.cit. (1972), p. 84.
7. See Nicholas Lampert, The Technical Intelligensia and The Soviet State (1979), pp. 13-14.
8. Sirianni, op.cit. (1982), p. 103.
9. E.H. Carr, The Bolshevik Revolution, 1917-1923, Volume 2 (1972) p. 87. See also, Sirianni, (op.cit., p. 103) who cites the Bolshevik Savelev who noted in 1922, "The overwhelming majority of firms were forcibly nationalised, resulting above all from so-called punitive considerations, and only a minority out of considerations of state or economic necessity. In general over 70% of the firms were confiscated or nationalised because of their non-fulfilment of the decree on workers control, or because the owners closed their firms or abandoned them. Thus, the first period of the development of the revolution was characterised by the lack of a strictly thought-out plan of nationalisation; to a large degree this was a spontaneous process".
10. Lenin, 'The State and Revolution', Collected Works, Volume 25 (1974), p. 478.
11. Lenin in 'Can the Bolsheviks Retain State Power?' Collected Works, Volume 26 (1972), p. 105, wrote "When we say: 'workers' control', always juxtaposing this slogan to dictatorship of the proletariat, always putting it immediately after the latter, we thereby explain what kind of state we mean. The state is the organ of class domination. Of which class? If of the bourgeoisie, then it is the Cadet-Kornilov-'Kerensky' state which has been 'Kornilovising' and 'Kerenskyising' the working people of Russia for more than six months. If it is of the proletariat, if we are speaking of a proletarian state, that is, of the proletarian dictatorship, then workers' control can become the country-wide, all-embracing, omnipresent, most precise and most conscientious accounting of the production and distribution of goods" [Emphasis in original].
12. Ibid., p. 106.

13. The Supreme Council of National Economy (VSNKh), was given power to supervise the workers' control units; it was composed of members of the ALL-Russian Council of Workers' Control and representatives of the People's Commissariats. Carr writes in (op.cit. (1972) p. 80) tha VSNKh "replaced, absorbed and superceded the machinery of workers' control; as Lenin noted a few weeks later, 'we passed from workers' control to the creation of the Supreme Council of National Economy'".
14. Marcel Liebman, Leninism Under Lenin (1975), p. 217.
15. Marie Lavigne, The Socialist Economies of the Soviet Union and Europe (1974), p. 3.
16. Ibid.
17. Carr, op.cit. (1972), pp. 229-236.
18. Dobb, op.cit. (1972) p. 106; see also Lavigne, op.cit. (1974) p. 3 and Eugene Zaleski, Planning for Economic Growth in the Soviet Union, 1918-1932 (1971), p. 17.
19. Zaleski, ibid., pp. 17-18.
20. Ibid., p. 18, and Dobb op.cit. (1972), p. 107.
21. Ibid.
22. Margaret Dewar, Labour Policy in the USSR 1917-1928 (1956) pp. 45-47.
23. Zaleski, op.cit. (1971), p. 19. Dewar argues that while Lenin was reluctant to support the militarization of labour and did so only in response to the dire needs of the war effort, Trotsky saw the militarization of labour as a direct move to socialism. Dewar writes, (op.cit., p. 56) that Trotsky argued at the Ninth Party Congress that the 'new society' could only be built by the centralization of economic power and through the direct allocation of labour.
24. Dobb, op.cit. (1972), p. 119.
25. Lavigne, op.cit. (1974), p. 1.
26. See Lenin 'Report on Land' in Collective Works Volume 26 (1972), pp. 257-261.
27. Lenin in the 'April Theses' ('The Task of the Proletariat in the Present Revolution' in Collective Works volume 24 (1974) p. 23), spoke of the nationalisation of land and the development of large scale farming, which used modern agricultural techniques. However, as the revolutionary turmoil unfoulded the Bolshevik Party made concessions to the demands of the peasants. In particular, large scale agricultural production based upon the landed estates was relegated to a secondary position behind a general re-distribution of the land. For an extended account of the peasant demands see Marc Ferro, The Russian Revolution of February 1917 (1972), pp. 124-136.

28. Carr, op.cit. (1972) p. 54.
29. Teodor Shanin in The Awkward Class (1972), p. 153, asks that "What were the actual results of the agrarian revolution in terms of socio-economic mobility? The main change had taken the form of a major land redistribution which had transferred an additional 150 million des (desyatina = 1.09 hectares = 2.7 acres) of land into peasant hands... Only about one-third of this land previously belonged to the landed nobility; it consisted to a great extent of arable land. The rest was mainly land owned in the past by the state and the Tsar's family, and consisted in large measure of non-arable land, mainly forest".
30. Carr, op.cit. (1972), pp. 53-54.
31. Fainsod, op.cit. (1965), pp. 83-85.
32. Carr, op.cit. (1972), pp. 50-57.
33. Fainsod, op.cit. (1965), p. 135.
34. Ibid., p. 136.
35. Ibid. See also, E.H.Carr The Russian Revolution from Lenin to Stalin 1917-1929 (1979), pp. 20-21.
36. Carr, op.cit. (1972), p. 61.
37. Ibid., p. 163.
38. Fainsod, op.cit. (1965) p. 96.
39. Carr, op.cit. (1972) pp. 152-153.
40. Ibid., p. 155.
41. Ibid., p. 243.
42. Teodor Shanin, op.cit. (1972) pp. 52-58. For a debate on Shanin's notions of 'levelling' see the exchange between Shanin and Gary Littlejohn in Economy and Society. The debate began with Littlejohn's review of The Awkward Class, 'The Peasantry and the Russian Revolution', Economy and Society, Volume 2, Number 1 (1973), pp. 112-125. Shanin replied in 'Correspondence', 'Gary Littlejohn's review of T. Shanin, The Awkward Class', Economy and Society, Volume 2, Number 2 (1973), pp. 255-261. This prompted Littlejohn to reply to the reply in 'Correspondence', 'The Russian Peasantry: a reply to Teodor Shanin', Economy and Society, Volume 2, Number 3 (1973), pp. 376-385. See also Terry Cox, 'Awkward Class or Awkward Classes? Class Relations in the Russian Peasantry before Collectivisation', The Journal of Peasant Studies, Volume 7, Number 1 (October 1979), pp. 70-86, and Mark Harrison, 'Resource Allocation and Agrarian Class Formation' The Journal of Peasant Studies, Volume 4, Number 2 (January 1977), pp. 127-162.
43. Carr, op.cit. (1972), p. 171.

44. Athar Hussain and Keith Tribe, Marxism and the Agrarian Question, Volume 2 (1981), p. 100.
45. Ibid.
46. See Cohen, op.cit. (1973) p. 97. Lenin wrote that the requisitioning of grain that this was a desperate measure caused by the civil war, (as cited in Carr, op.cit., 1972 (pp. 153-154). "The peculiarity of war communism consisted in the fact that we really took from the peasants all their surpluses, and sometimes even what was not surplus, but part of what was necessary to feed the peasant, took it to cover the costs of the army and to maintain the workers. We took it for the most part on credit, for paper money. Otherwise we could not beat the landowners and capitalists in a ravaged small-peasant country."
47. Bukharin and Preobrazhensky, The ABC of Communism (1967), p. 25.
48. Bukharin, The Politics and Economics of the Transition Period (1979), p. 55.
49. Ibid., p. 91.
50. Ibid., p. 116.
51. Ibid.
52. Ibid., p. 107.
53. Carr, op.cit. (1972), p. 197.
54. Carr, op.cit. (1979), p. 24.
55. Lavigne, op.cit. (1974), p. 3.
56. As cited in Carr, op.cit. (1972), p. 197.
57. Dobb, op.cit. (1972), p. 149.
58. Davies, op.cit. (1980), p. 6.
59. Lenin Address to the Tenth Congress of the R.C.P.(B), Collected Works, Volume 32 (1965), p. 176.
60. Ibid., p. 187.
61. Lenin, 'The Tax in Kind', Collected Works, Volume 32 (1965), p. 331.
62. Zaleski, op.cit. (1971), p. 21.
63. Lavigne, op.cit. (1974), p. 7.
64. Ibid.
65. Ibid., p. 6.
66. Ibid.

67. Ibid., p. 7.
68. Zaleski, op.cit. (1971), p. 22.
69. Lavigne, op.cit. (1974), p. 10.
70. Ibid.
71. Nicholas Lampart, op.cit. (1979), p. 29.
72. Lavigne, op.cit. (1974), p. 11.
73. Ibid., p. 7. In effect this brought to an end the so called 'state capitalist' system so admired by Lenin.
74. Ibid., p. 11.
75. Carr and Davies, Foundations of a Planned Economy 1926-1926 (1974), p. 517.
76. Ibid., p. 520.
77. Ibid., p. 523.
78. Tomsy, as cited in ibid., p. 524.
79. As cited in ibid. p. 526.
80. See Ibid., p. 528.
81. V Mezhlauk as cited in ibid., p. 529.
82. Kraval as cited in ibid.
83. S. Trumlin as cited in ibid.
84. Ibid.
85. Ibid., p. 531.
86. Ibid.
87. Ibid., p. 533.
88. Ibid., p. 535.
89. V. Shmidt, as cited in ibid., p. 537.
90. Ibid.
91. Ibid., pp. 537-541.
92. Ibid., p. 539.
93. Ibid., p. 538.
94. Ibid., p. 553.
95. Ibid.

96. Lavigne, op.cit. (1974), p. 7.
97. Zaleski, op.cit. (1971), p. 71.
98. Davies, op.cit. (1980), pp. 26-27.
99. Ibid., p. 27.
100. Ibid.
101. Ibid.
102. Ibid., p. 13.
103. Carr and Davies, (op.cit. (1974), p. 3), note that the Party was aware of the marketing crisis "Nor did any doubt exist about the fundamental causes of the low marketability of the harvest [here Carr and Davies refer to the harvest of 1926 and 1927]. So long as the predominant form of cultivation was by a large and increasing number of small peasant households living at or near subsistence level, the proportion of grain available for the market, i.e. to feed towns and factories, was likely to be small; and the shortages of manufactured goods which the peasant might desire to purchase weakened any incentive to bring his grain to the market" Similarly, Dobb, (op.cit., (1972) p. 214), writes that "When one examines the details of the agricultural situation in the optimistic year 1925-6, a remarkable fact soon arrests one's attention: the failure of the marketed surplus of agriculture to recover to the pre-war level, despite the recovery both of the cultivated area and of the gross harvest."
104. Davies, op.cit. (1980), p. 17.
105. See J. Karcz, 'Thoughts on the Grain Problem', Soviet Studies Vol XVIII (1967), pp. 399-434 and 'Back on the Grain Front', Soviet Studies Vol. XXII, 1970, pp. 262-94; R.W.Davies, 'A Note on Grain Statistics' Soviet Studies, Vol XXI (1970), pp. 314-29; James R. Millar, 'Soviet Rapid Development and the Agricultural Surplus Hypothesis' Soviet Studies, Vol XXII (1970), pp 79-93 and the 'Mass Collectivisation and the Contribution of Soviet Agriculture to the First Five Year Plan', Slavic Review, Vol XXXIII, (1974), pp 750-66, Alec Nove, 'The Agricultural Surplus Hypothesis: A comment on James R. Millar's Article' Soviet Studies Vol XXIII No 2 (October 1971), pp. 303-308, Mark Harrison 'The Soviet Economy in the 1920's and 1930's' Capital and Class No 5 (summer 1978), pp. 78-94.
106. Nove, op.cit. (1972), pp. 93-95.
107. Ibid., p. 95.
108. Davies op.cit. (1980), p. 29.
109. Ibid.
110. Ibid.
111. Ibid., p. 30.

112. Ibid., p 36.
113. Ibid.
114. See Moshe Lewin, Russian Peasants and Soviet Power (1968).
115. See the references listed in Footnote 105 and see also Herbert J. Ellison, 'The Decision to Collectivise Agriculture'. The Slavic Review, Vol XX (1961), pp. 189-202, and the debate between James R Millar and Alec Nove on 'Soviet Collectivisation', in Problems of Communism, August (1976) pp 49-62
116. See Lampert, op.cit. (1979), pp 39-45; Zaleski op.cit., (1971) pp. 106-109; Zaleski, Stalinist Planning for Economic Growth 1933-1952 (1980), pp. 10-13.
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118. Davies and Wheatcroft, op.cit., p. 798.
119. Ibid.
120. Ibid., p 799.
121. Ibid., p 800.
122. Ibid., pp. 798-799.
123. Carr, op.cit. (1979), p. 187.
124. Ibid.
125. Theda Skocpol, States and Social Revolutions: A Comparative Analysis of France, Russia and China (1979), pp. 220-235.
126. Ibid., p. 225. As will be argued in the last chapter, Skocpol's position is untenable from both an empirical and theoretical point of view. Also see my article on Skocpol's view on the State in the Russian and Chinese Revolutions in Journal of Contemporary Asia, Volume 16, Number 1, 1986, pp. 75-95.
127. Skocpol, op.cit. (1979), p. 235.
128. Hussain and Tribe, op.cit. (1981), p. 128.
129. Moshe Lewin, 'Who was the Soviet Kulak?' in Lewin, The Making of the Soviet System (1985), p. 137.
130. Ibid., p. 113.
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132. Nove, op.cit. (1972), p. 169.
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134. Ibid., p. 269.
135. Nove, op.cit. (1972), p. 170.
136. Davies, op.cit. (1980), p. 308.
137. Ibid., p p. 373-381.
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140. Zaleski, op.cit. (1980), p. 50.
141. Nove, op.cit. (1972), p. 174.
142. Lavigne, op.cit. (1974), p. 115.
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146. Ibid., p. 23.
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CHAPTER SEVEN

CHINA AND THE SOCIALIST MODE OF PRODUCTION

When the Chinese communists captured state power in October 1949 they had wide experience in revolutionary struggle. The Chinese Communist Party came to power after having suffered a major defeat in 1927 and then establishing its own administration in rural Red Base Areas. The Party had conducted a long and complex military campaign which included a defeat in 1934, followed by the Long March to re-establish a safe base camp, this time in Northern Shensi. Between 1935 and 1942 the Party established an uneasy alliance with the Kuomintang Government to fight the Japanese. The hostility between the Communists and the Kuomintang culminated in the civil war from 1946 to 1949.¹ Once in power the C.C.P. had to mould this experience into a strategy for transforming China.

When it came to political power, the C.C.P. had the support of the Soviet Union to assist it in achieving socialism. As the socialist transition unfolded in China the lessons learned in its history were to be at odds with the imported Soviet model. After 1956 the C.C.P. was to abandon the Soviet model and to implement its own model of the socialist transition. In addition, the Soviet Union was to break politically with China and remove its technical and economic support from the country. However, while the C.C.P. attempted to create its own model of communism, it was continually circumscribed by the new (socialist) mode of production which had been established in China and by the class power and state power associated with the socialist mode of production.

When the C.C.P. came to power in October 1949 it conceptualised the socialist transition as a movement to be conducted in two distinct but related political phases. The first phase was conducted under the rubric of a "Democratic Revolution" in which the goals of the transition were to be the displacement of "feudalism" in the countryside and of "colonialism" and its associated evils

"imperialism" and "bureaucratic capitalism" within the cities.² The "Democratic Revolution" was an attack upon the "feudal" landlords, the foreign capitalists and the "bureaucratic capitalists" (the latter were those capitalists who were in or closely associated with the Kuomintang state). The Party's strategic task in the "Democratic Revolution" was to unite the peasants, the proletariat, the petty bourgeoisie and the "nationalist" capitalists against the "feudal" landlords, the "imperialists" and "bureaucratic capitalists".

The defeat of the latter classes would provide the basis for a Democratic regime committed to moving towards socialism. The second stage of the revolution was seen as a "Socialist Revolution" conducted by the peasants and proletariat, supported by their state, against the rural and urban capitalists. In agriculture the "Socialist Revolution" would eliminate the economic, political and social power of the petty bourgeoisie and the rural capitalists allowing for the rule of the peasants as a unified class. In industry, the "Socialist Revolution" would cause the demise of the capitalists and petty bourgeoisie and the rise of the socialist economy, under "the dictatorship of the proletariat and peasants."

The two-stage revolutionary theory followed by the C.C.P. gave the communists a degree of flexibility in forming class alliances and in isolating class enemies. However, the Party's two-stage theory was inappropriate for the practice of the socialist transition. The two-stage theory was founded on the notion that in the first stage the "feudal" and "colonial" economy would be displaced in the "Democratic Revolution". But as the relations of production were capitalist the notion of a "Democratic Revolution" was misconceived. The Party, however, took great care in forming revolutionary class alliances, and as a result the weaknesses of the

Party's theory were somewhat overcome.

Looking at the industrial and commercial sector first, the defeat of the Kuomintang Government provided the Communist Government with a sound basis to conduct the transformation of the urban economy. According to R.M. Beth, prior to the 1949 Revolution the Nationalist Government controlled two-thirds of total industrial capital in China.³ Similarly, Cheng Chu Yuan reports:

On the eve of the communist victory, the National Resources Commission of the Nationalist Government controlled 90 per cent of the country's iron and steel: output, 33 per cent of its coal, 67 per cent of its electrical power, 45 per cent of its cement, and all petroleum and non-ferrous metals. The government also controlled the nation's light industry.... In addition, state capital controlled the big banks, all the railways, highways and airlines, 44 per cent of the shipping tonnage and a dozen or so monopolistic trading corporations.⁴

Following the 1949 Revolution the Communist Government seized the state enterprises and replaced the Kuomintang officials. The attack on the bureaucratic capitalists had an immediate effect. The Communist Government "confiscated 2,858 industrial enterprises, employing more than 750,000 industrial employees".⁵ By the end of 1949 state-owned enterprises accounted for 41.3 per cent of gross output of China's modern large-scale industries.⁶ According to Cheng, the state sector by 1950 owned "58 per cent of the country's electric power resources, 68 per cent of coal output, and 92 per cent of pig iron production, 97 per cent of steel, 68 per cent of cement, and 53 per cent of cotton yarn".⁷ The state also controlled the railways, modern communication networks and modern transportation.

The military and political victory over the Kuomintang Government provided the Communist Government with economic resources to conduct its campaign against "feudalism", "imperialism" and capitalism. In the initial period after the revolution the

Communist Government allowed foreign firms in the urban economy to operate but placed restrictions upon the manner of their operations. For example, the Government ordered that Chinese employees of foreign firms could not be dismissed.⁸ However, after the outbreak of the Korean War tighter controls were applied to American businesses in China; this move was made primarily in retaliation for U.S. Government confiscation of Chinese property in the United States. In April 1951, the Chinese Government placed tight restrictions on British-owned enterprises in China. In the summer of 1952, British capitalist decided to leave China and their property was confiscated.⁹

After taking the property of the "imperialists" and the "bureaucratic capitalists" the Government was in a strong position to mount a campaign against indigenous industrial capital. The first economic sector to come under state domination was that of banking. While the Government had taken immediate control of the state banks, most private industry relied upon the private banking sector for its working capital. According to Cheng, in 1949 there were 466 private banks in the six major cities of China.¹⁰ In March 1950 the Government ordered the centralisation of state finances into the People's Bank (the Central Bank of Communist China) and the centralisation of state fiscal revenue under the authority of the state treasury. The withdrawal of state finances from the private banking sector caused the closure of many banks. By June 1950, according to Cheng, the number of private banks had declined to 213.¹¹ In August 1950 the Government encouraged the private banks to merge into five major groups.¹² The Government appointed administrators to the boards of the five private banking groups and then placed pressure on the five units to merge further into a single administrative unit. The Government then used this

administrative unit to reshape the banking sector with the majority of directorships being filled by top-ranking party cadres.¹³ In effect, by the end of 1952 the banking sector was under state control and there were only two forms of ownership: state ownership and joint-state ownership.¹⁴

The closure of the stock market in Shanghai followed the displacement of private banking.¹⁵ As a result, the private sector discovered that its sources of capital were either possessed by, or under the influence of, the state banking sector. As Christopher Howe notes:

The control of the banking system gave the authorities control over the supply and price of working capital and this was used to control the level of urban economic activity in a highly discriminatory manner.¹⁶

The state used its control over capital to guide the broad national economy and in particular to stabilise the currency and to curb speculation. Moreover, the state's powers over working capital began to affect the operation of capitalist enterprises.

The capitalist commercial sector, starved of working capital, was obliged to turn to the state.¹⁷ The state then regulated credit to the capitalists through the purchase of their stocks. Moreover, the state placed orders with the private enterprises for processing of raw materials and for manufactured goods, and then purchased these products. The capitalist enterprises received raw materials, orders and payments from the state. In return, the state obtained finished goods at the same time as it circumscribed commodity production and exchange.

However, the demands of the Korean War tremendously raised economic activity. The accelerated tempo intensified the contradictions between the socialist and capitalist sectors. During 1950 and 1951 the number of capitalist industrial and commercial

enterprises rose by around 27 per cent.¹⁸ As well, the total value of private industrial production increased by approximately 70 per cent between October 1949 and September 1952.¹⁹ The state gained increases in revenue from the rise in sales and the administrators obtained valuable experience in regulating the economy. However, as Howe argues, the stimulation of the private sector tended to "frustrate the planned growth of the public sector".²⁰ Similarly, Xue Muqiao contends that during 1950 and 1951 the capitalist economy recovered to such a level that the capitalists became confident that they could manipulate the market in their favour.²¹ Moreover, he notes that the capitalists engaged in many illegal activities as a means of expanding the private sector at the expense of the state system.²²

In 1952 the Government launched a nation wide campaign against the excesses of capitalism. The Five AntiMovement, which began in January 1952, was conducted as a counter-offensive against illegal capitalist activities namely, the bribery of officials or workers, tax evasion, theft of state property, cheating on government contracts, and the stealing of economic information from the state.²³ The trade unions, accompanied by special teams, were mobilised to uncover the illicit activities of the capitalists, and the trade union movement was given national support by the Government Party and the Party press.

The Five AntiMovement was successful in threatening the legitimacy of capitalism. The capitalist class became divided between those who wanted to conduct their business within the guidelines of the state and those who did not. The Government praised the 'honest' capitalist, while attacking the 'dishonest' capitalist, thereby intensifying the split within the capitalist class.²⁴ The workers, having participated in denouncing their

employers, gained in confidence and looked to the state rather than their employers as the arbitrator of their work practices.²⁵ The campaign was also successful in exposing the illegal activities of the capitalists. According to Po I-po, as a result of the investigation of some 450,000 capitalist undertakings in nine city centres, it was found that 340,000 of them had committed illicit transactions.²⁶ Capitalists deemed guilty by the state of committing illegal acts were heavily fined and some capitalist, after being denounced, committed suicide.²⁷

The capitalist industrial and commercial sector was hard hit by the Five AntiMovement. For example, as reported by Cheng there was a decline of 70 per cent in working capital in the Tientsin Municipal Government in 1952-1953.²⁸ Brugger notes that the capitalist class had "realised the immense power both of organised labour and the state".²⁹ The state was able to increase its control within the private sector through the strategy of making private enterprises dependent upon the state for credit and purchase orders. The state gained more control over the running of the private factories and placed pressure on the capitalist managers either to transfer their enterprises to the state or to make them into joint state-private concerns. Moreover, as Brugger notes, while the private sector still contributed 31 per cent of total production it was subordinated to the accumulated power of the socialist state.³¹

Using the success of the Five AntiMovement, Mao Zedong began to accelerate the socialist transition within Chinese industry and commerce. Mao promoted the idea of 'state capitalism' as a form of capitalist undertaking acceptable to the state. According to Mao 'state capitalism' would serve the needs of both the state and the people:

It is not an ordinary but a particular kind of capitalist economy, namely, a state-capitalist economy of a new type. It exists not chiefly to make profits for the capitalist but to meet the needs of the people and the state. True, a share of the profits produced by the workers goes to the capitalists, but, that is only a small part, about one quarter, of the total. The remaining three quarters are produced for the workers (in the form of the welfare fund), for the state (in the form of income tax) and for expanding productive capacity (a small part of which produces profit for the capitalist).³²

Pressure was placed on the capitalists to enter into either state owned or joint public-private concerns.³³ According to Cheng Chu-Yuan, in 1949 there were 193 joint state-private enterprises, employing 100,000 employees. By 1953 the number of joint state-private concerns had risen to around 1,000 with 270,000 workers. At the end of 1954, they were over 1,700 public-private enterprises with more than 530,000 employees.³⁴ As well, the state began to exert its influence in wholesale trade. State-owned stores and supply and marketing co-operatives accounted for 63.7 per cent of wholesale trade in 1952 as compared with 23.9 per cent in 1950.³⁵ Cheng reports that, by 1954, "the function of the private wholesalers was taken over almost in entirety by state commerce".³⁶ A similar form of state encroachment on private retail trade occurred after 1953, with retail sales passing through state hands rising from 1 per cent in 1953 to 17 per cent in 1954 and to 45 per cent in 1955.³⁷

The increased state ownership and control over the urban economy intensified the antagonism between the capitalist and socialist modes of production. The state planners had great difficulty in controlling the economy, with the private sector operating under the logic of capitalism while the state sector functioned according to the logic of the socialist mode.³⁸ Further, the increased class conflict created confusion among both the capitalists and the state bureaucrats. For example, Brugger notes, as the pace of

socialisation accelerated small traders, shop owners, and small businessmen became unwilling to invest in their businesses.³⁹ Moreover, the capitalists tended to stockpile their goods so as to push up the price and looked to the black market for rural produce. In addition, with their future becoming precarious private industry looked towards short-term monetary returns rather than to sustained investments.⁴⁰ Moreover, as Brugger notes, the problems with the private sector caused the Government to support

all sorts of conservative policies just to keep trade and industry moving. Trade fairs were organised which bypassed the state marketing organs. State banks made loans to private businessmen who were unwilling to continue investing capital in their concerns. Goods were redirected from co-operatives to private concerns, and regulations governing some goods were relaxed.⁴¹

Again, in agriculture the Government had already begun to move from the stage of "New Democracy" to that of the "Socialist Revolution" by promoting Agricultural Producer Co-operatives (A.P.C.'s). The Party linked the socialisation of industry to the collectivisation of agriculture and saw these moves as a means of resolving the antagonisms between the capitalist and state sector in the economy. As a consequence, the nationalisation of the industrial sector was accelerated during 1955. During 1955 and 1956 the capitalist were encouraged and compelled to transfer their private concerns into joint state-power enterprises. By late 1956, 99 per cent of industrial undertakings and 99.6 per cent of private industrial output were conducted through joint private-public firms.⁴²

In addition, after a whole trade had come under joint state-private control, the state influenced the managers to ensure that the means of production were placed at the disposal of the state, to be utilised according to the state plan.⁴³ The assets of the firm were assessed by the state and it was announced that the

Government would pay a fixed interest to the individual capitalist for his shares. The capitalist, regardless of the operating profit or loss of the enterprise, was paid interest at five per cent per annum.⁴⁴ As Cheng notes:

This new arrangement was termed the policy of "buying off" which was regarded as a price paid to capitalists for their acceptance of a peaceful transformation.⁴⁵

Thus, in industry and commerce by late 1956 the capitalist mode of production had been transformed.⁴⁶ That is, during 1956 ownership in the industrial sector was reduced to two basic types, state ownership proper and joint private-state concerns. Alexander Eckstein cites official figures showing that in 1956 Government enterprises accounted for 67.5 per cent of industrial enterprises, and joint public-private enterprises accounted for 32.5 per cent of industrial enterprises.⁴⁷ The capitalist class had lost complete control over the industrial sector; however, it was not until the Cultural Revolution that the policy of paying dividends at 5 per cent per annum was abandoned.

The industrial capitalists had been exposed to intense and systematic pressure. The capitalist class had lost control over credit and working capital, and the individual capitalist was obliged to enter into contracts with the state for the supply of raw materials and for the sale of finished products. Having gained a foothold in the capitalist enterprises, the state used its powers over credit and resources to force changes in the ownership of the means of production. During 1955 and 1956, the state intensified the pressure on the capitalists, obliging them to relinquish ownership of the means of production with the enterprises becoming either state or joint state-private concerns. However, even in the latter organisations the capitalists did not control production and

were paid interest at a nominal figure, thereby ending exploitation based on surplus value.

Returning to the analogy with the rise of capitalism in Oldham as depicted by John Foster, the demise of the Chinese industrial and commercial class was achieved in the period between 1949 and 1956. The Communist Government gained valuable resources from the defeated Kuomintang state. These resources included supplies of essential raw materials to the industrial sector, as well as modern transportation and communication. The state then gained control over the banks and finance sector. Starved of working capital the Chinese urban capitalist class was obliged to enter into contracts with the state for capital and raw materials. In return, the state gained access to the management level of the firms. The Five Anti Movement mobilised the workers in support of state involvement in private enterprise. The capitalists lost control over the supply of labour, which now came under state regulations. Having circumscribed the inputs into the enterprises and placed regulations on market exchange, the state was in a strong position to encourage the capitalists to accept a deal in which they received a nominal annual dividend, in return for the means of production. The capitalists were "bought off", but in effect, they had little choice as the means of producing surplus value was taken from them.

At the same time as the industrial and commercial sector was being transformed fundamental changes were taking place within agriculture. When the Communists came to power in 1949 they were confronted by a complex situation within agricultural production. The complexities of the rural relations of production were inadequately conceptualised by the Party because it adhered to the Comintern theory that the mode of production in colonial society was "semi-feudal" and "semi-colonial".⁴⁸ When the C.C.P. began the

process of transforming agricultural production the Comintern theory proved deficient in guiding the rural revolution. This weakness in theory was somewhat offset by the revolutionary strategy adopted by the C.C.P. which isolated key class enemies and mobilised maximum support for each change in the rural social and economic conditions.

Moreover, the C.C.P. was also assisted in overcoming the erroneous view that the relations of production were "feudal" or "semi-feudal" by the fact that commodity production and exchange were channelled through "hierarchical" structures which roughly resembled those of feudalism. That is, as Brugger notes, commodity production and exchange in agriculture were transmitted through a hierarchical structure and sustained by a prevailing ideology which lent itself to a feudal definition:

The dominant form of rural production in China which the Chinese Communist Party inherited was simple commodity production. Ground rent was capitalised and a significant volume of peasant production was for sale on the market. This is clearly a form of capitalism. What may be described as 'feudal' about the situation were simply the hierarchical, patriarchal and communal values which sustained the dominant ideology.⁴⁹

That is, when the cadres entered the villages to challenge the power of the 'feudal' landlords they discovered that the nature of exploitation was clearly not feudal. Rather, the relations of production within the village were profoundly influenced by commodity production and exchange.

The extensive character of commodity production and exchange within Chinese agriculture has been detailed by many studies. In particular, R.H. Myer's study of the pre-1949 Chinese market revealed that the peasant producers were exposed to the logic of commodity exchange and that this affected the processes of production.⁵⁰ Similarly, the relations of credit and finance were highly commercialised throughout the country.⁵¹ Moreover, as C.

Riskin notes, many observers in the 1930s believed that economic exploitation within the countryside had become more severe as a response to the spread of capitalism.⁵²

Even Mao Zedong, in his famous characterisation of classes in the countryside in 1933, described forms of exploitation which were capitalist. For example, Mao in his discussion of the landlords noted that the main form in which the landlords exploited the peasants was through the extraction of land rent, but, adds that, the landlords "may lend money, hire labour or engage in industry or commerce".⁵³ Similarly Mao describes the rich peasants as existing on the exploitation of other peasants via the hiring of labour, land rents, the lending of money (usury) or engaging in industry and commerce.⁵⁴ Thus, while upholding the theoretical dictum of the Comintern that agriculture was feudal, Mao describes forms of exploitation which were subject to commodity production and exchange.⁵⁵

In effect, by 1949 the whole of Chinese production was dominated by capitalism. Nevertheless, as was the case in other Asian countries (e.g. India), the method of domination varied and its growth and potency were uneven. The uneven development of capitalism was marked in China because of China's sheer size and regional diversity. Moreover, the capitalist mode of production did not mirror European capitalism in any simple manner.⁵⁶ The mode was integrated into a society which had different values and historical structures (e.g. patron-client relationships). The consolidation of capitalism and its acceleration under the influence of foreign penetration sharpened class antagonisms in both the agricultural and industrial sectors.

The Party became aware that its conceptualisation of agriculture was inaccurate during the land reform programme. The Party regarded

land reform as an attack on feudal relations and specifically conceived the redistribution of land as a means of undermining the economic power of the landlords. The Government in 1949 considered that the landlords and rich peasants constituted less than 10 per cent of the rural population and possessed over 70 per cent of the total arable land.⁵⁷ Poor peasants, rural labourers and middle peasants were seen as comprising over 90 per cent of the rural population, but possessing less than 30 per cent of the total arable land.⁵⁸

The Communist Party, therefore, considered that the redistribution of the landlords' holdings would have a profound effect on rural economic and class conditions. Moreover, the Party regarded the "feudal" practices of the landlords as inhibiting agricultural production and thereby retarding industrial development. The Agrarian Land Reform Law, as enacted on 30 June, 1950, was founded upon the premise that the elimination of the feudal practices of the landlords would facilitate a rise in the productive forces:

The land ownership system of feudal exploitation by the landlord class shall be abolished and the system of peasant land ownership shall be introduced in order to set free the rural productive forces, develop agricultural production and thus pave the way for New China's industrialisation.⁵⁹

As a preparation for land reform the Party sent survey teams into the countryside to investigate the class composition of the villages. The C.C.P. instructed the survey teams to divide the villagers into, on the one hand, the landlords, and on the other hand, rich, middle, poor and destitute peasants.⁶⁰ However, the land surveys revealed that the Party's perceptions of land holdings (conceptualised primarily on the Party's old revolutionary base areas in the north) were inaccurate for much of China.⁶¹ The Party's initial conception of land holdings is also shown to be in

error by more recent evaluations. For example, Peter Schran calculates that a more realistic account of the land holdings in China for the year 1933 would be that poor and middle peasants together owned 53.7 per cent of the total farm land (and not 30 per cent as stipulated by the C.C.P.'s land reform law) and that rich peasants and landlords together owned 46.3 per cent (not 70 per cent) of the total arable land.⁶²

The basic problem with the Party's estimation of the 'feudal' holdings was that it underestimated the amount of land held by the rich and middle peasants, while overestimating the holdings of the landlords. Concomitantly, the Party's concentration on 'feudal' exploitation disguised the multi-layered forms of (capitalist) exploitation. The immediate problem with the Party's misconception of the agricultural class structure was that the peasants' expectations as to the benefits of the anti-feudal revolution were raised too high. However, as noted, the Party's political practice tended to militate against the weaknesses in the Party's theory. As Vivienne Shue notes, the Party was extremely skilfull in managing village class struggle.⁶³ The C.C.P. employed an elaborate and yet flexible class analysis to achieve its aim of isolating the landlords, while mobilising the majority of peasants to transform the economic and political structure of the village.

Land reform involved the mobilisation of the village in denouncing the landlords. The landlords were humiliated in front of the village as a means of ensuring their political and economic demise, while raising the socialist consciousness of the peasants.⁶⁴ Once the process of denouncing exploitation began the Party cadres had to exert considerable pressure on the poor and middle peasants to prevent them from including the rich peasants in their criticism.⁶⁵ In general, the C.C.P. was able to restrict

land reform to the all-round fall of the landlords. Moreover, as Shue argues, "insofar as possible the Party saw to it that landlords did not merely fall in the village, but that they came down humiliated and excoriated by the rest of the community".⁶⁶

As was the case in Russia, the outcome of land reform in China is unclear. The Communist Government claimed that over 300 million peasants received 700 million mou (0.0667 hectare) as a result of land reform.⁶⁷ Further, the Government noted that after land reform the poor and middle peasants possessed more than 90 per cent of the arable land, while the former landlords and rich peasants possessed around 8 per cent of the total arable land.⁶⁸ But Schran argues that these figures are misleading and that they overestimate the land redistributed, especially that of the rich peasants. He calculates that at most 40 per cent (and not 50 per cent as indicated by the official data) of the land changed hands.⁶⁹ In addition:

of the land which changed ownership, more than two-thirds seems to have been taken from landlords and less than one-third from rich peasants. Less than two-thirds appears to have been given to poor peasants and more than one-third to middle peasants.⁷⁰

Land reform in China (as in Russia) caused a relative 'levelling' of peasant holding.⁷¹ As was the case in Russia, while there was a degree of land equalisation there were still marked distinctions between peasant classes in terms of the distribution of the instruments of production.⁷² But a distinction needs to be made here between the results of land reform in China and those in Russia. That is, land holdings in China were, overall, much smaller than was the case in Russia and often the peasant holdings were insufficient for the families' basic needs. As Shue comments for the regions of Hunan and Hupei, as the result

of land reform a peasant family of five might have received between one and two acres to add to the land, if any, that they possessed:

Even in Chinese peasant farming terms, this was not a lot. Land reform made a relatively few people poorer, and a great many people somewhat better off. But it made no one rich.⁷³

However, what the outcome of land redistribution did permit was the revitalisation of commodity production and exchange. Land reform provided the potentiality for class polarisation because the rich and middle peasants had greater means of production than the poor peasants. Furthermore, many of these "better off" peasants were convinced that they had now merely to consolidate their advantages and thereby prosper. But as Shue notes, the Communist Party saw land reform as simply "the initial battle of a protracted war".⁷⁴

The Party used three methods for furthering the revolution in agriculture namely, progressive taxation, control over marketings and co-operativisation.⁷⁵ Taxation was used as a means of raising revenue for the state and was collected now via the village and not the individual farmer. As a consequence, the communist cadres in the village played an active role in overseeing tax collection. When the peasants saw that taxation policy was based upon progressive principles and was implemented (for the first time in living memory) in an honest manner they were prepared to trust the Government in other policy directions. Land reform and the progressive taxation scale had the effect of stimulating production and thereby raising peasant incomes and tax revenues.⁷⁶ The state applied its taxation policy in such a manner that it stimulated production, while penalising excessive forms of exploitation, such as tenancy arrangements. The rise in the marketings of agricultural produce allowed the state to establish an alternative market

structure to that of the free market. The Government introduced state wholesale and retail trading outlets. The State Trading Companies (S.T.C.s) were geared to assist the poor peasants. A significant factor in the S.T.C.s success was the fact that many peasants had nothing to lose and much to gain by trading with the state. The S.T.C.s offered the poor peasants security for their small surpluses. In return, for the sale of their surpluses to state agencies the the S.T.C.s provided the poor peasants with a ready source of interest free credit, providing they were prepared to sign advance purchase contracts. The principle behind the advance purchase contracts was that the peasants signed the contracts early in the growing season, allotting a certain portion of their produce to the S.T.C.s at harvest time, at a fixed price. In return, for the signed contract, the S.T.C.s gave the peasants cash, at the very time when the peasant family was most in need of ready cash.⁷⁷ The peasants gained cash and the S.T.C.s obtained a share, at a fixed price, of the peasants' surpluses. Moreover, the advance purchase contracts directly intervened in a long standing practice which had tied the poorer peasants to their "better-off" neighbours. The advance purchase contracts were a direct substitute for the credit arrangements offered by the rich peasants to their poorer neighbours. The state replaced the rich peasants and thereby gained control over the poorer peasants' surpluses, while simultaneously abolishing a form of exploitation and debt dependence.

The advance purchase contracts gave the state and co-operative sector a significant input into the peasants' marketable surpluses. The co-operative sector began to grow steadily. According to Shue, state and co-operative commerce, as a percentage of total wholesale trade rose from 23.8 per cent in 1950, to 63.2 per cent in 1952, to 69.2 per cent in 1953, and to 89.3 per cent in 1954.⁷⁸ By 1954,

private wholesale trade had fallen to be only 10.2 per cent of the total trade.⁷⁹ The rise in state and co-operative wholesale trade was matched by the expansion of public trading centres. In 1949, Shue notes, there were 20,133 Supply and Marketing Co-operatives; by 1952, the total had risen to 32,788, with membership rising from just over 10 million to more than 138 million.⁸⁰

The increase in trade passing through state hands intensified the antagonisms between the state and the private market. As with the market crisis in Russia during the NEP, so the marketing problems in China during 1953 were based on the contradictions between the capitalist and socialist modes of production. The C.C.P. perceived the marketing dilemmas as involving the emergence of capitalism in agriculture. But unlike Stalin, the C.C.P. isolated the problem to the growing power of a small percentage of prosperous peasants. The Party decided to accelerate the socialist transition as a means of combating the prosperous peasants who could manipulate the market.⁸¹

The Chinese Communist Party used the trust it had developed with the poor and middle peasants to isolate those peasants who were regulating the rural market. Thus, in contrast to the Bolshevik Party, the C.C.P. correctly analysed the crises over marketings, as one involving a certain section of the peasants. Once the Party had identified the peasants who were highly influential in market sales, the C.C.P. acted swiftly and decisively, while maintaining a broad class alliance with the remaining peasants.

On 19 November, 1953 a decree was passed requiring all grain sales to be made through the state agencies at fixed prices.⁸² The prices offered by the agencies were those prevailing in the market, and therefore the majority of peasants did not lose by selling to the state. Moreover, the C.C.P. timed its move so as to

be most disadvantageous to the rich peasants who were speculating on grain prices, while not harming the majority of peasants. In October 1953, the Government had realised that the state agencies were subsidising the private grain market, because, as Shue notes, "the quantity of grain sold by the state was 38.42 per cent greater than the amount purchased".⁸³ The state was obtaining grain from the peasants, but a significant proportion of the grain sold was traded between the 'better-off' peasants and the private merchants. Most 'better-off' peasants and private merchants signed grain deals with the poorer peasants in spring and summer. But in November at harvest time, the Government declared the private contractual arrangements illegal. As a result, the poorer peasants had state backing to renege on their agreement with the richer peasants; at the same time the state gained grain at the expense of the 'better-off' peasants and the merchants.⁸⁴

As a consequence of these actions against the 'better-off' peasants and the merchants, the state was able to extend the state contract system and thereby ensure that it was able to obtain grain for the cities. However, the increased demand for food products and agricultural raw materials, due to the industrialisation programme, intensified the pressure on the rural administration to gain additional controls over the relations of production in agriculture.⁸⁵ That is, the state was reliant upon peasant farmers to supply grain through paying their taxes and signing contracts. However, the state still did not directly control production, rather it relied upon the peasants' support for the Government for the grain supplies. In addition, small-scale peasant farming was showing signs of being inadequate to the task of supplying food for a rapidly expanding industrial economy. As a

result, the C.C.P. began to accelerate the process of co-operativising agriculture.

The Party promoted the co-operation of agriculture in stages. In the years immediately after the 1949 Revolution, the C.C.P. had fostered mutual-aid teams. Mutual-aid teams had existed in Chinese agriculture for years and were often merely 'boot strap' organisations, formed by peasants to pool private resources at particular times during the year. The Party encouraged the formation of permanent mutual aid teams. Schran records that membership of permanent mutual aid teams rose from 10.7 per cent in 1950 to 58.3 per cent in 1954.⁸⁶ The Government used the mutual aid teams as a means of developing co-operatives. During 1954, due to Government encouragement, the movement to co-operativise agriculture gained momentum. The first co-operatives formed were known as lower-stage co-operatives. Members of these co-operatives received payments according to the resources they brought into the co-operative, at a fixed ratio of 70 per cent, and from the work they performed in the co-operative (30 per cent).⁸⁷

However, in 1955, the C.C.P. in general and Mao Zedong in particular were concerned at the slow progress of the co-operativisation movement. As well, the lower-level co-operatives had a tendency to be dominated by those peasants who entered with more resources, to the detriment of the poor peasants. Moreover, the wealthier peasants outside the co-operatives were often more productive than the co-operative farmers. Mao was especially concerned that the rich peasant economy would consolidate capitalism in the countryside at the expense of the socialist sector. In his 1955 pamphlet, On the Question of Agricultural Co-operatives, Mao wrote:

What exists in the countryside today is capitalist ownership by the rich peasants and a vast sea of private

ownership by the individual peasants. As is clear to everyone, the spontaneous forces of capitalism have been steadily growing in the countryside in recent years, with new rich peasants springing up everywhere and many well to do middle peasants striving to become rich peasants. On the other hand, many poor peasants are still living in poverty for lack of sufficient means of production, with some in debt and others selling or renting out their land. If this tendency goes unchecked, the polarization in the countryside will inevitably be aggravated day by day.⁸⁸

Mao's perception of the growing class polarisation was verified by the 1955 Rural Survey conducted by the Government. Vivienne Shue notes that the Rural Survey revealed that despite government assistance to the poor peasants, "some peasants at the bottom of the scale were still regularly going bankrupt, selling their land, or going heavily into debt."⁸⁹ Shue adds that the Survey showed that the greater income of the rich peasant families was due not to better farming techniques or higher productivity, but solely to the greater ownership of the means of production. The Survey revealed that it was, in fact, the middle peasants who were the most productive farmers. Thus, for the Chinese planners, the information in the Survey

indicated that continued repolarization in the distribution of wealth, amounting to a weakening of the middle peasant class in the villages, might be harmful not only to the progressive social goals of the revolution but its production goals as well:⁹⁰

The C.C.P. decided that there was little to be gained in delaying co-operativisation. The Party was confident that it could persuade the poor peasants to join the Agricultural Producer Co-operatives (A.P.C.s), as they often had little to lose in abandoning private farming. The Party based its estimation of the willingness of the poor peasants to join the A.P.C.'s on the trust it had built with these peasants in the years between 1949 and 1955.⁹¹ However, the Party realised that for the success of the co-operative movement it was essential to ensure that the bulk of

the peasants joined the co-operatives, thereby undermining private agriculture. The Party was concerned, therefore, to isolate the rich peasants and to encourage the poor and middle peasants to join the co-operatives. Once the majority of the poor and middle peasants had joined the co-operatives then the rich peasants would find that they also had little alternative but to join the cooperatives.

As Peter Nolan argues, the rich peasants in the village were distinguished by the greater means of production at their disposal, (although he adds that the class differentiation in Chinese agriculture was not as severe as that in Russia during NEP) and by the fact that the rich peasants hired in much more labour per household than other peasants.⁹² As well, the rich peasants households marketed more commodities than the poor and middle peasants households.⁹³ The Party was aware that for the co-operatives to be effective it was essential that both peasants with the most means of production and those with the most efficient farming techniques should enter the A.P.C.s. To achieve this goal, the Party encouraged the poor peasants to join the co-operatives, providing them with credit and loans and paying them for the resources they brought into the A.P.C. The Party then offered similar conditions to the middle peasants, who were willing to join in return for payment for their collectivised resources.

The rich peasants (and upper-middle peasants) discovered that when the bulk of the peasants were working in the A.P.Cs that they could not hire labour to work their land.⁹⁴ At the same time, the 'wealthier' peasants discovered that the state was placing tighter restrictions on market exchange and obliging peasants to market through the co-operative networks. The rich and upper-middle peasants, having no reliable means of exploiting the poor peasants

or of openly marketing their produce, were faced with little choice but to join the co-operatives. Moreover, with the co-operativisation occurring at a rapid pace it was better for the rich peasants to join voluntarily and to fight within the co-operative for at least equal treatment.⁹⁵

Co-operativisation in China occurred at an enormous speed. Eckstein calculates that in the autumn of 1955 the share of peasant households in co-operatives (of a lower level) was 14.2 per cent, by the end of the year this had risen to 63.3 per cent.⁹⁶ By the end of January 1956 there were 49.6 per cent of peasant households in lower level co-operatives, with 30.7 per cent in higher level co-operatives.⁹⁷ By July 1956 the movement had shifted to the formation of higher level co-operatives, with 63.4 per cent of peasant households in the higher level A.P.C.'s and 29.0 per cent in lower level co-operatives.⁹⁸ At the end of 1956 the lower level co-operatives had practically disappeared, with 87.8 per cent of peasant households in higher level co-operatives. In 1957, 93.5 per cent of the peasant households were in higher level co-operatives.⁹⁹

Thus by the middle of 1956 the crucial transformation of Chinese agriculture had occurred.¹⁰⁰ Nolan argues that the success of collectivisation in China, as compared with Russia, was due to the underdeveloped nature of the peasant economy, combined with the rural strength of the Party, which enabled the C.C.P. to show the peasants that co-operativisation could raise the level of production and therefore their standard of living.¹⁰¹ Shue contends that the Party's success in collectivising agriculture was founded upon the C.C.P.'s ability to construct policies that benefitted the majority of peasants, through continually isolating the common class enemy.¹⁰² That is, the mutual interest of the peasants was

advanced through continuous class struggle, which strove to isolate the class enemy at each stage of the revolutionary process. Shue notes that, when the C.C.P. came to power in 1949, it had developed a political strategy which minimized "the number of automatic class enemies" and absorbed "as many potentially revolutionary elements in the village as possible".¹⁰³

The transformation of capitalism in Chinese agriculture began with the redistribution of the land. Following land redistribution there was a systematic campaign of state intervention into the rural relations of production. The state became involved in credit facilities and in trade, the latter through the State Trading Companies. The involvement of the state in taxation, conducted in an honest manner and on a progressive scale, gained support within the village for the C.C.P. The Government used the trust built up with the peasants to isolate the prosperous peasants. The state became involved in the transactions between the wealthier and poorer peasants and established an alternative credit and marketing network. Once this network was in place the state moved swiftly and decisively to isolate the prosperous peasants and to decree that their private (and competing) credit and marketing networks were now illegal. Having isolated the prosperous peasants the Government accelerated the co-operative campaign. The prosperous peasants soon discovered that there was no labour for hire or an alternative market to the state marketing system and were, therefore, obliged also to enter the co-operatives. The Government ensured that inside the Agricultural Producer Co-operative the political power of the collective was in the hands of the poor and middle peasants. The economic, political and social conditions within agriculture were thereby transformed.

The collectivisation of Chinese agriculture was founded upon a persistent and systematic application of a class-based strategy which moved the peasants from private capitalist farming to co-operative agriculture. In the process, the capitalist mode of production was displaced by the socialist mode of production. Commodity production and exchange was replaced by co-operative production and marketing. The higher level co-operatives, which had become universal by the end of 1956, were structured around the principle of peasants' receiving work points for work performed. The peasants were paid from the A.P.C.s revenue funds, after commitments to the state for grain and for the maintenance of the co-operative were met. As Brugger notes, the higher level A.P.C.s had a similiar structure to that of the kolkhozy within Russian agriculture in that

all land, draught animals, major production materials, etc. were turned over to the collective and individual peasants retained a plot of land, a few animals and some tools. Members continued to pay share funds determined according to property and labour status but payment was now exclusively according to work, not according to resources originally pooled, although provision for some compensation was made for loss of property.¹⁰⁴

The peasants in the A.P.C.s were permitted to retain a private plot, which was usually adjacent to the household and used to raise livestock, particularly poultry and pigs, and for growing vegetables and occasionally other crops. The produce of the private plots could be sold on the free market, subject to restrictions by the state on price and quantities sold. In a manner similar to that of the kolkhozy, the private plots in the A.P.C.s, were outlets for peasant marketings and provided an important part of the means by which the peasant families reproduced themselves. Depending upon the region, the private plots were often an essential element in the peasant households' livelihood and in their acceptance of the

co-operative system.¹⁰⁵

As in Russia, the private plots in Chinese agriculture were an important component of the socialist mode of production. The private plots were a significant element in the reproduction of the rural labourers which assisted in the maintenance of a policy of low-priced grain for the cities. But of greater significance was the role the private plots played in allowing agriculture to absorb the ever-growing labour force. The problem of the increasing labour force became apparent to the Party during the First Five Year Plan. While industrial output was rising at an annual rate of between 14 and 19 per cent during the period of the Plan, the labour force was increasing at the same rate as that of the food supply.¹⁰⁶ The Party was therefore concerned to raise the level of agricultural output and to protect the highly productive state-industrial sector from the pressures of mass unemployment.¹⁰⁷

That is, the industrial sector was growing rapidly through the extraction of both an 'absolute' and a 'relative' surplus from the industrial workers. However, unlike in the Russian First Five Year Plan, the state relied heavily upon a high 'relative surplus' from the industrial sector. The productivity of labour in state industry was far greater than in the rest of the economy which allowed the state to pay higher wages to trained workers and to implement a policy of differentiated wages to boost output. Nevertheless, as Charles Hoffman notes, the high wages in the industrial sphere acted as a lure for the peasants, swelling the already large pool of urban unemployed.¹⁰⁸ Moreover, as Christopher Howe argues, the C.C.P. by 1956 had come to realise that the urban unemployment problem could only be solved by a change in economic strategy.¹⁰⁹ The dilemma for the Party was how to alter the economic strategy without affecting the high 'relative surplus' produced by the industrial

workers.

The solution adopted by the C.C.P. leadership was to transfer the unemployed to the countryside, reduce the level of wages, and boost agricultural output by the mass socialisation of production. Mao perceived this change in strategy as in keeping with the Yen-an experience, in which alterations in the relations of production would boost the productive forces. As such, Mao regarded the new strategy as a deliberate break with Soviet theory which stressed the primacy of the productive forces held and that the relations of production must conform to the level of the productive forces. Mao was also concerned that the Soviet system was promoting new power relations within production and the state.¹¹⁰ He argued that, by further socialising the relations of production, China could make a quantitative leap towards socialism. As such, Mao saw the strategy as a 'great leap forward'.

There is ample evidence to show that the Soviet model in China was creating production relations of differentiated power which contracted starkly with the Yen-an model and its stress on egalitarianism. For example, in industry the capitalist managers were replaced by the Soviet system of management. The workers were subject to factory discipline and this was reinforced by a graduated wage scale. Alongside wage differentiation there was the Soviet system of piece rates. According to Stephen Andors, by 1956, 42 per cent of all industrial workers were on piece rates.¹¹¹ Moreover, competition between workers was used to calculate production norms, piece rates and bonuses. The competitive wage payment structure was justified under the rubric of "from each according to his/her work".¹¹² However, the one-man-management system existed in an uneasy relationship with Party and trade union committees within the

factory.¹¹³ As Andors notes, the one-man-management structure and its incentive system was

a phenomenon that bore an uncomfortable resemblance to the behaviour of that other group of administrative bureaucrats that had dominated China for thousands of years.¹¹⁴

There was resistance to the new relations of production from the trade unions and the Party committees over the system of hierarchical power. Moreover the bureaucratic class as it evolved was also dissatisfied with the functioning of the relations of productions. The tensions between workers and managers, and managers and planners, made many managers and planners reluctant to raise output targets and to disguise inefficiencies within the plant.¹¹⁵ Compounding the problems within the relations of production was the lack of educated managerial staff. Many workers who were promoted to the factory management level rebelled against the new authority system. The (ex-worker) managers resented the control of the planners over their decision making, and as Andors notes, they also saw the network of administrative power as a threat to co-operation, egalitarianism and the revolution itself.¹¹⁶

In the countryside tension within the relations of production was evident. In particular there was considerable confusion over the autonomy of the different levels of the A.P.C.'s. Initially, the co-operative management level was given the power to organise the means of production.¹¹⁷ However, the teams, which were responsible for carrying out the production tasks, began to place pressure on the co-operative management for a transfer of the responsibility over labour allocation and remuneration to the teams themselves. Moreover, many A.P.C.s were too small to co-ordinate production efficiently. That is, many co-operatives were based upon the old village land holdings which were inadequate for the efficient use of socialised labour. Central to these problems was

the fact that agricultural production was not providing adequate levels of output to expand production.¹¹⁸

The Party leadership was aware of the problems with the newly established socialist system. However, there were divisions within the Party as to the means of remedying these difficulties. Some Party leaders favoured a modified Soviet approach, seeing the use of mechanical power as the solution to the agricultural surplus.¹¹⁹ However, Mao Zedong advocated a radical change in policy. Rather than turn to massive capital investment to raise agricultural production, which would have aggravated the system of hierarchical power in the countryside (e.g. mechanisation involved the expansion of technical staff who could become the basis of a new rural elite) Mao promoted the mass socialisation of labour to raise rural productivity. Mao was convinced that mass participation in production would boost the productive forces and undermine the system of elitist power associated with the Soviet model.

Mao's approach was adopted under the heading of the Great Leap Forward (1958 to 1960).¹²⁰ The most fundamental challenge to the relations of production occurred in agriculture. To facilitate Mao's strategy of raising production through mass participation, the A.P.C.s were amalgamated into communes. The amalgamation of the co-operatives enabled the formation of a larger unit of both labour and land. Moreover, the communes permitted the transferral of women from 'traditional' (family) roles into the fields, via a system of sharing domestic duties. There arose, shared and communal kitchens, creches, and homes for the aged. In some areas, this had a profound effect on the peasant family.¹²¹ Furthermore, private plots were communalised and the work teams began to move from field to field in a manner which resembled the work practices of the state construction industry. Commune management was given more

responsibility over the production process and became the over-arching organ for rural government administration. Thus, the communes became much more than mere economic units transmitting directives downward and ensuring that the surplus was channelled upward to the state. Instead, they were economic, administrative and political units which had power to decide many issues including health, welfare, education and investment policies.

For some cadres the communes represented a basic form of communism. These cadres regarded the communes as institutions appropriate for China's transition from socialism to communism.¹²² For these cadres the communes dissolved the distinction between state and society, as anticipated by Marx and outlined in the Paris Commune. Accordingly, they advanced the view that the peasants should be remunerated on the basis of need rather than work performed. The communes, they argued, were a platform for moving from the lower to the higher stage of communism.¹²³ In contrast, there were personnel in the Party and state who were sceptical of the benefits of the communes. However, these opponents, initially, did not oppose the establishment of the communes in deference to Mao's authority and to his past success.¹²⁴ But as the Great Leap Forward developed the opposition to the policies of Mao from within the Party's leadership grew.

There is a degree of historical irony in the claims of the 'radicals' within the C.C.P. that the communes were communist institutions which would facilitate the withering away of the state.¹²⁵ Marx, in his writings on the Paris Commune, had assumed that the peasants would perceive their class interests in terms of the proletariat, and support the dictatorship of the proletariat. In the case of China, the agricultural communes were held up by the

'radicals' as forms of communism that were more advanced than that in industry. The peasants were leading the proletariat towards the communist future.

In terms of Marx's theory of the socialist transition the perception of the communes by the 'radicals' was misconceived. Marx regarded the transition to communism as occurring via a movement from capitalism to communism based upon the (one) communist mode of production. For Marx, the lower and higher stages of communism were linked by the disappearance of the state and by the emergence of conditions of material abundance, which allowed society to distribute goods on the basis of need. In contrast, the policy of communalisation in China was constructed on the socialist (and not the communist) mode of production. The idea of payment according to need in China was formulated on the basis of sharing meagre resources (in a sense it was shared poverty), rather than transcending scarcity to a state of abundance as envisaged by Marx. (For that matter, Marx's conceptualisation of payment according to need was a formulation more in keeping with the utopian socialist tradition.) Moreover, the communes only offered a momentary and quite partial challenge to the power of the state in China. In the interest of efficiency the state was permitting a decentralisation of its authority in rural China. The communes instead of displacing the state, became an essential component of state authority over rural production and a crucial link in the chain which ensured the extraction of the surplus production.

The decentralisation of the state and the emergence of the communes created confusion within the countryside. For example, in their study of the Yangyi Commune, I. Crook and D. Crook noted that some cadres insisted that the commune retain a high level of its surplus product because they saw the commune's interests as above

those of the state.¹²⁶ In contrast, Brugger reports that other communes were so enthusiastic in their support of the state that they continually overestimated the commune's capacity to supply the needs of the state. As a result, these communes raised their state quotas far beyond their ability to supply the goods.¹²⁷ Both tendencies undermined the orderly planning of production and made precarious the planning of agricultural supplies to the state. In addition, there were disputes within the communes (for example, between the commune itself, the brigade and the team) as to the unit of ownership and account. In spite of these weaknesses the communes developed rapidly. During 1958 approximately 740,000 A.P.C.s were merged and then reorganised into 24,000 communes, averaging around 4,500 households.¹²⁸ An indication of the speed of communalisation is evident in the figures provided by Schurmann, who notes that, at the end of August 1958, there were 8,730 communes embracing 30.4 per cent of the rural population. By the end of December 1958 the number of communes had risen to 26,578 with 99.1 per cent of the total peasant population in communes.¹²⁹ By January 1959 there was 24,000 communes.¹³⁰ Initially, all ownership functions were vested at the commune management level. Responsibility over machinery and land was delegated to the brigades (which resembled the old A.C.P.s) and from there to the work teams which were the basic units of labour (i.e. the units of account of labour performed and the basis for remuneration).

The communes were allocated the task of mobilising labour for agricultural production and for major construction projects. Thus, the number of peasants in the fields increased, principally through the transfer of women from domestic work to agricultural production. Moreover, the hours worked by the labourers rose, due to the peasants' labouring on construction projects, as well as

working in the fields. While the shift in rural production caused by the communes did, in many instances, benefit agricultural productivity, this tended to be short lived; overall there was not a significant rise in the standard of living of the peasants.¹³¹ Tensions within the communes over the new work processes, particularly the transferral of work teams from field to field (often to fields that were unfamiliar to the peasants), caused inefficiencies. There was confusion over which unit of production (the commune, the brigade or the team) was responsible to the state for the production process and the surplus product. Further, there was a tendency for authority, in practice, to devolve to the team whereas, in theory, authority was to reside in the commune. The confusion in the relations of production coincided with a series of climatic disasters leading to a widespread food crises. The dislocation caused by communalisation, combined with the climatic catastrophes, caused the Party to retreat from the Great Leap Forward.¹³² Those party leaders who were sceptical of the commune movement now came to the fore and Mao was obliged to resign as Chairman of the Republic.

It is very difficult to assess the communalisation of agriculture which occurred during the Great Leap Forward. In overall terms the communes had the potential to be more efficient in the use of the land and labour. Moreover, the communes with their larger pool of labour provided a means for large-scale construction projects, such as dams, irrigation works and roadways. While there were examples of such beneficial use of labour there were also examples of the misuse of labour. In addition, many peasants resented the transfer of domestic tasks to the commune, and consequently the demise of the commune movement quickly saw the reaffirmation of the family as the basic unit of domestic labour and

of the reestablishment of private plots. The post-Great Leap policy allowed the peasants to work on their private plots alongside the commune fields. The team became the unit of account and the commune became the administrative unit for delegating responsibility downward while maintaining services such as health and education. As with the Soviet kolkhoz, the post-Leap commune was based upon a compromise between the private interests of the peasants and their collective responsibilities. However, unlike Soviet agriculture the basis of Chinese farming was decentralised and founded upon self-reliance. The state supplied agriculture with only a minimum of central investments, but the commune was allowed to retain a portion of the surplus for its social and investment needs.

The food shortage had obliged the C.C.P. to reevaluate the Great Leap policy and the leadership of Mao Zedong. The C.C.P. leaders began to close ranks against Mao and his followers, obliging Mao to relinquish power and to take an honorary position.¹³³ The Party leader and the state bureaucracy having witnessed the dangers to their positions of power caused by changing the relations of production, reaffirmed their commitment to the hierarchical model as adopted (but now modified) from the Soviet Union. That is, the bureaucratic class, having being challenged, was more determined to protect the production system and to receive the benefits from the planned appropriation of the surplus product.

The new approach was apparent both in agriculture and in industry. In industry, the Great Leap Forward had challenged the Soviet one-man-management model with the introduction of factory committees participating in the management of the factories.¹³⁴ Managers and technicians were also obliged to experience, at first hand, the working conditions of the labourers.¹³⁵ However, while there was more participation in decision making, the changes in the

relation of production were more akin to modification than to the far-reaching experiments that occurred in agriculture. As a consequence, the changes to the relation of production within industry were less severe than in agriculture and were therefore more amenable to a reversion to the pre-existing system. That is, as the system of surplus production and extraction remained intact there was a solid basis from which to reassert the relations of production.

For example, during the Great Leap Forward the workers through congresses participated in decision making, even to the point of electing the enterprise managers. However, in general, these workers' congresses became mere formalities, with the workers agreeing to the decisions made by the Party committees and the managers. As Andrew Watson notes, after the Great Leap Forward it was often, though not universally the case, that the Party committees became organs "ensuring that the manager's orders were carried out."¹³⁶

Similarly, during the Great Leap Forward piece rates came under severe criticism. But after the Great Leap material incentives reappeared, including piece rates.¹³⁷ The managers began to reassert their authority over material incentives in accordance with planned directives. As Andors notes, "a vicious circle was set in motion":

The more control, the more logic for individual incentives; the more logical individual incentives became, the more it was necessary to control quotas and norms which were the basis of incentive payments; the more management control made it more logical for individual material incentives to replace participation, equality and solidarity and so on.¹³⁸

As in the case of the Soviet factory, the Chinese industrial enterprise operated under the logic of the socialist mode of production. The management of the factory, sometimes in union with

the Party committee, sought to use whatever power was at hand to promote production and thereby meet planned targets. To fulfil the targets, the managers were prepared to forge links with the workers. However, the managers were a part of a bureaucratic class and therefore perceived their interests in terms of the bureaucracy and its control over the enterprise. The bureaucracy regulated the enterprises by supplying them with working capital, either directly or through the State Bank.¹³⁹ Similarly, the supply of labour to enterprises came, primarily, from the Municipal Labour Bureaux.¹⁴⁰ Consequently, the autonomy of the managers was limited and subject to the power of the bureaucracy over resources, capital and labour.

By the early 1960s the socialist mode of production was consolidated throughout China. Concomitantly, a bureaucratic class had arisen which perceived its interests in terms of the expanded reproduction of the existing system. The Great Leap Forward was significant for the consolidation of the socialist mode of production. Mao's idea of raising the overall level of the economy through the mass mobilisation of labour provided a means by which a balance could be established between the industrial and agricultural sector which facilitated a high surplus extraction from industry, while agriculture absorbed the basic rises in the work-force.

While agriculture received very little of the state's investment funds it was still able to provide food for the population and to absorb the rises in the labour force. The surplus from the peasants was channelled via the communes to the state, allowing for industrial expansion. The state was able to expand production primarily from the extraction of both an 'absolute' and a 'relative' surplus (particularly from the latter) from the industrial workers. The state allowed the communes to use investments, above the surplus

channelled to the state, for their own use. The strategy of self-reliance within agriculture was based on a contradictory premise. On the one hand, as Paine argues, the aim of the strategy was,

by providing a collective material incentive at the grass roots level, to achieve a higher agricultural output and marketed surplus than would otherwise have been the case, and to encourage a good part of such an additional surplus to be utilized for rural production of agricultural inputs on a small-scale basis. The important point is that to the extent that this policy succeeded, it attracted fewer resources away from investment in producer goods for industry than would otherwise have occurred.¹⁴¹

Moreover, Paine contends that this strategy was quite successful and state industry became overwhelmingly dominant in the production of state revenues. She notes that,

State revenues have accrued increasingly from profits and taxes and state industrial enterprises - these amounted to 90% of state revenues in 1974 as against 34% in the early post-liberation years.¹⁴²

Recent figures support Paine's argument that there has been an obvious divergence between industry and agriculture, both in terms of productivity and in the availability of surplus to the state. According to Wang Haibo and Wu Jiajun,

During 1950-79, the total output value of industry increased by an annual average of 13.3%, while the output value of agriculture increased only by 4.5% yearly.¹⁴³

In his article on Agricultural Employment and Technology, Thomas G. Rawski calculates that between 1957 and 1975, agriculture absorbed nearly 100 million new workers, whereas industry and non-agricultural pursuits absorbed 58 million workers. Urban unemployment declined by 7 million.¹⁴⁴ As Howe notes, through strict regulations over labour movement and the sending down of urban dwellers to the countryside, the Chinese planners have successfully contained urban unemployment which had become a severe

problem, and appeared as a long-term dilemma, during the First Five Year Plan.¹⁴⁵ Unemployment in the cities was reduced through tight migration restrictions and via the transference of the urban unemployment to the rural areas. Moreover, unlike Russia which experienced a labour shortage, in China the over supply of urban labour placed pressure on the planners to contain urban unemployment. Thus, Mao's strategy of stimulating rural production through the mass mobilisation of labour provided the planners with a solid basis of using agriculture as the sector for absorbing labour. Concomitantly, state industry became the sector for supplying the state with its revenue via the production of both an 'absolute' and a 'relative' surplus.

However, this policy contained a contradiction. While industrial productivity rose at a steady rate, agricultural productivity lagged behind. Rawski calculates that between 1957 and 1975, the gross value of agricultural output per man-year increased by 10 per cent; as a consequence, he states that it appears safe to conclude that the "average product of labour in Chinese agriculture did not decrease between 1957 and 1975, even though nearly one hundred million workers were added to the labour force."¹⁴⁶ Rawski adds, however, that in agriculture,

When productivity is measured in terms of output value per man-day, the results are equally clear. Output per man-day declined sharply between 1957 and 1975, with the fall ranging from 15 to 36 per cent, depending upon which assumptions are chosen with regard to the labour intensity of cultivation and fertilizer preparations. Since man-days provide a much better measure of labour use than man-years, these unambiguous results point to diminishing returns as a serious problem facing Chinese agriculture.¹⁴⁷

Rawski identifies a major problem in the rural relations of production as they evolved after the Great Leap Forward. While labour absorption and hours worked rose within agriculture the efficiency of agricultural labour declined. Somewhat compensating

for the decline in rural productivity was the steady rise in industrial productivity which facilitated the overall expansion of the socialist mode of production.¹⁴⁸ Furthermore, the promotion of industrial productivity was achieved with limited central investments in agriculture. Agriculture became self-reliant, thereby allowing for the bulk of state investment to be channelled into industry.

While industrial productivity rose rapidly, agricultural productivity steadily declined. N. Lardy calculates that in 1952 the average output per worker in industry was five-and-a-half times that in agriculture, with that in the modern sector being ten times as high.¹⁴⁹ By 1978, Paine reports, net value per worker in industry was 7.7 times that in agriculture, which net value per worker in state industry alone was approximately 30 times that in agriculture.¹⁵⁰ John T. Macrae argues that similar to the economic development of Russia, it was the working class in China which provided the resources for economic expansion.¹⁵¹ In his analysis of the surplus for growth in the Chinese economy, Dwight H. Perkins contends that the Soviet Union provided only a minor source of funds for investment.¹⁵² He argues that high sales and profits taxes on consumer goods, similar to the Soviet turnover tax, was critical in providing state revenue.¹⁵³ He adds that from the mid-1950s the basis of state revenue was the stagnation in real wages, combined with a relatively slow rise in consumption.¹⁵⁴ Howe notes that between 1949 and 1953 there was a positive rise in real wages. He calculates that during the First Five Year Plan real wages rose at an annual rate of 7.4 per cent per annum for all workers and 5.7 per cent per annum for industrial workers.¹⁵⁵ However, Howe estimates that real wages fell between 1957 and 1973.¹⁵⁶ That is, after 1957 the Government adopted a national

low wage policy which in effect froze real wages.¹⁵⁷ Productivity rose dramatically while real wages fell substantially.

Charles Hoffman, in his analysis of the First Five Year Plan, calculates that about 45 per cent of the industrial growth was due to increases in productivity and 54 per cent was caused by increases in the industrial workforce.¹⁵⁸ Hoffman argues that the Chinese planners had a preference for raising productivity over employment. He estimates that during the First Five Year Plan "the average number of fixed assets used per worker rose by 49 per cent, while the total capacity of power machines used per worker and the total amount of electricity used per worker varied by 79 and 80 per cent respectively."¹⁵⁹ In addition, Hoffman notes that rises in productivity were in accordance with planned priorities. For example, from 1952 to 1957 in the coal, iron, steel, cement, and cotton textile industries, official statistics show respective rises in output per worker of 46, 138, 93, 74, and 8 per cent.¹⁶⁰ The significantly lower rise in cotton textiles was consistent with the planned priorities of the First Five Year Plan.

The Great Leap Forward temporarily upset the smooth running of the economy. However, by early 1960 the socialist mode of production was restored and able to expand upon the basis laid in the First Five Year Plan, but with a series of modifications. Industry could expand via rising levels of productivity combined with a reduction in real wage which created a 'relative' and an 'absolute' surplus extracted from the direct producers. In agriculture, the relations of production enabled the rural sector to absorb the steady rise in the population, but caused a decline in the productivity of labour.

The consolidation of the socialist mode of production after the Great Leap Forward reinforced the power of the bureaucratic class.

However, Mao Zedong became concerned over the hierarchical system of power. Having relinquished his position of authority within the state and taken full responsibility for the economic dislocations of the Great Leap Forward, Mao became concerned over the loss of power of the working class and the peasantry to the bureaucracy. By the mid-1960s Mao had gained sufficient support for an attack on the power of the bureaucracy. Mao mobilised his attack on the bureaucracy through the Party and the Red Army. The initial confrontation with the bureaucracy was conducted in the field of education, which provided an important conduit for the reproduction of the power of the bureaucratic class. The campaign against elitist education became a mass movement which spread into the economy and society under the heading of the Great Cultural Revolution.¹⁶¹

The Cultural Revolution began in earnest in 1966 but did not affect the relations of production until 1967.¹⁶² In the early period of the Cultural Revolution the stress was placed on mobilising the masses in a movement akin to the Paris Commune, that is, of breaking down the division between state and society.¹⁶³ But by the time the Cultural Revolution had reached the factories Mao had become aware that mass mobilisation had created factionalism, and confusion as to the nature of the enemy. Therefore, when the Cultural Revolution reached at the factories, Mao was concerned to provide a coherent structure for airing workers grievances without creating continual factional disputes. Mao called for the formation of "revolutionary committees" to run the factories, comprising representatives from the workers (including technicians) from the Party and from the Red Army.¹⁶⁴ As Brugger notes, Mao saw the revolutionary committees as a means of purifying the class ranks within the factories.¹⁶⁵ However, as Brugger

argues, the establishment of effective revolutionary committees "proved to be immensely difficult."¹⁶⁶ The workers were often wary of the revolutionary committees and sought to protect their own interests through the development of cells or groups within the factory and Party committees.¹⁶⁷ Moreover, the ill-defined attack on the enterprise management system was confusing to the workers. While the authority of the managers was temporarily undermined and factory discipline disrupted there was a lack of a concrete alternative to replace the managers. That is, because the relations of production within the enterprise were not transformed the hierarchical structures of power remained.

Moreover, as Howe notes, the planners still exercised control over the enterprises through the supply of working capital. Howe writes,

When the Red Guards took over industrial enterprises they found that although they could implement all sorts of changes, in financial matters they were completely bound by the refusal of the Banks to violate regulations.¹⁶⁸

The power of the bureaucracy was located in the relations of production and particularly in the appropriation of the surplus product. However, the attack on the bureaucracy was not class based but individualised, with bureaucrats being displaced because of particular 'behavioural' traits. The behaviour of individuals was judged by supporters of Mao as proof of the rise of a 'bourgeoisie' seeking the restoration of capitalism. But class was defined in terms of attitudes or behaviour and not of the relations of production.

Thus, the basis of bureaucratic power remained intact, despite the change in personnel. The challenge to bureaucratic power was severe on the Communist Party because of the direct link between positions of class power and party membership. The Communist Party

lost credibility under attack from the 'radicals' and its viability was threatened. At this point Mao intervened to assert control over the Cultural Revolution and began to stress the importance of the Party to the socialist transition while downgrading the Red Guard.¹⁶⁹ The rebuilding of the Party fundamentally altered the Cultural Revolution.

The Party began to displace the revolutionary committees as the focal point of power within the production process. For example, within the industrial enterprise the revolutionary committees became subordinate to the factory Party Committee. With the downgrading of the revolutionary committees, the managers were able to return to power, utilising the authority of the Party committees.¹⁷⁰ The restoration of the authority of the C.C.P. facilitated the reassertion of the power of the bureaucratic class within the industrial sphere.

In agriculture, the Cultural Revolution did not provide a sustained challenge to the relations of production.¹⁷¹ The Red Guards and radical youth sent down to the countryside did, however, attack individual peasants causing unnecessary hardship and leading to victimisations. The remuneration system was modified with the new stress being placed on egalitarianism. In general, the changes to the communal structure were shortlived and the basic relations of production remained intact.¹⁷¹ The retreat called by Mao to the Cultural Revolution led to the reconstitution of the rural relations of production, the team remaining as the basic unit of account within the commune. The commune itself was the unit for controlling and appropriating the rural surplus for the state.¹⁷²

The economic dislocation caused by the mass mobilisation resulted in a retreat from the Cultural Revolution. The attempts by Mao to alter the relations of production in the Cultural Revolution

were less successful than in the Great Leap Forward. The socialist mode of production remained basically in operation, permitting the reassertion of the class power of the bureaucratic class. The power struggle that had developed during the Cultural Revolution hardened the attitude of the bureaucratic class to challenges to its class power. However, Mao still retained popular support and while he was alive the bureaucratic class was wary of openly criticising the Cultural Revolution.

The ebb of the Cultural Revolution in the early 1970s was followed by Mao's illness. The restoration of order and the advancement of the socialist mode of production was carried out under the guiding hand of Zhou Enlai who promoted the four modernisations (of industry, agriculture, science and technology and national defence). However, in January 1976 Zhou Enlai died, sparking an intense power struggle within the C.C.P.¹⁷³ The death of Mao Zedong, in September 1976 propelled the power struggle into the public sphere. The major confrontation was between the 'Gang of Four' (Jiang Qing, Zhang Chunqiao, Yao Wenyuan and Wang Hongwen) and the deposed, but influential, Deng Xiaoping and his supporters.¹⁷⁴ The confrontation between the two factions culminated in the arrest of the 'Gang of Four' in October 1976.¹⁷⁵ In July 1977 Deng Xiaoping was publicly rehabilitated and reinstated as vice-chairman of the Party. The C.C.P. closed ranks behind Deng and the nominal leader Hua Guofeng.

The demise of the 'Gang of Four' led to the emergence of an assertive bureaucratic class. The Party leadership turned to the ideological framework of socialism, as articulated by Stalin, to reinforce their position of power.¹⁷⁶ The stress was once again upon the primacy of the productive forces and the need for the relations of production (seen as 'socialist' because of the public

ownership of the means of production) to correspond to the productive forces. Moreover, Chinese communist history was defined in terms of the paradigm of the productive forces. As a consequence, the Cultural Revolution and the Great Leap Forward were deemed as disastrous experiments (and mistakes by Mao), because the economic dislocation caused by these movements retarded the productive forces.

However, the new leadership was confronted by the contradictions in the socialist mode of production as it had evolved in China. In particular, there was the problem of the low and declining level of agricultural productivity. One solution to this dilemma, contemplated by the Party was to raise agricultural productivity through a massive transfer of capital. A large boost to the level of investments in agriculture could, through mechanisation, lift the output of agricultural production. Nevertheless, such a shift in investment policy had certain repercussions. Mechanisation of agricultural production would lead to rises in rural unemployment and underemployment. More importantly, a shift in investments to agriculture would drain capital from the highly productive industrial sector, which provided the bulk of the state revenue. The magnitude of such a change in policy can be gauged from the fact that capital investment in agriculture was approximately 10 per cent or less of the central investment funds in the 1950s.¹⁷⁷ During the 1960's the figure rose to 18.8 per cent on average but, during the Cultural Revolution and after fell to 11 per cent (1966-1978).¹⁷⁸ The bulk of the investment fund in agriculture derived from local resources via the commune and local Government. After contemplating the idea of raising the investment level in agriculture, the Party abandoned the concept for a more radical solution, one moreover, which did not lessen investments in the

all-important industrial sector.

Rather than altering investment policies the C.C.P. decided to promote a rise in agricultural output through market incentives based upon the household as the unit of production. The new policy was announced at the Third Plenum of the Central Committee, held in December 1978. The policy was greeted enthusiastically by the peasants who rapidly, and en masse, abandoned the collective teams to sign household contracts with the Government (through the old team structure). The reason for the peasants' eagerness to abandon collective agriculture can be explained, in part, by the continual low standard of living provided to them by the commune system. Further, the massive exodus from the communes was due to the strict controls exercised over the peasants by commune administration. The team and brigades had been recipients of communal orders, directions and commands over their daily lives. The teams as the unit of account was obliged to meet the Government quotas and cropping plans, as well as respond to the pricing and marketing demands placed on it by the administration.¹⁷⁹

Moreover, peasants' incomes were primarily governed by the work points system. Ultimately, the amount of labour each family member contributed to the collective determined the level of family income. As a result families with many labourers received more income than those with fewer labourers. The egalitarian principles of the Cultural Revolution temporarily modified the income differentials, but with the ending of the Cultural Revolution the differentials reappeared. The peasants, moreover, were restricted from earning income in side-line activities (e.g. the raising of livestock and vegetable farming on the private plots) by the primacy of the work point system.

Recent surveys verify the view that the peasants were dissatisfied with the communes and looked to the new system as a means of raising living standards. For example, Greg O'Leary calculates that for many peasants their standard of living had not risen for thirty years.¹⁸⁰ O'Leary estimates that between 1957 and 1975 the food available per capita scarcely increased.¹⁸¹ Similarly, Randolph Barker and Radha Sinha estimate that during the two decades from the late 1950s to the late 1970s there was no significant improvement in food consumption and that consumption in the late 1970s was not much higher than the level before World War II.¹⁸² Among the peasants, then, there was a desire to improve their living standards through changes in the relations of production, offered by the contract responsibility system.

The new agricultural policy became known as the production responsibility system. There was a number of variations to the responsibility system but at its centre was the transfer of the unit of account from the collective team to family households. The team allocated land and means of production to the household which promised to fulfil contractual obligations to the state (this was a form of tax) and also to pay a collective levy, which was pooled to pay for communal services such as education and health care. The household might operate completely separately from collective labour or it might work in part for collective work points (and a collective income) and in part for private income. Once the contractual quota and levy were paid, the household could then market the remaining produce as it wanted, even using the non-state market.

According to O'Leary the production responsibility system was readily accepted by the peasants.¹⁸³ Contractual obligations of some kind had, by July 1983, embraced 93 per cent of peasant

households.¹⁸⁴ Thus, O'Leary writes that within two and a half years, "the system of farm management and accounting in China was completely transformed".¹⁸⁵ The households had become responsible for the production process and for supplying the state with (contractual) produce. The teams remained the legal owners and dispensers of the land and the means of production. The households could market their above quota surplus. O'Leary notes that the shift to the household responsibility system proved very popular and initially raised output but contained a series of new problems.

For example, the stress on household farming fragmented the accumulation of capital within the countryside, severely restricting the functioning of brigades and teams in economic development. Large construction projects or the purchase of machinery are beyond the families' capabilities and the collective units now lack the resources and labour for collective effort or collective purchases.¹⁸⁶ There is also pressure on the collective levy as the peasants look to income maximisation over services, such as education. Furthermore, the more industrious peasants have placed pressure on the Government to relax the prohibition on the hiring of labour.¹⁸⁷ Finally, there is a tendency for peasants to seek to raise their incomes from the growing of specialist crops (e.g. cotton) at the expense of grain.¹⁸⁸

There is a certain irony in the success of the production responsibility systems. Mao had sought to overcome rural unemployment and underemployment by the socialisation of labour under the commune structure. In contrast, the household system stimulates productive labour through incentives to family farming which undermined the collectives. Both approaches were based on a strategy of low central investment into agriculture. Mao's strategy was premised on extending the relations of production towards

communism. The new policy is based on stimulating production through adding a market element into the existing social system. However, the introduction of market incentives has caused a significant alteration to the relations of production.

The C.C.P. leadership, while concerned over the decline in the collectives, was reluctant to alter a policy that had produced a marked rise in rural output. That is, the decline in the authority of the bureaucracy within agriculture was offset by the increase in rural supplies, not just to the peasants but to the urban dwellers as well. The success of the production responsibility system prompted the leadership to experiment with market incentives within the industrial sphere. However, in contrast to agriculture, the experiments in industry have not altered markedly the relations of production.¹⁸⁹ Rather, the planners have sought to make the industrial system more efficient, while retaining controls over production. For example, large enterprises have gained more autonomy from the planners, but there have been stricter controls placed on the enterprises by the banks and through state subsidies.¹⁹⁰ Moreover, the power of the one-man managers has increased and is further circumscribed by outside controls (e.g. banking, prices, planning regulation, and material supplies); the managers have also been made more accountable through new taxing policies.¹⁹¹ Thus, the managers can increase production through agreements with the workers (e.g., by raising bonuses), but the enterprise is still circumscribed by the power of the state bureaucracy.

Thus, while agriculture had undergone a form of 'market socialism', industrial production still retains the characteristics of the socialist mode of production. The post-'Gang of Four' changes to the socialist mode of production within China illustrate

the ease with which collective peasant agriculture can revert to family farming. The rapid demise of the collectives stands in contrast to the difficulties encountered in the Great Leap Forward, when it was impossible to progress beyond the socialist mode of production towards communism. The Great Leap Forward was significant in that it was a concerted effort to transform the socialist relations of production via mass socialisation. The failure of the Great Leap Forward revealed the resilience of the socialist mode of production. Also, like the Cultural Revolution, the Great Leap Forward illustrated the determination of the bureaucratic class to retain state power.

The post-1978 events highlighted the fragility of rural relations of production given the lack of investments in agricultural production. The lack of central investment, combined with the mass absorption of labour, resulted in a low and declining level of productivity. This in turn acted as a barrier to the expansion of the socialist mode of production. The Chinese Communist leaders were prepared to allow agriculture to be self-sufficient while it supplied the essential food produce to the industrial workers. In turn, the industrial workers provided the overwhelming amount of the surplus for the expansion of the economy. Reluctant to alter the investment priorities and aware of the dissatisfaction among the peasantry, the Party leadership under Deng Xiaoping decided to obtain the rural surplus through contracts with the peasant households. The change in policy did have benefits in the raised agricultural output.

Within the industrial sphere the leaders retain control over production and the surplus extraction and appropriation process. There were experiments with giving large-scale concerns more autonomy, but those enterprises were still circumscribed by the

planners and higher authorities (e.g. the banks). There were also moves to establish tax-free zones where market exchange would be more readily accepted (particularly in areas near Hong Kong). Moreover, the Deng leadership entered into foreign contracts to enhance the modernisation programme. Despite these changes the C.C.P. leaders have retained the socialist mode of production as it provides the basis for their class power.

Moreover, the bureaucratic class utilised a variety of resources to defend its class power. The Party intensified the ideological class struggle, reaffirming the Stalinist theory of socialism which justified the position of the bureaucracy in planning production. Moreover, the legal system was used to vindicate the rule of the bureaucracy. In particular, a 'show trial' was held against the 'Gang of Four' which not only castigated the defendants but presented a clear warning to those who sought to overthrow the bureaucratic class.

In addition, as in Russia, the bureaucratic class has used education policies as a means of reproducing its class position. Under Deng education policy had fostered a bifurcated educational system, with elite schools training specialists being funded from central government investments, alongside a mass education sector funded by local authorities. As Stanley Rosen notes, the elite sector gives pupils entrance into a secure job in the state sector. In contrast, the mass education sector concentrates upon vocational education, which provides few employment prospects in the state bureaucracy. Rosen argues that the post-Cultural Revolution changes in education will produce a similar relationship between Party and professionals as has developed in Russia.¹⁹² Political patronage from the Party has the effect of creating a situation of 'negative power' where specialist do not raise issues or act in a manner that

is not within an approved range dictated by the Party.¹⁹³ The bureaucratic class therein sets the terms of debate by means of 'negative power', that is, by not allowing contrary points of view to have legitimacy.

But unlike the Russian situation the bureaucratic class has to balance the 'market socialism' system of agriculture with the socialist mode of production within the industrial and commercial sector. For example, with rising market prices salaried state employees have to be subsidised so as to maintain their standard of living. Similarly, the state has to manipulate the market to ensure that there is a balance between food crops and specialist crops (a situation partly analogous with NEP in Russia - although in China the competition as yet is not between the capitalist and socialist modes of production). Moreover, for its own sake the bureaucratic class has to regulate the market to prevent the weakening of the socialist mode of production. That is, the bureaucratic class needs to maintain power over the means of production (including labour, capital, raw materials, energy and financial credit). In an attempt to discover a means of maintaining its class position, while promoting production, the Chinese leadership has looked both to the capitalist countries and to Eastern Europe (e.g Hungary) for inspiration.¹⁹⁴ However, the move to a mixed system is a step into the unknown which will be guided by the perception of the Chinese bureaucratic class as to its own interests, as tied to the socialist mode of production. Moreover, the promotion of the market as a stimulus to productivity has certain repercussions in that the momentum of the change may lead to the reintroduction of commodity exchange and commodity production. But as yet the bureaucratic class has carefully regulated the economic reforms ensuring that the 'relative' and 'absolute' forms of surplus in the all-important

state industrial sector remain protected. It is possible that these forms of surplus may be challenged if the pace and direction of the reforms cannot be controlled by the bureaucratic class. As yet this has not occurred, and therefore China still remains dominated by the socialist mode of production and the classes associated with it.

FOOTNOTES

1. For an outline of the history of the Chinese Communist Party prior to 1949 see Bill Brugger, China : Liberation and Transformation 1942-1962 (1981), Chapter One, pp 29-50, also see M. Selden, The Yanan Way in Revolutionary China (1971), F. Schurmann, Ideology and Organisation in Communist China (1966).
2. Mao Zedong 'The Chinese Revolution and the Chinese Communist Party' pp. 305-338, and 'On New Democracy' pp 339-384, in Selected Works Volume 2 (1967).
3. R M Breth Mao's China: A Study of Socialist economic development (1977), p 23.
4. Cheng Chu-Yuan, Communist China's Economy, 1949-1962 Structural Changes and Crises (1964), p. 61.
5. Ibid.
6. Ibid.
7. Ibid.
8. Ibid., p. 62.
9. Ibid.
10. Ibid., p. 63.
11. Ibid.
12. Ibid., pp. 63-64.
13. Ibid., p. 64.
14. Audrey Donnithorne, China's Economic System (1967), p. 402.
15. Cheng Chu-Yuan, op.cit. (1964), p. 65.
16. Christopher Howe, Employment and Economic Growths in Urban China 1949-1957 (1971) p. 22, Xue Muqiao noted in 'The Two-Line Struggle in the Economic Field During the Transition Period', Peking Review, No. 49 (December 1977) "In banking, many private banks had closed down following the widespread bankruptcy of speculators, while those few that remained were unable to carry on independently and merged into a state-private bank. The overwhelming proportion of saving deposits were concentrated in the state-owned bank which accounted for 98 per cent of the total at the end of 1950 while private banks accounted for only 2 per cent. Thus we scored our first victory in the socialist transformation of the capitalist economy in banking and its transformation was in the main completed in 1950".
17. Ibid., p. 7.
18. Cheng Chu-Yuan, op.cit. (1964), p. 66.
19. Ibid.

20. Howe, op.cit. (1971), p. 24.
21. Xue Muqiao, op.cit. (1977), p. 14.
22. Ibid., pp. 14-15.
23. Bill Brugger, op.cit. (1977), p. 86.
24. Cheng Chu-Yuan, op.cit. (1964), p. 67, and Brugger, op.cit., p. 87.
25. Ibid., p. 88.
26. Cheng Chu-Yuan, op.cit. (1964), p. 67.
27. Ibid., p. 68.
28. Ibid.
29. Brugger, op.cit. (1977), p. 88.
30. Ibid.
31. Ibid.
32. Mao Zedong, 'On State - Capitalism' (9 July 1953), Selected Words, Volume V (1977), p. 101.
33. Brugger, op.cit. (1977), p. 121.
34. Cheng Chu-Yuan, op.cit. (1964), p. 71.
35. Xue Muqiao, op.cit. (1977), p. 15.
36. Cheng Chu-Yuan, op.cit. (1964), p. 70.
37. Ibid.
38. Howe, op.cit. (1971), pp. 26-27.
39. Brugger, op.cit. (1977), p. 121.
40. Ibid., p. 122.
41. Ibid.
42. Cheng Chu-Yuan, op.cit. (1964), p. 72.
43. Ibid.
44. Ibid.
45. Ibid.
46. Xue Muqiao writes (Peking Review, No 52, 26 December, 1977, p. 12) that the capitalists in joint-state concerns "were no longer proprietors, but employees of the state. The state had complete control of the enterprises. The capitalists, of course, got their 5 per cent fixed rate of interest every year from the joint enterprises; apart from this, there was really no difference between the joint-state private enterprises and

the state-owned ones. The state paid a 5 per cent fixed rate of interest by way of redemption through which capitalist industry and commerce were transformed into socialist under-takings. This was really a big event. Thus, 1956 was the year in which a decisive victory was scored in the socialist transformation of the ownership of the means of production".

47. Alexander Eckstein, China's Economic Revolution (1977), p. 76.
48. Mao Zedong 'On New Democracy', in Selected Works Volume 2 (1967), pp. 339-384.
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62. Schran, op.cit. p. 17.
63. Shue, op.cit. (1980), p. 23.
64. Ibid., p. 91.
65. Ibid., p. 85.
66. Ibid., p. 91.
67. Schran, op.cit. (1969), p. 20.
68. Ibid.
69. Ibid., p. 22.
70. Ibid., p. 23.
71. J. Domes, Socialism in the Chinese Countryside (1980), pp. 10-11.
72. Donnithorne, op.cit. (1967), p. 37.
73. Shue, op.cit. (1980), p. 90.
74. Ibid., p. 96.

75. Ibid., pp. 115-272.
76. Ibid., p. 141.
77. Ibid., p. 227.
78. Ibid., p. 201.
79. Ibid.
80. Ibid., p. 202.
81. In a Ta Kung Pao editorial (1 March 1954), as cited in Ibid., p. 217, the claim was made that there "are spontaneous capitalist tendencies in the small peasant economy. Since land reform, as the rural economy has developed, these spontaneous capitalist tendencies have also developed."
82. Shue, op.cit. (1980), p. 219.
83. Ibid., p. 217.
84. Ibid., pp. 219-229.
85. Brugger, op.cit. (1977), pp. 113-114.
86. Shran, op.cit. (1969), p. 27.
87. Domes, op.cit. (1980), p. 13.
88. Mao Zedong, 'On the Question of Agricultural Co-operation', Selected Readings (1971), pp. 411-412.
89. Shue, op.cit. (1980), p. 282.
90. Ibid., p. 282.
91. Peter Nolan, 'Collectivisation in China: Some Comparisons with the U.S.S.R.', Journal of Peasant Studies, Volume 3, Number 2 (January 1976), pp. 192-221.
92. Ibid., pp. 203-206.
93. Ibid., p. 205.
94. Shue, op.cit. (1980), p. 299.
95. Ibid., pp. 299-300.
96. Eckstein, op.cit. (1977), p. 71.
97. Ibid.
98. Ibid.
99. Ibid.

100. Donnithorne (op.cit. (1967), p. 43) notes that by March 1957, "some 97 per cent of China's rural population were organized in 752,000 agricultural producer co-operatives, of which 668,000 were of the higher (and larger) type and 84,000 of the lower category" Shue argues (op.cit. (1980), p 315) that the consolidation of the A.P.C's changed the class perspective of the rich peasants: "their assets were now put at the disposal of the general village population, and their opportunities for advancement depended only on hard work along with the rest. But by this time what choice did they have in the face of pressures from cadres and other co-op members? If they had tried to continue independent farming, where would they have marketed their crop, bought their cotton cloth, or obtained a loan in an emergency. The co-op member, if they remained united, now had strong means available to them to freeze out recalcitrants. Many peasants who dropped out of co-ops or initially refused to join ended up coming back and asking to be allowed in".
101. Nolan, op.cit. (1976), pp. 213-215.
102. Shue, op.cit. (1980), p. 335.
103. Ibid., p. 23.
104. Brugger, op.cit. (1977), p. 125.
105. Eckstein, op.cit. (1977), p. 70.
106. Brugger op.cit. (1977), p. 125.
107. Howe, op.cit. (1971), pp. 107-110.
108. Charles Hoffman, The Chinese Worker (1974), pp. 51-52
109. Howe, op.cit. (1971), p. 147.
110. Mao Zedong in his 'On the Ten Great Relationships', 25 April 1956 (in Stuart Schram (eds) Mao Tse-Tung Unrehearsed (1974), p. 75) writes that "the proletarian dictatorship needs to have great coercive power. But it must oppose bureaucracy and it must not have an inflated establishment. I propose that the Party and government organs should be streamlined and that two thirds of their numbers should be axed".
111. Stephen Andors, China's Industrial Revolution (1977), p. 55.
112. William Brugger, Democracy and Organisation in the Chinese Industrial Enterprise (1976), p. 158.
113. Ibid., p. 258.
114. Andors, op.cit. (1977), p. 58.
115. Ibid., pp. 57-58.
116. Ibid., p. 78.
117. See Gargi Dutt, Rural Communes of China (1967), pp. 64-102, S. Burki, A Study of Chinese Communes (1965), pp. 8-15.

118. Chao Kuo-Chun, Agrarian Policy of the Chinese Communist Party (1960), pp. 225-228.
119. Brugger, op.cit. (1977), pp. 163-170.
120. Ibid, p 163, and Stuart Schram in Stuart R. Schram (ed.), Authority Participation and Cultural Change in China (1973), pp. 51-54.
121. F. Schurmann, (op.cit. (1966), p. 472) writes that, "The revolution in the organization of work preceded the actual formation of the communes, and in many ways represented the real revolution of 1958...many rural areas faced an acute labour shortage during the summer of 1958, a shortage largely caused by the draining off of village labour for construction projects, notably water works...The only solution for the labour shortage was the massive liberation of women to work in the fields...
But as soon as women were engaged in field work on a large scale, a radical rearrangement in the family life of the peasants was necessary. Not only were public mess halls, nurseries, and kindergartens the rational answer to the problem of taking care of domestic needs, but the fact that fewer people were left at home to tend the private interests of the peasant family made it equally 'logical' to turn over 'remnant land' animals, trees and implements to the commune 'for unified management'. The revolution in work organization affected the one remaining axis around which peasant life was organized: the family".
122. Brugger, op.cit. (1977), p. 179. The claims of Donnithorne, op.cit. (1967), p 45, that the communes were "sprouts of communism" rested chiefly on the move from collective ownership in the A.P.C.'s to "all people's ownership" in the communes, and that goods and services might promptly be distributed as the basis of "need" and not merely according to work performed. See also K. Buchanan, The Transformation of the Chinese Earth, pp. 124-132.
123. Brugger, op.cit.
124. Brugger "Introduction: The Historical Perspective" in Bill Brugger (eds) China The Impact of the Cultural Revolution (1978), pp. 19-20.
125. T.J.Hughes and D.E.T. Luard, The Economic Development of Communist China. (1961), pp. 67-74; Chen PO-IA 'New Society, New People', 1 July 1958, p. 655-656, Tentative Regulations (Draft) of the Weihsing (Sputnik) People's Commune; 7 August 1958, pp. 674-678; Central Committee Decision of the People's Communes, 29 August 1958, pp. 678-680, all in Harold C. Hinton (ed.) The People's Republic of China 1949-1979, Volume 2 (1980).
126. I. Crook and D. Crook, The First Years of the Yangyi Commune (1966), p. 100.
127. Brugger, op.cit. (1977), p. 185.

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130. Ibid.
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134. Andors, op.cit. (1977), pp. 75-126.
135. Ibid., pp. 76-89.
136. Andrew Watson, 'Industrial Management - Experiments in Mass Participation', in Brugger, op.cit. (1978), p. 177.
137. Andors, op.cit. (1977), p. 125.
138. Ibid., p. 126.
139. Ibid., pp. 163-164.
140. Howe, op.cit. (1971), pp. 146-147.
141. S Paine, 'Balanced Development: Maoist Conception and Chinese Practice', World Development, Volume IV, Number 4 (1976), p. 285.
142. Ibid., p. 299.
143. Wang Haibo and Wu Jiajun, p 445 in Xue Muqiao (eds) Almanac of China's Economy (translating of Zhongguo Jingji Nianjian) (1982), p. 445.
144. Thomas G Rawski, 'Agricultural Employment and Technology', in Barker, Sinha, Rose, op.cit. (1982), p. 121.
145. C. Howe, China's Economy, A Basic Guide (1978), pp. 18-21.
146. Rawski, op.cit. (1982), p. 131.
147. Ibid., pp. 131-132.
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153. Ibid.
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157. Donnithorne, (op.cit. (1967), p. 205) writes that in June 1956 the reform to the wage system was based upon the policy the "increases in remuneration should be related to, but less than, increases in productivity".
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CHAPTER EIGHT

VIETNAM AND THE SOCIALIST MODE OF PRODUCTION

The socialist transformation of Vietnam developed through a symbiotic relationship with the struggles for national liberation. The course of the socialist transition can be linked to the historical phases of the two Indochina wars. The socialist transition proper commenced in 1954, when the defeat of the French gave the Communist Government control of the territory above the 17th Parallel. In the period between 1954 and 1975 the Government of the North (Democratic Republic of Vietnam, D.R.V.) commenced the process of transforming the society. However, while commodity production and exchange were displaced, the socialist modes of production could not be consolidated principally due to the outbreak of the Second Indochina War.

When the war came to an end on 30 April 1975, the communists were, for the first time, in control of the whole country. The Communist Party spoke optimistically of transforming the South and simultaneously of constructing socialism in the North. The Party's efforts in developing socialism in Vietnam reached a high point in 1978. The Vietnamese Communists intensified the class struggle in the former South Vietnam (now politically unified) and the pace of socialist construction was intensified. But the drive towards socialism could not be sustained. In August 1979, the Party reevaluated the course of the socialist transition and decided to not only to reduce the pace of socialist change but also to recognize that the southern economy was dominated by non-socialist elements. The Party promoted economic development over socialist change and looked to individual peasant households to raise the level of rural production. Since 1979 the pace of the socialist transition in Vietnam has been very slow. The state is used by the Party primarily to balance the competing modes of production rather than as a lever facilitating the development of socialism.

Thus, unlike Russia and China, the socialist transition in Vietnam remains in progression because the socialist mode of production has not been stabilised. To understand why it is not consolidated, it is necessary to examine the history of the socialist transition as it evolved in its relationship to the struggle for national independence. The latter struggles and its aftermath acted as a barrier to the displacement of the capitalist mode of production. As a result, the socialist mode of production exists in antagonistic competition with the capitalist mode of production. Moreover, the struggles for national liberation and national defence have weakened the impetus for socialist change. The Communist Government has to build support for further advances in the socialist transition.

The Vietnamese communists regarded as a formative experience the capture of state power by the Viet Minh in 1945 in vindicating the Party's strategic stress on the struggle for national liberation over class struggle.¹ Moreover, the Party regarded the August Revolution and the subsequent establishment of the Democratic Republic of Vietnam as a product of the changing world order.² Capitalism was divided and losing its international strength, while communism was on the rise.³ Consequently, the struggle for national liberation in Vietnam was an important element in the international decline of capitalism and in the growth of the communist world order. In addition, the Party perceived the seizure of power as verification of its support among the people and of its organisational ability.

The establishment of the D.R.V. Government in September 1945 provided a solid basis from which the communists could conduct the war against the French. As a consequence the First Indochina War was conducted in a situation of dual power. The French authorities

maintained control within the cities and along the major highways, while the D.R.V. Government had popular support and exercised power in most of the countryside. As the war evolved the D.R.V. Government gained in experience and became a fully-fledged alternative administration.

However, to achieve a fundamental victory over the French the Communists had also to transform the class relations within the village. During 1953, the Party launched a campaign for the implementation of the D.R.V.'s edicts on rent reduction and land reform.⁴ As Christine White notes, the 1953 programme of rural reform was made possible by the emergence of an alternative state in the countryside:

The Lao Dong Party [Vietnam Workers' Party] had succeeded in transforming itself from a group of revolutionaries outlawed by the colonial administration and hounded by the colonial army into a strong and sizeable institution leading a government, administration and an army. While this transformation strengthened and stabilized their institutional base, it also involved a fundamental process of separation between state and society. Soldiers in the army and cadres in the Party or government from rural backgrounds became objectively separated from their original class position. Their source of livelihood was a state salary paid in exchange for their services to the state, not from economic activities within the community, whether through farming or rent collection.⁵

The rent reduction and land reform campaign provided the D.R.V. Government with the necessary impetus to defeat the French in 1954.⁶ But the victory was only partial and the Communists had to accept the division of country at the 17th Parallel.⁷ The socialist transformation of North Vietnam was therefore subject to the events in the South and to the campaign for reunification.⁸

The Communist Government in the North perceived the socialist transition in terms of the abolition of "feudalism" in the countryside and "colonialism" in the cities (and on the plantations and in the mines).⁹ Like the C.C.P., the Vietnamese Communist Party followed the Comintern view that the socialist transition in

colonial and semi-colonial societies had to pass through two phases: a "democratic revolution" which when completed was replaced by the "socialist revolution".¹⁰ The socialist revolution itself had two stages, firstly, the establishment of socialism as a lower phase of communism, and secondly, the advancement to fully-blown communism. But the initial task of the D.R.V. Government was to restore order and to implement a construction programme to repair damages to communications, transportation and economic infrastructure caused by war.

The Communist Government inherited from the French a society which had felt the effects of the long First Indochina War. Moreover, it was a society which was constructed around colonial and not indigenous needs. In terms of war damage, Peggy Duff reports much of the country's road, railways and communication networks were destroyed.¹¹ According to Bernard Fall, 85 per cent of the productive capacity of the North had been adversely affected by the war.¹² In addition, as Andrew Vickerman notes, what little industry there was in the North had also suffered because of the war:

Industrial production in the D.R.V. in 1954 represented only 1.5 per cent of total production. Modern industry consisted of only seven enterprises. During the latter part of the colonial period industry had represented some 10 per cent of total production, but much of this had been destroyed by the war and the French also dismantled machinery when they finally withdrew.¹³

Jacques Charrière notes that modern industry in Vietnam "was limited to seven enterprises (including a distillery, a brewery and an ice-making plant) and 30 repair shops".¹⁴ Charrière adds that in 1954 the coal mines of Hon Gai were only operating at 50 per cent capacity and the cement factory at Haiphong closed in 1953.¹⁵ Irene Norlund calculates that domestic trade contributed more to the gross national product in 1954 than did industry.¹⁶ Peggy Duff notes that the bulk of industrial and finance capital was

concentrated in three foreign companies:

85 per cent of private capital was in three large combines: the Bank of Indo-China (both a business and an issue bank) operating in addition 3 transport companies, 3 mining companies, 5 industrial societies, a water company, an electricity company, and three rubber plantations; the Riwauld Group with rubber plantations and the Rothschild-de Wendel Group (nickel, tin, wolfram, and electricity).¹⁷

In addition the D.R.V. was faced with the problem that the French in departing from North Vietnam took with them valuable machinery, as well as most of the trained personnel, including doctors, teachers, engineers and technicians. Bernard Fall comments that:

Although some French technicians had remained behind, they were in many cases of little help (assuming that the Viet Minh was willing to ask for their help) since the departing Franco-Vietnamese administration had taken almost everything that was movable: dock cranes, railroad-repair equipment, and even the radium necessary for the use of the X-ray machines in the Hanoi hospitals. The French were later compelled to reimburse the D.R.V.N. for the equipment removed.¹⁸

In addition, Fall reports that the population of the North was approximately 13.5 million and that under the French food had been shipped from the South.¹⁹ The artificial division of the country at the 17th Parallel prevented the flow of goods between the two zones. Vickerman estimates that prior to the partitioning of the country, "some 200,000 to 250,000 tonnes of paddy were sent from the Mekong Delta, in the South to North Vietnam."²⁰ The D.R.V. was obliged to look to Russia and China for assistance in meeting the short fall in rice supplies.

When the D.R.V. Government approached the issue of nationalisation it resisted appropriating the French industries while discussions were undertaken with the French with regard to unification. In 1954 the French dispatched a delegation, headed by Jean Sainteny, to the D.R.V. to discuss bilateral relations and the

future of Vietnam.²¹ The negotiations between the D.R.V and the Sainteny delegation broke down over French support for both the American role in the South and for the formation of the South East Asia Treaty Organisation (SEATO).²² The collapse of the talks with the French and concern over the threats emanating from the South, combined with the growing role of the U.S.A. in the region, caused the D.R.V. Government to accelerate the socialist transformation of the North.

During 1955 the Northern Government nationalised all French undertakings.²³ Of particular significance to Vietnamese Communists was the nationalisation of the major French bank, the Bank of Indochina, which they saw as the centre of French colonial power and also as having historical significance.²⁴ The Communist Party regarded as an error the Viet Minh's failure to capture the Bank of Indochina in the 1945 August Revolution.²⁵ The nationalisation of the banks and the centralisation of financial transactions in the National Bank provided the Government with a powerful weapon to influence the private sector.²⁶

The Government used the power of the National Bank to support the nationalisation and co-operativisation programme. For example, loans were granted to peasants, artisans and handicraft operators if they were prepared to join co-operatives.²⁷ In addition the Government established joint state-private concerns with the "national bourgeoisie". According to Jacques Charrière, the state did not have to use force in confiscating the property of the "national bourgeoisie", as most of them had supported the independence struggle.²⁸ The establishment of joint state-private undertakings was similar to that in China whereby the proprietors were paid annual installments of 6 per cent based upon the purchase price.²⁹ The nationalisation of the industrial sector was

accompanied by the state taking control of the wholesale and retail markets. Charrière reports that by 1960 the state either directly or through trading co-operatives, controlled 95 per cent of wholesale and 75 per cent of retail trade.³⁰

The nationalisation and co-operativisation of the urban economy was achieved between 1955 and 1960. Peggy Duff estimates that by 1960 the state controlled directly banking, heavy industry, trade, transportation and communications.³¹ Artisan production was steadily co-operativised in the same period. In 1955, according to Duff, only 12 per cent of handicrafts were co-operativized, but this rose to 35.6 per cent in 1957, was 80.0 per cent in 1959, and rose to 87.8 per cent in 1960.³² Charrière, however, reports that artisan co-operatives were not as highly developed as in China and the level of socialisation was low. He writes that in 1960, over "80 per cent of the artisans have joined co-operatives which furnish them with raw materials and tools and guarantee the sale of their products."³³ Charrière adds that the artisan co-operatives were trading rather than producer co-operatives because there were no fundamental modifications to the artisans' working conditions.³⁴ Moreover, Charrière reports that the Government allowed private producers to control up to 25 per cent of the retail trade.³⁵

According to Nguyen Khac Vien, the nationalisation of the urban economy was achieved with relative ease because of the "extreme weakness of Vietnamese capital".³⁶ Peggy Duff confirms this view, arguing that the nationalisation of the urban economy was achieved without major difficulties because the D.R.V. state could confiscate the property of the French. Moreover, the "national capitalists" were of only minor significance. These conditions, she notes, "made it much easier for the North Vietnamese to move, as they planned, directly from feudalism to socialism cutting out the capitalist

stage. The bulk of the capitalists had gone."³⁷ That is, as capitalism in the "colonial" sector (e.g. in industry, mining and plantation) was structured towards the external market and there was only a limited indigenous capitalist sector, the departure of the French meant that the state could appropriate the property of the colonial capitalists. Having nationalised the property of the colonial capitalists the state was in a strong position to influence the remaining capitalists and artisans to relinquish their rights over ownership. As a consequence, the nationalisation and co-operativisation of the urban capitalist economy was achieved with relative ease. The Party therefore did not have to question its theory of the socialist transition, as bypassing the stage of capitalism. Rather, the smoothness of the displacement of capitalism in the urban, plantation and mining sectors tended to confirm the Party's notion that Vietnam was moving directly from "feudalism" and "colonialism" to socialism.

Having established a nationalised and co-operativised urban economy the Party set about expanding this sector. In particular, as the Party saw socialism as a means of rapidly creating large-scale industry, the state plans were drawn up along Soviet lines with the emphasis upon constructing a heavy industrial base. Andrew Vickerman estimates that heavy industry received 67 per cent of industrial investment in the Three Year Plan (1957-1959) and 79 per cent in the First Five Year Plan (1960-1965).³⁸ At the Third Party Congress of the Party (then known as the Vietnam Workers' Party) held in 1960, Le Than Nghi reported that construction in the state industrial sector had grown "unceasingly" during the Three Year Plan. He stated that:

As of the end of 1960, we have 175 large-scale and medium-sized state-operated industrial plants under central management. In the industrial field, state-owned industry occupied 82.4%; the remainder is divided among

state-private jointly operated enterprises which occupy 11.3%, and co-operative enterprises which occupy 6.6%.³⁹

A critical aspect of the industrialisation programme was the aid obtained from socialist countries. The Communist Party regarded aid from the socialist countries (principally China and Russia) as a beneficial consequence of proletarian internationalism.⁴⁰ According to Irene Norlund, external resources accounted for 62 per cent of the Three Year Plan and 34 per cent of the Five Year Plan.⁴¹ Andrew Vickerman concurs with this estimation and notes that foreign aid in the Three Year Plan was 89 per cent in the form of grants and 11 per cent in the form of loans.⁴² In the Five Year Plan foreign aid was solely in the form of loans. Vickerman adds that "[f]oreign aid reportedly constituted 40 per cent of government budget receipts in 1955, 41 per cent in 1956, 38 per cent in 1957, 26 per cent in 1958, and 18 per cent in 1960".⁴³ He notes that foreign aid was dependent upon fluctuations in the Chinese economy, and on international considerations, which included the Sino-Soviet Dispute and later the war with the United States. Norlund calculates that there was a sharp rise in foreign aid to North Vietnam after the U.S. bombing of the country.⁴⁴ After, 1965, North Vietnam received 2.7 billion dollars from the Soviet Union and 1.8 billion dollars from China in economic and military aid until 1975.⁴⁵

In terms of the development of the socialist mode of production in North Vietnam, the supplies of foreign aid affected the accumulation process. As Norlund notes, the source of internal resources was initially mainly from taxes but after a few years came mainly from state enterprises.⁴⁶ Vickerman makes a similar observation, commenting that state revenue originally came from taxes but later "it came overwhelmingly from trade via state

enterprises".⁴⁷ He reports that in "1960 receipts collected from the sales of goods constituted 76 per cent of the total. They remained over 70 per cent in the subsequent period."⁴⁸ Moreover, Norlund notes, foreign aid became a significant component in North Vietnam's strategy of creating socialism:

The official Vietnam intention, i.e. mainly to rely on internal accumulation and resources, has not strictly been implemented, even if the tendency in the Five Year Plan went this way. Although internal accumulation is highly valued in 'the Vietnamese way' it is also officially recognised that the 'socialist brother countries' have contributed much to the development of socialism in Vietnam. This is regarded as a result of proletarian internationalism and an important reason why it should be possible to develop a backward society toward socialism without going through a capitalist stage.⁴⁹

The inflow of foreign assistance had a contradictory effect on the socialist mode of production. Foreign aid helped establish the relations of production and provided the material and technical support for the new form of surplus product. However, because the industrial sector in North Vietnam was at such a low material level the inflow of aid only laid the foundations for the extraction of both an 'absolute' and a 'relative' surplus. As the Second Indochina War developed the Northern economy became increasingly dependent upon foreign aid. Moreover, the U.S. bombing repeatedly destroyed the industrial sector. As a consequence, the system of surplus extraction remained underdeveloped and was unable to provide sufficient funds for capital accumulation. Instead the D.R.V. Government relied upon the assistance from socialist countries for the reproduction of the relations of production.

In the 1960s the Party looked to the Soviet model to expand production. The Party's plans stressed the development of heavy industry. The growth in heavy industry was to be accompanied by a rise in the industrial workforce and through a boost in the productivity of labour. An example of the expansion of industry can

be seen in its relative rise of state industry in comparison to that of handicrafts. Norlund notes that industries share in output grew at the expense of handicrafts; and within the industrial sector, heavy industry (or Group A) expanded faster than that of consumer goods industries (or Group B). Norlund reports that Group A industries grew from 27 per cent of industrial output value in 1955 to 43 per cent in 1965.⁵⁰ Handicrafts as a percentage of industrial production fell from 73 per cent in 1955 to 25 per cent in the 1960s.⁵¹ Vickerman estimates that between 1965 and 1968,

Group A received 82 per cent of industrial investment while in 1969-71 it received 76 per cent. Heavy industry thus grew faster than light industry and the share of the latter fell from 73 per cent in 1957-59 to 59 per cent in 1963-65. It continued to fall during the war years despite the apparent increased emphasis on light and local industry.⁵²

According to Norlund, by 1965 Group A industries, producing the means of production, received approximately 80 per cent of the investment fund but contributed only 43 per cent of the total output value.⁵³ The effects of the U.S. bombardment of the North led to a decentralisation of industry, with locally run industries growing in influence. The share in output of locally-run industries grew from 46 per cent in 1965 to 53 per cent in 1968.⁵⁴ Alexander Woodside argues that while industry was decentralised it retained a centralised entity: "Factories were now regarded as subdividing organisms".⁵⁵

The growth of the industrial sector provided the basis for the Party's priority of creating a socialist working class.⁵⁶ Woodside estimates that between 1955 and 1965, "650,000 peasants were transferred from their villages to non-agricultural assignments in industry, construction and transportation."⁵⁷ Buttinger reports that by 1960 the population of Hanoi (638,600) and Haiphong (367,300) had doubled in size since the prewar years.⁵⁸ Buttinger

adds that by 1963 the regime had trained many workers to become industrial specialists and this was evident in the ability of indigenous technicians to run the bulk of industry, banking and foreign trade.⁵⁹ Woodside argues that the new industrial workforce was integrated into industrial work pattern and imbued with socialist consciousness through their membership of "organized communities":⁶⁰

The regime has attached its 650,000 raw peasant workers to labour unions, industrial labour fronts, youth organisations, factory social clubs, and other overlapping units of social mobilisation. Then, through these organisations, it has involved these 650,000 new workers in campaigns within the factories which will, its hoped, give them industrial outlooks. The number of labour unions themselves more that quadrupled in the north between 1955 and 1965.⁶¹

In overall terms, the industrial workforce as a percentage of the working population, was small. Vickerman reports that the "percentage of the workforce in industry was 7 per cent in 1960, 8.3 per cent in 1965 and 10.6 per cent in 1975".⁶² In an article published in 1960, Le Than Nghi argues that the industrial workforce had raised state revenues both through the rise in the number of workers an (i.e. 'absolute' surplus) and in the increase in labour productivity (i.e. a 'relative' surplus). Le Than Nghi reports,

Among the productive enterprises of the Ministry of Industry, comparing 1957 and 1958, productivity rose 24.9% while cost dropped 3.57%; comparing 1958 to 1959, productivity rose 16% and prices dropped 2.1%. The rapid development of Socialist productivity is attributed to the increase in production as well as the increase in productive forces. In the two years 1958 and 1959, the industrial branch increased the volume of production considerably; of this progress 60% was attributed to the increased number of workers.⁶³

The industrial workers were tied to a wage system that linked the regulated wage to a productivity-based wage rate.⁶⁴ However, workers were paid primarily via rations and free services (e.g. housing, welfare, health). Charrière argues that piece rates were

extensively used, as well as a system of output bonuses.⁶⁵ Collective contracts were signed with particular enterprises to link bonuses with output targets. Thus by 1960, in terms of internal accumulation, the bulk of the resources came from the industrial workers. The planning apparatus was similar to that in Russia and China where planning directives originated in the state bureaucracy and were handed down to the enterprise managers.⁶⁶ The directives were accompanied by targets for output, with latitude given to the enterprise managers for over-fulfilment of the targets through the provision of bonuses.⁶⁷ The managers were appointed by the respective ministry. The trade unions functioned as support mechanisms for the state and mobilised the workers to fulfil the targets and other programmes set out by the state.⁶⁸

From the 1960s onward, the social and technical relations of the socialist mode of production were established in the industrial sphere.⁶⁹ But the expansion of the socialist mode of production was hampered by the Second Indochina War. In 1963 the Party decided to support militarily the communist struggle in the South. The subsequent escalation of the war arrested the development of the socialist mode of production. For example, while the collective economy grew from 1960, the state-owned sector remained constant. Irene Norlund notes that between 1960 and 1971 the joint private co-operative and state sector increased its share in the national income from 15.7 per cent in 1957, to 62.7 per cent in 1960, to 88.9 per cent in 1965, to 90.7 per cent in 1968 and 90.2 per cent in 1971, while the state sector itself was static.⁷⁰ The state sector's share of the total collective economy was 15.4 per cent in 1957, 33.1 per cent in 1960, 37.3 per cent in 1965, 33.5 per cent in 1968 and 32.2 per cent in 1971.⁷¹

In the industrial sphere the capitalist mode of production was displaced and the basis was laid for the socialist mode of production. A modified Soviet model was introduced in which the new form of surplus was to be extracted from the industrial workers through the state plan. However, the industrial sector, while growing rapidly was markedly underdeveloped. There was limited heavy industry and only minimal industrial infrastructure. The potential however existed for the expansion of the state-industrial sector upon the basis of the extraction of both an 'absolute' and a 'relative' surplus. Nevertheless, the escalation of the Second Indochina War prevented the growth of the socialist mode of production in the industrial sphere.

In the industrial economy the low level of the material conditions, combined with the effects of the war prevented the expanded reproduction of the socialist mode of production. The agricultural sphere also suffered from impediments to the developments of the socialist mode of production which were exacerbated by the Party's theoretical misconception of the socialist transition. In the industrial sphere the notion that Vietnam was moving directly from "feudalism" and "colonialism" to socialism had little significance because of the colonial character and restricted nature of capitalism, whereas in the agricultural sphere, the idea that Vietnam was bypassing the capitalist stage of development was to have profound implications on the socialist transition.

As noted, the D.R.V. Government had commenced the agrarian revolution in 1953 with rural rent reductions and experiments with land reform. During 1954, the D.R.V. Government refrained from implementing its land reform legislation while negotiations were being conducted with the French over the peace settlement. However,

with the emergence of the anti-communist Government of Ngo Dinh Diem in the South and the American support for the Diem regime the Party renewed the rural revolution. The land reform campaign commenced in an atmosphere of fear over events in the South.⁷² The tension between North and South was intensified by the propaganda war, which was primarily responsible for the movement of people between the two zones. The movement across the 17th Parallel was characterised by a mass exodus of Catholic peasants from the North to the South. Edwin E. Moise estimates that between "800,000 and 900,000 people over two-thirds of them Catholics, moved from North to South Vietnam".⁷³ Moise adds that these Catholics journeyed South "because of social and religious ties and because of propoganda pressure".⁷⁴

In the middle of 1955 the D.R.V. Government launched an extensive land reform campaign. At the same time communist cadre were directed to uncover fifth columnists within the North. For the Communist Government, land reform was to be the first step in a campaign to abolish "feudalism" within Northern agriculture. The land reform campaign was based upon the abolition of "feudal exploitation", which was seen as stemming from landlord relationships.⁷⁵ The Party sent land reform cadres to the countryside to mobilise the peasants against the "feudal landlords". The cadres were instructed to mobilise the poor and landless peasants as a first priority, and then to seek alliances with the middle peasants and rich peasants.⁷⁶

The D.R.V. Government provided the land reform cadres with a guidelines to distinguish the rural classes.⁷⁷ The directives on class were founded upon the identification of exploitation, rather than land ownership, as the basis of class position. As Christine White notes, the differences between classes were defined by the

degree of exploitation of others:

The classification decree defined the main characteristic of a landlord in terms of whether or not he or she drew the principal means of existence from agricultural exploitation. Specifically, if a family of fifteen or more had less than one-third of its able-bodied members engaged in agricultural labour, or rented out three times as much land as members of the family farmed themselves, then the family could be considered a landlord family living primarily by exploiting the labour of others.⁷⁸

The Party expected that, by defining classes in terms of the degree of exploitation, the land reform cadres would be able simply to isolate the landlords and confiscate their lands. The Party presumed that as the relations of production were feudal, then the land reform cadres would therefore quickly identify the different forms of rural exploitation and recognize that these derived from the feudal practices of the landlords. It was then anticipated that through the mobilisation of the poor peasants and landless labourers (the rural "proletariat") these exploitative practices would be abolished, the landlords would be deposed, and the landless peasants would be the major beneficiaries of the subsequent land redistribution.

The Vietnamese communist leaders, like the C.C.P. accepted the Comintern depiction of the socialist transition in colonial countries as stemming from a feudal base, with the first phase of the rural revolution being an anti-landlord struggle. It was assumed that landlords comprised 5 per cent of the village population and that peasants formed the remaining 95 per cent of the village was constituted by peasants, who could be united in a class struggle against the feudal landlords.⁸⁰ While there were similarities between the Chinese and Vietnamese Communists' approach to land reform, there were also marked differences. In the first place, Mao's analysis of the rural classes was more advanced than that of the Chinese Communist leaders. However, to their defence,

the Vietnamese Communists had expected land reform to embrace the whole country rather than just the region above the 17th Parallel. For example, in their 1937-38 study of rural classes Troung Chinh and Vo Nguyen Giap emphasised the point that the problems of colonialism and landlordism were national ones, but added that the degree of exploitation of the peasants was higher in Cochinchina (in the south) than in Annam (in the centre) or Tonkin (in the north).⁸¹ Moreover, when the Party launched its land reform programme it did not have the time for extensive studies of Northern class relations because it feared that Ngo Dinh Diem would make good his threat to 'march North'.⁸²

In addition, the Communist Party had concentrated its revolutionary efforts on forging cross-class alliances to fight the War of Resistance. In contrast to the C.C.P., which was able to experiment with land reform in the Red Base Areas, the Vietnamese Communists had to build broad village support for the guerilla war against the French. The Chinese Communists had developed a revolutionary strategy which minimized the importance of class enemies while maximizing the class backing for socialist change. The Vietnamese Communists had maximized the class support for national liberation while down playing class differences and the socialist revolution. Consequently, the land reform was a marked departure from previous Party policy.

The C.C.P. strategic practice compensated for the inadequacy of its theory of the rural revolution. In contrast, the Vietnamese Communists' political practice tended to exacerbate their theoretical weaknesses. The Party launched the land reform campaign as an attack on feudal exploitation. The poor peasants and landless labourers were mobilised by the cadres to attack the landlords through the practice of highlighting exploitation in the relations

of production.⁸³ However, once mobilised, the poor peasants and landless labourers extended their criticism of exploitative productive relations to the rich peasants and the upper-middle peasants. The class struggle quickly escalated beyond that of the specific target, the landlords. The reason why the class struggle extended to the 'better-off' peasants was that rural exploitation was embodied in commodity production and exchange. The poor peasants and landless labourers were exploited not only by the landlords but by their wealthier peasant neighbours. The generalisation of commodity production and exchange had affected not only the relationships between the peasants and the landlord, but also relationships between 'poorer' and 'richer' peasants. Capitalist exploitation was integrated into the interactions between the 'poorer' and 'richer' peasants in such practices as the hiring of labour, rent relations, tenancy, sharecropping and financial transactions (e.g. usury). By mobilising the landless labourers and poor peasants against exploitation, the Party created an explosive situation within the village. The Party discovered that it could not control the land reform campaign and was obliged to intervene to moderate the class struggle.

The land reform campaign was conducted over a very short period of time. Between June 1955 and July 1956 land reform encompassed all vilages in the north and involved approximately 8.7 million peasants.⁸⁴ The land reform campaign was effective in taking land from the landlords and redistributing it to the peasants. However, as Christine White notes, the land reform campaign had an uncontrolled momentum:

The land reform campaign was successful in ending landlord economic and political power in the villages and distributing land to the peasants. Nearly 700,000 hectares of land were distributed among nearly eight million peasants. However, mass mobilisation for class struggle and "denunciation for suffering" proved to be social

dynamite. Far more energy and anger against exploitation was generated than was necessary to overthrow the landlord class. Given the poor peasants' dichotomous view of class, the methods used to carry out land reform encouraged victims of any type of exploitation to accuse their exploiter of being a landlord, and thus brought too many latent social conflicts to the fore at once, in an extremely antagonistic context.⁸⁵

Similarly, Moise comments that as land reform evolved the Government tried to moderate the programme, while the implementation process actually became more radical and excesses became widespread.⁸⁶ Tran Phoung in writing the official history of land reform reports that:

The most common error was committed in implementing the class line of the Party: while great attention was paid to satisfying the economic and political demands of the working peasants, the necessity to broaden the National United Front was overlooked; while relying firmly on the poor peasants and the landless peasants, the necessity to unite closely with the middle peasants, to ally oneself with the rich peasants and to differentiate between the feudal landlords was overlooked.⁸⁷

Among commentators there is agreement that the land reform campaign led to an attack not only on the landlords but also on the rich and middle peasants as well. In his assessment of the land reform, Moise argues that excesses were caused because of the Party's correct but misapplied stress on the poor peasants as the leaders of the campaign.⁸⁸ That is, the Party, in promoting the poor peasants and landless labourers as the leaders of the land reform campaign, tended to assume that social class or class origin determines everything. Moise, following Giap, calls this policy one of "classism".⁸⁹ He argues that the promotion of the poor and landless peasant classes in land reform intensified the class struggle because these peasants thought that there were enemies everywhere.⁹⁰ Moise contends that this policy was necessary because it promoted the peasants in most need.⁹¹ However, he argues they were "promoted too rapidly, and without adequate

training to positions which they did not have the experience to handle".⁹²

In her analysis of land reform errors, White notes that the policy was a marked shift from that pursued by the Party during the war years.⁹³ The united front policy was disregarded when the Party launched the land reform campaign. White argues that the Party was confronted with a practical dilemma because, on the one hand, if it attempted land reform within the framework of the national united front, the landlords and wealthier peasants would have played down class struggle and thereby minimised land redistribution. On the other hand, by disregarding the national united front, the land reform became more radical and undermined existing support within the village for the Party.⁹⁴

The Communist Party in its appraisal of land reform admitted that it had not conducted adequate research so as to guide the land reform cadres. In his overview of the land reform errors Vo Nguyen Giap commented that the lack of research compounded the problems of class demarcation.⁹⁵ He added that

It was not just that in many areas some rich peasants or upper middle peasants were classified as landlords; there were even places where some poor peasants and agricultural labourers were classified as landlords.⁹⁶

Moreover, he noted that the party had "slighted...the achievements of the anti-imperialist struggle".⁹⁷ That is, Vo Nguyen Giap argued that land reform was separated from the struggle for national independence and that "in some places they were even set in opposition to each other".⁹⁸ Finally, he stated that the Party leadership itself had erred in that its land reform policy suffered from "leftism".⁹⁹ In the wake of the land reform Truong Chinh who was associated with the "left" line within the V.C.P. was replaced as Party Secretary by Ho Chi Minh.¹⁰⁰

The problem with land reform was not simply that of "leftism". As noted, the Party's own analysis of the socialist transition in Vietnam played a significant role in the land reform errors. The Party assumed that the socialist revolution in agriculture was from feudalism to communism, bypassing capitalism. As a consequence, the Party expected that the land reform cadres would isolate the landlords through the identification of feudal exploitation. However, it was not possible to isolate the landlords as the land reform decree stressed exploitation and the Party's political directives emphasised mobilising the most-exploited peasants. A faulty practice compounded a faulty theory.

When the Party realised that land reform was more radical than had been expected it intervened and began a programme of rectifying the errors of land redistribution. According to Moise during 1957, "over 50 per cent of those who had been classified as landlords were reclassified. They were given back part of the property which had been taken from them."¹⁰¹ Moise notes that there were sharp conflicts among the peasants over the redistribution of property. The Party leadership made efforts to reconcile the divisions within the village. The Party invited back cadres who had been expelled from the party and attempted to establish an accord between the old cadres, who had joined the Party in the war of national independence, and those who had entered the Party during the land reform programme.¹⁰²

In general terms, the land reform campaign was effective in destroying the economic and political power of the landlords. In theory, the landlords were to be left with about as much land as their former tenants were receiving. In practice, the landlords were usually left with less land than anyone else in the village.¹⁰³ As Moise notes, exact figures on land reform are

difficult to uncover because of the lack of official statistics and because the official figures provided tend not to distinguish between land owned by the households and land used by the household.¹⁰⁴ Moise provides two sets of tables which set out the effect of land reform.¹⁰⁵ The first table, he argues, somewhat exaggerates the change in holdings (because it does not include land used by peasants which they did not legally own):

Table 1: Average Holdings Before and After Land Reform
(Hectares per person)

	Labourers	Poor Peasants	Middle Peasants	Rich Peasants	Landlords
Before	.02	.05	.12	.21	.65
After	.15	.14	.17	.21	.10

The second table Moise argues, is a more accurate appraisal of the land reform:

Table 2: Land Controlled Before and After Land Reform
(Hectares per person)

	Land owned before land reform	Land owned or used before land reform	Land owned after land reform
Middle Peasants	.126	.168	.161
Poor Peasants	.049	.101	.144
Labourers	.026	.081	.141

David Elliot reports that a post-land reform survey of incomes in thirty-four villages in five North Vietnamese provinces discovered that many poor-peasants (27.5 percent) and ex-landlords (28.8 percent) were underfed.¹⁰⁶ Fewer rich peasants (12.8 percent) and middle peasants (16.7 percent) were underfed and many rich peasants (41.3 percent) and middle peasants (27.9 percent) had food surpluses.¹⁰⁷ A much smaller percentage of ex-landlords

(19.8 percent) and poor peasants (19 percent) had food surpluses.¹⁰⁸ Elliott notes that the income figures revealed that,

While the landlords had been reduced to almost exactly the living standard of the poor peasant, the rich and middle peasants still had an appreciably higher standard of living. The income differential between the upper middle and poor peasants was over 30 per cent. The Land Reform had left the rich and middle peasants with a sizeable advantage over the poor peasants in land, tools, and buffaloes, so their superior economic performance was hardly surprising.¹⁰⁹

Land reform, as Christine White notes, "universalised a pattern of small peasant-owned holdings farmed by household labour".¹¹⁰

David Elliott in his study of rural North Vietnam reports that after land reform the distinction between middle peasant and poor peasant holdings was marginal; on average the difference was only one sao. He writes, "middle peasants owned on average 4 sao (1 sao = 360 square metres of land) as against 3 sao (about 1/4 of an acre) for the poor peasants".¹¹¹ However, after the land reform there was a potentiality for income differentiation and the growth of capitalism because there was an unequal distribution of the instruments of production (e.g. buffaloes and ploughs).¹¹²

The Communist Party leadership voiced concern over the potentiality for capitalism to emerge in the countryside. In a report to the National Assembly in 1959, Truong Chinh claimed that "capitalist tendencies" had appeared relatively strongly in the post-land reform period.¹¹³ He added that if these tendencies were left unchecked they could lead to class polarisation. The Party looked to co-operativisation as a means of checking the emergence of capitalism. However, before the Party could promote co-operatives it had to rectify the land reform errors and rebuild political support within the village. Many village cadres found themselves criticised over the radical character of the land reform and were reluctant to lead the co-operativisation movement.

Moreover, as David Elliott notes, the Communist Party did not have a wide cadre base in the countryside".¹¹⁴ Rather, the Party had relied upon a united front strategy to gain support in the rural areas. Thus, when the Party was faced with the problems in the land reform it responded by extending grass roots democracy through broad based organisations such as the the Fatherland Front. The Party became the institution which liaised between the broad based organs and the centralised state.¹¹⁵ Moreover, the army was used as a symbol of unity to rally support for the regime and to foster political stability.

However, the land reform errors and their aftermath chastened the Communist Party. The Party was reluctant to intensify the class struggle in creating the co-operatives. Instead, the Party approached co-operativisation with great caution and promoted the co-operatives on the basis of voluntary entry and subject to village based democracy.¹¹⁶ As a result, the Party was willing to accept the establishment of lower-level co-operatives as a fundamental breakthrough for socialism, as institutions facilitating the transition from feudalism to socialism.¹¹⁷ The Party saw co-operative ownership of the land as the institutional basis of socialism and the negation of feudalism. Consequently, the Communist Party was willing to accept that a transfer of land ownership from the peasants to the co-operatives was a significant change in rural production. The Party reduced the relations of production to ownership and overlooked the character of the surplus product.

The Party sought to transform peasant ownership of the means of production by promoting mutual-aid teams and then using them as the basis for co-operativisation¹¹⁸ The Party cadres were given the responsibility of encouraging peasants into the co-operatives on the

basis that their incomes could be increased by sharing the land and other means of production. It was generally in the interests of the poor peasants to join the co-operatives as they often did not possess sufficient means of production to sustain a regular livelihood. For the poor peasants, the co-operatives provided them an income guaranteed by the the state.¹¹⁹ The Party encouraged the middle peasants to enter the co-operatives by establishing co-operatives in which payment was made for goods placed at the disposal of the co-operative, as well as, payment according to work points.¹²⁰ That is, in the lower level co-operatives the peasants received a form of rental payment for the land and buffaloes (and other instruments of production) they brought with them into the co-operative as well as payment for work performed. For the middle peasants and even the rich peasants there was, therefore, no immediate disadvantage in joining the co-operatives. But the longer term disadvantage was that the peasants lost ownership of the means of production.

According to Alec Gordon, the bulk of the peasants appeared to joined the lower-level co-operatives in two distinct waves in the second halves of 1959 and 1960.¹²¹ Once inside the co-operatives the peasants came under the influence of the Party. The co-operative management committee was given the task of organising production through brigades and teams.¹²² The teams became the basic unit of account, while the co-operatives were the organ which responded directly to the district Government level.¹²³ The V.C.P. restricted the membership of the middle peasants in the management committee to one-third, while reserving two-thirds of management committee seats for the poor peasants.¹²⁴

The growth of the co-operatives increased the support of the Party within the peasant community. Moreover, according to White,

the co-operativisation movement was accompanied by laws which gave more power to women and youths within rural society. Polygamy was outlawed and there was more freedom for the young to choose their marriage partners. In addition, the co-operatives allotted land to women members and women's labour in the fields, but not in the home or the family plot, was accredited with work points.¹²⁵ Both Elliott and White agree that the co-operative movement produced a rise in the political influence of the Party among the peasants.¹²⁶ Moreover, White argues that the emergence of the co-operatives gave the Government control over the rural surplus.

Co-operativisation was the method by which the government brought rice, the basic means of subsistence, under control. Access to a basic ration of rice was established as a right based on a social membership in the community, and an extensive system of subsidies and rationing as well as low price procurement was set up. In essence, deficit co-operatives received aid from the state to help bring the distribution to co-operative members up to a subsistence minimum, while surplus producing co-operatives were under strong social and political pressure to sell surplus rice production to the state at low prices.¹²⁷

The growth of the co-operatives provided the Government with a means of controlling the rural surplus and of regulating the market in the major rural products. As a result, the formation of the co-operatives facilitated the displacement of commodity production and exchange. The co-operatives were, however, based upon a compromise between the interests of the peasants and the interests of the state. In return for the loss of ownership of the means of production (and over grain surplus if there were any in the co-operatives) the peasants were guaranteed employment, access to grain supplies and marketing of the produce of their private plots. As well, the peasants had support from the state in times of hardship. The living standards of the peasants were also raised through the co-operatives' providing health and educational facilities.¹²⁹

As White notes, the peasants received from the co-operatives their basic requirements. In return, the state gained control over the means of production and grain surplus (that is, if there was any surplus after the co-operative peasants received their shares):

As the co-operative system developed, peasants obtained their basic subsistence needs from the co-operative, which distributed rice on the basis of both household needs (the number of mouths to feed i.e. worker/dependent ratio) and workpoints. The cash income distributed to co-operative members on the basis of workpoints was low, however, because the co-operative's commoditized rice was sold to the state at low prices to provide cheap rationed food to workers and government employees. The kitchen garden, household animal husbandry, and "five percent land" emerged as the primary source of cash income of peasant households. The income obtained from the products of the family economy was high because unlike rice, which circulated at state controlled prices, the family economy produced items which could be sold at free market prices, such as fruit, chicken, pigs and fish.¹³⁰

The Party regarded the formation of co-operatives as the establishment of socialism the countryside. For example, in his address to the 1960 Party Congress, Party Secretary Le Duan claimed that the emergence of low-level co-operatives was a "success of a decisive character".¹³¹ However, the Party considered that the co-operatives could only become fully developed socialist units when they were founded upon a much higher material level. The creation of lower-level co-operatives was regarded by the V.C.P. as similar to the foundation of state-industry. That is, the relation of ownership had changed. The essential tasks for the Party then was to raise the technical and material foundations of the already established socialist base.¹³² The introduction of co-operatives into Northern agriculture permitted the Party to claim that the socialist transition was now characterised by the struggle to raise "small production" to "large-scale socialist production"¹³³

The Party claimed that, between 1960 and 1968, large-scale socialist production had not been achieved, but there had been a

shift in the level of the co-operatives. It was officially reported that, by 1960, 73.4 per cent of all peasant families were in low-level co-operatives and these co-operatives cultivated 57.5 per cent of the land.¹³⁴ Higher-level co-operatives accounted for another 12.4 percent of peasant families, cultivating 10.6 per cent of the land.¹³⁵ Individual production was carried out by 14.2 per cent of peasant families and these families cultivated 31.9 per cent of the land.¹³⁶ Thus, according to the official figures by 1960, 85.8 per cent of peasant families and 68.1 per cent of the cultivated fields were in the socialist sector by 1960. The Party noted that in the years between 1960 and 1968 there was a steady decline in individual farming and an accompanying fall in the land privately cultivated. By 1968, it was reported that 5.2 per cent of peasant families were individual farmers, cultivating 7.8 per cent of the land. Concomitantly, it was claimed that by 1968, 88.1 per cent of peasant families were in higher level co-operatives, cultivating 83.7 per cent of the arable land.¹³⁷

However, the accuracy of the Government's claims on higher-level co-operatives is open to question. In her discussion of Vietnamese agriculture Melanie Beresford notes that co-operatives in the North existed more "on paper" than in reality. She adds the comments that,

Over a large part of the country a wide variety of forms of agricultural organisation continued to prevail - ranging from fairly traditional arrangements to quite advanced levels of co-operation.¹³⁸

Beresford argues that the American bombing of the North and the war effort retarded the socialisation of agriculture. During the war, she notes, "rural areas were left basically to fend for themselves. Very little accumulation took place in agriculture and that which did was rather heavily concentrated in a few areas".¹³⁹

Similarly, in his 1970s study of the Northern co-operatives Adam Fforde concludes that, at least 70 per cent of the co-operatives were only 'nominal'.¹⁴⁰ That is, these co-operatives were listed by the Government as functioning co-operatives but were mere "shells" and the farmers organised their own production process based upon the family household.¹⁴¹ Fforde estimates that between 5 and 10 per cent of the co-operatives in the North were successful socialist units of production.¹⁴² In most co-operatives it was the family, rather than the collective units, (teams, brigades or co-operative management) which controlled production. The co-operatives, Fforde writes, "had little or no control over the production going on in their area of jurisdiction".¹⁴³ Moreover, Fforde notes, it was not just the co-operatives operating in less fertile areas which were "nominal":

the evidence tends to suggest that, even when the level of distribution from the co-operatives was well above subsistence, it was very difficult for anybody to mobilise co-operators into collective labour, especially the vitally necessary water-control works and land-levelling.¹⁴⁴

Alec Gordon, in analysing co-operativisation in North Vietnam argues that the co-operative movement was initially successful but that it soon lost momentum.¹⁴⁵ Gordon contends that the pace of co-operativisation was retarded by division in the Party's leadership which reflected class pressures.¹⁴⁶ A "rightist" faction within the V.C.P. which was associated with Le Duan, responded to the demands of the middle-peasants to retain lower-level co-operatives, thereby protecting the class interests of the middle-peasants. The "rightist" faction blocked the move to higher level co-operatives, Gordon contends, because this would have meant that rental payments would have ended.¹⁴⁷

Andrew Wickerman, in response to Gordon's position, argues that Gordon's notion of a "rightist" versus "leftist" division within the

Party leadership is not supported by the available evidence on party policy making.¹⁴⁸ Wickerman shows that there was general agreement among leaders on the course of co-operativisation.¹⁴⁹ He argues instead that the move to higher level co-operatives was retarded by the lack of "modern technical inputs" and "inadequate managerial skills", and that "the potential for providing material incentives to the peasantry was minimal".¹⁵⁰

Christine White in her analysis of the co-operatives argues that as the war evolved there was a tendency for the co-operatives to become autonomous of the state.¹⁵¹ The co-operatives, according to White, operated as self-contained units, controlling their own production processes and disguising the surpluses produced from the state. She also notes that within the co-operatives the family unit was the dominant element.¹⁵² Le Duan, discussing agriculture in 1970 criticised the co-operatives for having an "autarchic character of production". He warned of the dangers of guild-type collectivism, "which divorces one's small collective from the unified leadership of the proletarian state and puts the interest of one's collective against those of another".¹⁵³

The available evidence shows that in general the co-operatives in the North were only nominal. The village community tended to control the production and distribution processes operating upon co-operatively owned land. Moreover, as the Second Indochina War escalated, a certain quid pro quo developed between the village and the central state. The village community, while operating on co-operative land and through co-operative structures, was allowed a high degree of autonomy over the political and economic life of the village. In return, the state received provisions for the war effort and in particular was provided with recruits for the armed forces. Le Duan, in discussing agriculture in 1974, commented that

while the peasants had made sacrifices to the war effort this was their duty and did not entitle them to special privileges:

There is no denying that the peasants in our country made [a] great contribution to the revolution. They have sent their children to fight for national salvation: This is a very precious contribution, a very judicious thing to do consistent with the outlook of every Vietnamese who loves his country and the new system. It fully deserves the praise of future generations. However, this is also the common duty of all citizens in the face of the life-or-death problem confronting the country. It does not allow anybody - whatever his position and whatever contribution he had made to the national salvation cause - to use it as a pretext to demand special rights and privileges.¹⁵⁴

The signing of the Paris Peace Accords in 1973 gave the Communist Party the opportunity to evaluate the socialist transition in the North. Le Duan argued that the demands of the war, together with the devastation of the war and of the American bombing had retarded the socialist transformation of the Northern agricultural and industrial spheres. In his appraisal of the North in 1974 Le Duan commented,

We call ours a socialist production but it is a small and basically agrarian one. We have a new relation of production, but we cannot say that we have a socialist form of production. What we can say is that we have, and yet do not fully have, a socialist system. This is a contradiction of growth. Summing up, the gist of the problem is that we have not yet created the material and technical basis of socialism.¹⁵⁵

Le Duan argued that the most decisive way of strengthening the "new relations of production" was "to make the utmost effort to develop the productive forces".¹⁵⁶ Le Duan commented that the productive forces must be advanced through state-industrialisation and this could "shift the whole economy onto the path of large-scale socialist production".¹⁵⁷ The Party considered the development of socialism in the North in terms of large-scale production, industrial growth and the introduction of agro-industrial complexes.¹⁵⁸ There was to be a move to amalgamate co-operatives

and to recentralise those industries decentralised because of the American bombing.

However, even with the signing of the Paris Peace Accords the task of advancing the socialist transition in North Vietnam was complex. The Party needed the support of the population to conduct the war effort in the South. However, the Government remained reliant upon foreign aid to reproduce the socialist system and to fight the war of national liberation. In addition, the industrial base of the country was severely damaged by the American bombing, which also intensified the tendency towards self-reliance within the rural region.¹⁵⁹ The American bombing of the North blocked the key ingredient of the V.C.P.'s strategy to create socialism. The bombing destroyed large-scale industry and industrial infrastructure. According to Allan Goodman, by 1969 the American bombing, among other things, had caused the loss of two-thirds of the electrical generation capacity and all of the steel and cement factories.¹⁶⁰ During the Paris Peace talks there was a halt to the bombing allowing the D.R.V. Government to begin a reconstruction programme; however, the renewal of the bombing in 1972 destroyed the rebuilt factories, as well as nearly all undertakings of any economic importance.¹⁶¹ For example, in the Hanoi-Haiphong area, the railroad station and yards, the port complex and factories including small shops were damaged in the December bombing of 1972.¹⁶² Le Duan, in an address in 1977, admitted that the war,

destroyed almost all that which our people had spent so much effort building. It delayed our advance to large-scale production for a space of two or three five year plans and disrupted our economic system.¹⁶³

While the Party considered the most appropriate strategy for constructing socialism in the North, events in the South took a dramatic turn. After a fifty-five day campaign, which began as a

limited strike in the highlands and was expanded into a nationwide campaign, the communists captured Saigon on 30 April, 1975.¹⁶⁴ The civil and military forces of the Republic of Vietnam collapsed and unconditionally surrendered to the Communists who established a Provisional Revolutionary Government (P.R.G.) in the South to restore order.¹⁶⁵ The P.R.G. defined the legitimate political life of the South in terms of opposition to the United States involvement in Vietnam. Those groups, parties and individuals who had opposed American "imperialism" were regarded favourably by the new regime.¹⁶⁶ However, in general the P.R.G. adopted a policy of reconciliation towards previous members of the military and administration. Carlyle Thayer noted that

Soldiers and officials of the former regime were ordered to turn in their weapons and to register their names and former occupation with the new authorities. All were to be subject to reeducation (reform study); those who had committed "crimes against the revolution" were subject to a prolonged period of confinement. As far as is known there were no show trials or summary executions of former enemies. Neither were blanket amnesties issued.¹⁶⁷

After restoring law and order and gaining political control, the V.C.P. then turned its attention to the strategy for advancing socialism throughout Vietnam.¹⁶⁸ Initially, the V.C.P. decided to pursue a policy of separate development for the North and South.¹⁶⁹ In the North, socialist construction was to be advanced utilising foreign aid to establish a self-reproducing socialist society. In the South, the Party conceptualised the transition as following a similar path to that experienced in the North. That is, through a process of gradual but insistent pressure, "small-scale" production would be displaced, allowing socialist construction to commence. Socialist transformation would in the South therefore precede socialist construction.

The P.R.G. offered assurances to Southern businessmen that private capitalism would remain and that profit making was quite acceptable.¹⁷⁰ The Government did however make exceptions. As in the North in 1954, the banking sector was nationalised; on 25 August 1975, the Government decreed that all private banks and credit organisations were to cease operation and all accounts were transferred to the National Bank of Vietnam.¹⁷¹ Also during 1975, enterprises belonging to the United States were seized as well as the property of capitalists who had assiduously worked with the Americans were seized. The latter P.R.G. called the "comprador bourgeoisie" (described as bankers, war contractors, ex-imperialists, investors and speculators).¹⁷²

The Government spoke of the coexistence of different economic systems in a manner similar to that of Lenin in his depiction of NEP. At a press conference in March 1976, Nguyen Thi Bin, Foreign Minister in the P.R.G., stated that "we will build socialism while taking into account the special characteristics of each zone".¹⁷³ She added that the Government would allow the economy to operate through a mixed system, which had five elements: (1) the private sector, including enterprises operated by the national bourgeoisie, (such firms would be taxed but encouraged to make a profit), (2) joint private-state concerns, (3) the state sector, (4) the collective sector, consisting of co-operatives and mutual aid projects, and (5) the individual economy, comprising self-employed artisans and shopkeepers.¹⁷⁴

However, during 1975 the Government began to reappraise its policy towards the South. The P.R.G.'s cautious approach had not proved successful. The private sector was wary of the new regime and refused to invest. Moreover, the 1975 campaign against the comprador bourgeoisie was ineffective. The Government had raided the

businesses of the comprador bourgeoisie, but this only curtailed flagrant abuses including hoarding and speculation, and had no lasting influence on the private market.¹⁷⁵ Moreover, in agriculture the most productive peasants, located principally in the Mekong Delta, looked to the private market rather than the state agencies. Also, the Government showed concern at what they termed the "corrupt and parasitic" lifestyle of South Vietnamese society (drug addiction, prostitution, decadent habits and a hedonistic lifestyle).¹⁷⁶ Capitalism and petty commodity production showed strong resistance to the Government efforts to promote socialism. As William J. Ducker notes "In effect, much of the Southern economy remained outside government control, and relatively immune to its influence".¹⁷⁷

The lack of success in transforming the Southern economy, prompted the V.C.P. to change its strategy. In late 1975 the V.C.P. began to speak of unifying the country and conducting a nationwide programme of socialist construction. In this new perspective the South would undergo socialist transformation and socialist construction simultaneously.¹⁷⁸ At a conference in November 1975 Truong Chinh provided the theoretical basis for the change in policy, when he argued that the military and political victory had created the conditions for the South to progress immediately from the "democratic revolution" to the "socialist revolution":

South Vietnam has been carrying out a people's national democratic revolution. At present, when it has been completely liberated, should South Vietnam limit itself within the people's national democratic revolution for a period of time before embarking on the socialist revolution to socialist construction? I think this is not necessary. The great victory of the general offensive and uprising in the spring of this year has put a victorious end to that phase of the people's national and democratic revolution in South Vietnam and opened up for the South Vietnamese people a new phase of revolution with a strategic task - that of socialist revolution.¹⁷⁹

In the early months of 1976 the framework was established for political reunification. In April a National Assembly was elected. At its first convening, on 24 June, it declared Vietnam to be formally reunified.¹⁸⁰ The new Government was to be known as the Socialist Republic of Vietnam (S.R.V.), with Hanoi as its capital. Having politically unified the nation, the Government reasoned that it was in a position to coordinate the dual process of socialist transformation and socialist construction.¹⁸¹ The decision to reunify the country and to move rapidly towards socialism showed a Government confident that the population would make further sacrifices to create socialism.¹⁸² In addition, the Government looked to foreign aid, from both the socialist and capitalist countries, to augment the people's efforts.

However, the Government's reading of the mood of the population and its appraisal of the international situation were profoundly astray. The population in the north had already shown signs of war-weariness and did not respond to the call for additional sacrifices to construct socialism. In the south, the population refused to give up their capitalist ways and to follow a Government that asked them to renounce capitalism while informing them that their standard of living was artificially high and therefore had to decline.¹⁸³ That is, the S.R.V. Government, in a unique and honest manner, asked the southern population to repudiate capitalism and accept socialism while acknowledging that for many this would mean a drop in living standards. In the realm of foreign affairs the government expected that the United States would honour President Nixon's promise of reparation aid amounting to \$3.25 billion, despite it losing the war.¹⁸⁴ As well, during 1975 the Government expected that Vietnam would receive aid from both China and Russia, while maintaining a discrete distance from the Sino-Soviet dispute.¹⁸⁵

The V.C.P. seemed to underestimate the deep-seated problems that faced the country, blocking its direct move to socialism. Many of the obstacles preventing the advancement to socialism related to the nature of the Second Indochina War. Both North and South Vietnam had suffered enormous damage and dislocation because of the war.¹⁸⁶ The countryside had absorbed approximately three times the number of bombs dropped in all war theatres in World War II.¹⁸⁷ In the North, the modern industrial sector, along with transportation and communication, was severely damaged.¹⁸⁸ In the South, much of the countryside was affected by the aerial war.¹⁸⁹ The Southern cities were overcrowded and unemployment was widespread,¹⁹⁰ for example, it was reported that in 1974 there were 3.5 million unemployed people in South Vietnam.¹⁹¹ An indication of the economic malaise in the South can be gauged by the inflation rate which was 40 per cent in 1971 and 1972 and 67 per cent in 1973.¹⁹²

In addition, the economies of both North and South Vietnam had only been able to reproduce themselves because of the enormous assistance they received in foreign aid. It is estimated that war time assistance to the North ranged from U.S. \$270 million to U.S. \$1 billion annually.¹⁹³ In the South, U.S. aid had grown enormously as the war progressed. South Vietnam received a total of U.S. \$250 million in military and economic assistance in 1955.¹⁹⁴ In 1966 this figure had reached U.S.\$600 million.¹⁹⁵ In 1972 the total U.S. aid package amounted to U.S. \$3,790, the following year U.S. aid was over \$3 billion in 1974 aid was reduced to \$1.5 billion and in 1975 aid was to be \$700 million.¹⁹⁶ According to Huyun Kim Khanh, by 1975,

the Saigon leadership had become totally addicted to the morphine of foreign aid. Indeed foreign aid had become a major constant in the calculations of the South Vietnamese national budget. According to the statistics provided by

the USAID, by fiscal year 1972 and 1973, U.S. assistance made up as much as 85% of the income of the South Vietnamese national budget, with the Saigon regime being able to generate only anywhere between 13% to less than 15% of its income.¹⁹⁷

When the Communist Party held its Fourth Congress in December 1976, it appeared oblivious to the magnitude of the problems confronting the country. The Party assembled in an atmosphere of optimism, confident that the whole country would rapidly become socialist. The Congress endorsed the Party's policy of transforming the south, while simultaneously constructing socialism.¹⁹⁸ Socialist construction in the north would lead quickly to large-scale socialist enterprises and the emergence of state run agro-industrial complexes. In his address to the Congress, first Secretary Le Duan proclaimed that

Socialism is the immediate target of the Vietnamese revolution and [it] is also the natural path to progress for Vietnamese society in conformity with the evolutionary trend in human society which is in a state of transition from capitalism to socialism throughout the world.¹⁹⁹

Le Duan characterised the socialist transition in Vietnam in terms of the Party's consistent formulation of moving from "small-scale production...directly towards socialism by-passing the stage of capitalist development."²⁰⁰ He argued that the strength of socialism within Vietnam would ensure the success of socialist construction throughout the country.²⁰¹ Le Duan added that in the south the society was suffering from "neo-colonialism", "vestiges of feudalism", and remained basically "affected by small-scale production".²⁰² The transformation of southern society, Le Duan noted, would involve a "very arduous and complex" class struggle.²⁰³ Le Duan spoke of the transformation of the south as involving

the complete abolition of feudal land tenure and the vestiges of feudal exploitation, we must nationalize the industrial and commercial establishments of the comprador capitalist class, of the traitors and of the bourgeoisie who have fled abroad, carry out socialist transformation of private capitalism, of agriculture, handicraft, small industry and small trade. The policy of socialist transformation of these sectors is as follows: to use, restrict and transform private capitalist industry and commerce chiefly through the joint state-private enterprises; to carry out co-operativization of agriculture along with building the districts and taking agriculture to socialist large-scale production; to transform handicraft and small industry chiefly by means of co-operativization and through other forms; to transform small trade chiefly by gradually shifting small traders to productive activities.²⁰⁴

At the Fourth Congress, the Party unveiled the Second Five Year Plan (1976-1980). In recognition of the need to raise rural productivity, the Plan emphasized agriculture, including forestry and fishing, and light industry over heavy industry.²⁰⁵ Thirty per cent of planned investment was set aside for agriculture and thirty five per cent for industry.²⁰⁶ The Plan set ambitious annual goals: industrial output was to rise by 16-18 per cent, labour productivity was to increase by 7.5 to 8 per cent, agricultural output was expected to rise by 8-10 per cent, and national income by 13-14 per cent annually.²⁰⁷ The Plan anticipated that by 1980 the nation would be producing 21 million tonnes of rice annually, as compared to 13.5 million tonnes in 1976.²⁰⁸

The investment fund was to be financed from both internal and external sources. The total investment outlay for the Second Five Year Plan was estimated to be \$7.5 billion.²⁰⁹ During 1976, around 30 per cent of total budget revenue was derived from foreign assistance; this was expected to rise substantially during the course of the Plan.²¹⁰ It is estimated by Carlyle Thayer that, in the period from April 1975 to April 1979, Vietnam received the following amounts of foreign aid:

\$500 million from the U.S.S.R., \$150 million from Eastern Europe, \$230 million from western countries and \$75 million from international institutions. China provided Vietnam aid in the region of \$300 million per year prior to 1978. Although the Soviet Union contributed \$2.6 billion towards Vietnam's second FYP, China refused to make any such long-term commitment,²¹¹

In the first year of the Second Five Year Plan the Government maintained its gradualist policy towards the socialist transition. The private merchants of the south were asked to declare their assets and to join in joint state and private undertakings.²¹² Surplus urban residents in the south were asked to settle in New Economic Zones. The peasant producers were encouraged to join mutual-aid teams and co-operatives.²¹³ In the north investment was channelled into large projects and into reviving the rural economy.²¹⁴ However, even at this early stage of the Plan major problems were apparent. The northern economy in 1977 responded sluggishly to the post-war investment programme.²¹⁵ The military bureaucracy which had efficiently conducted the war became overbearing and inefficient in peace. Foreign aid to the agricultural sector was hampered by the devastation caused by the war to transportation and communication.²¹⁶ In the south there emerged strong resistance to socialist transformation. The peasants in the Mekong Delta, the most fertile area in the south, resisted co-operativization.²¹⁷ The peasants with grain surpluses refused to sell their grain to state purchasing agencies at the artificially low official price.²¹⁸ Further, in the main, petty commodity producers (artisans, shopkeepers) and merchants within the southern cities continued to remain outside of the state system.²¹⁹ According to one report 65 per cent of total southern industrial production remained in private hands. In addition, climatic crises caused a decline in the grain production.²²⁰ In 1976 Vietnam produced 13.5 million tonnes of grain and in 1977 12.5 million

tonnes were produced.²²¹ Subsequently, during 1977 Vietnam had to import 1.6 million tonnes of grain to meet domestic needs.²²²

The V.C.P. responded to the dilemmas confronting it, by intensifying its programme of socialist transformation. In particular, during 1978 the Party made a concerted effort to transform the economy of the south.²²³ The shortfall in grain production made the Government eager to obtain control over the grain market which remained principally in private hands. In March 1978 the Government launched a campaign against the Saigon merchants, using a force comprising army units, the police and communist youth organisations.²²⁴ The army cordoned off entire neighbourhoods while the police and communist youth groups searched for hoarded goods. The campaign was conducted under the slogan of nationalizing "bourgeois trade". The government anticipated that by using such a large force it could overcome the problem encountered in the 1975 campaign when the merchants dispersed goods among relatives. All business premises were searched and an inventory taken of the stock. The raid was followed by a Government announcement that all requisitioned goods would be purchased at cost plus 10 cent profit, if the owners could provide a bill of sale.²²⁵ The law had a devastating effect on many businesses, because, as Duiker notes,

Since the official price was usually well below the actual market price, and so many goods had been obtained through black market channels, many businessmen were ruined.²²⁶

The confiscation of the merchants' stock was accompanied by currency regulations limiting the amount of money citizens could retain for their private use.²²⁷ Amounts above the legal limit had to be placed in Government-controlled banking accounts. In May 1978, a new unified currency was introduced.²²⁸ Attempts to transform the southern economy were matched by tighter regulations

on the private traders in the north, who had been allowed to exist because of the needs of the war.²²⁹ The acceleration in the socialist transformation affected a sizeable proportion of the indigenous Chinese (Hoa) within Vietnam.²³⁰ In addition, the Government became concerned at the repeated incursions by the Kampuchean army into Vietnam.²³¹

Initially, the campaign against the private merchants appeared successful. Nearly all the major merchants in Saigon had complied with the Government procedures. According to a Government report some 30,000 private businesses had closed.²³² The chairman of the Government's Transformation Committee, Do Muoi, declared that private commerce in the South had been "basically destroyed".²³³ However, while the Government could control the merchants on a temporary basis it did not have the ability to displace the private traders.²³⁴ The Government lacked experienced cadres who could operate the businesses and was unable to establish a viable alternative to the existing network of the traders. The strength of the private market was based upon the predominance of commodity production and exchange with the south. In particular, the urban economy in the south was linked to the rural economy which was dominated by capitalist production and exchange.²³⁵

The V.C.P.'s approach to the transformation of southern agriculture was to promote solidarity teams as a basis of co-operativization. Unlike in the north, in the south there was to be no post-victory land reform. In this regard the collectivisation of the southern countryside was unique (i.e. in Russia, China and North Vietnam the collectives emerged from the momentum of land reform). The Party considered that the land reform campaign, conducted by the National Liberation Front (N.L.F.), had sufficiently undermined the power of the "feudal" landlords

(creating a society of small-scale peasant farmers), such that the transition could move to the stage of co-operativisation. For example, Le Duan in his address to the Fourth Congress spoke of abolishing the "vestiges of feudalism" and then constructing large-scale socialist co-operatives:

With regard to agriculture in the South, the best way to advance rapidly to socialist large-scale production is to closely combine transformation with building, to carry out co-operativization along with irrigation and mechanization; to attach importance to the building of both co-operatives and State farms; to closely associate the building of co-operatives with the building of districts into agro-industrial economic units.²³⁶

In 1977, the V.C.P. established a committee, headed by Vo Chi Cong, to oversee the southern co-operativisation.²³⁷ Cadres from the north were sent to the countryside to instruct party members in the formation and operation of co-operatives. The results of the co-operativisation drive were instructive. In those areas where the N.L.F. was strongest, and often where the aerial war was heaviest, the co-operative movement had some success. However, in much of the Mekong Delta where the N.L.F. land reform was counteracted by the promotion of capitalist farming, (by successive Saigon Governments with the backing of U.S. money, capital and technical support) the co-operativisation drive was ineffectual. For example, it was reported that by August 1978 there were 132 agricultural co-operatives in the southern provinces; 108 were located along the central coast, 19 in the central highlands, 2 in the provinces northeast of Ho Chi Minh City, 1 in the suburbs of the city, and only 2 were in the Mekong Delta.²³⁸

In April 1979, Vo Chi Cong reported that in the Mekong Delta 16 per cent of the land and 18.5 per cent of the peasant families were operating in "collective production organization".²³⁹ However, these were principally mutual-aid teams where private property was

shared but remained private. Further, as was to be admitted later, many Mekong Delta peasants had been coerced into entering the collective organisations by "over-zealous cadres".²⁴⁰ Land outside the collectives was legally nationalised in December 1978.²⁴¹ Peasants were allowed to operate the land, but any excess land over the needs of the family was liable to confiscation and redistribution.²⁴²

The Party's misconceived theory that Vietnam was bypassing capitalism hampered its attempts to transform the southern society. The V.C.P. regarded the southern economy as "neocolonial" (that is, shaped by U.S. imperialism which led to a superficial form of capitalism devoid of large-scale development) and "semi-feudal". The Party looked to the post-1954 developments in the former North Vietnam as a guide to transforming the south. But the post-1975 economy of the south was more highly integrated into commodity production and exchange than was the D.R.V. in 1954.²⁴³ Moreover, the capitalist class was more strongly entrenched in the post-1975 southern economy and society than was the case in the D.R.V.²⁴⁴

For example, the 1978 rural survey conducted by the Government revealed widespread exploitation in agricultural production and a strongly entrenched capitalist class. In his analysis of the 1978 survey, the American historian Ngo Vinh Long notes that the economic power of the rural capitalists came from their control of the means of production, particularly their ownership of modern implements of production (e.g. traders, harvesters etc.).²⁴⁵ Ngo Vinh Long reports that the rural survey divided the population of the Mekong Delta into 5 categories. The first category comprised those rural residents who were engaged in non-agricultural activities, comprising 2.5 per cent of the rural households and occupying 0.27 per cent of the cultivated workforce.²⁴⁶ The second was composed

of poor peasants who did not have enough land to earn their living and had to exist principally through hiring out their labour. They constituted 22.5 per cent of peasant families and occupied around 8 per cent of the land.²⁴⁷ The third category comprised "lower middle peasants", who constituted 57 per cent of the households and owned 56.3 per cent of the land, with holding sufficient for the family to earn a living.²⁴⁸ The fourth comprised "upper middle peasants" who accounted for 14.5 per cent of the peasant household and occupied 25 per cent of the cultivated land. They also possessed cash for investment purposes.²⁴⁹ The fifth category was composed of rich peasants and "rural capitalists", who formed between 2 and 5 per cent of the households and owned 5 per cent of the cultivated surface.²⁵⁰ Each household in this category owned around 10 times the amount of land of a poor peasant household.²⁵¹ Moreover, Ngo Vinh Long adds that "the main income of the households in this category came from the hiring of labour, machine services and commercial activities."²⁵²

That is, according to Ngo Vinh Long, the "rich peasants" and what the V.C.P. called the "rural capitalists" owned only a small percentage of the land but possessed approximately 70 per cent of the tractor horsepower of the 8 regions of the Mekong Delta.²⁵³ Moreover, households in the fifth category (the rural capitalist class in its most blatant form) owned

the majority of...farm equipment (such as harvesters and threshers), irrigation equipment, (pump-sets and power diggers), processing machines (millers and grinders) and means of transport (power junks and trucks).²⁵⁴

The level of tractor horsepower and farm implements was far above that needed to cultivate the "rich peasants and rural capitalists" own holdings and were therefore rented out to peasants in other categories. Ngo Vinh Long notes that farmers in the fifth category,

by the provision of their machinery (which was usually paid in kind), exacted a huge amount of the peasants' produce to be marketed for extra profit.

In addition, Ngo Vinh Long argues that the "upper middle peasants" acted as rural capitalists. They had more than enough land for their own use, with machines and capital for themselves, and they had the potential to expand their production through the hiring of extra labour.²⁵⁵ Most of the hired labour came from the poor peasants, who provided 50 per cent of the hired labour for the "upper middle peasants" and 25 per cent for the "rich peasant and rural capitalists".²⁵⁶ On average, Ngo Vinh Long reports, upper middle peasants "hired labour for 100 days a year, whereas "rich peasants and rural capitalists" hired labour for 246 days a year.²⁵⁷

Given the class composition of the Mekong Delta and the economic power of the capitalists farmers it was not surprising that the programme of co-operativization failed. That is, category four and five peasant households comprised around 20 per cent of the households but they owned around 30 per cent of the land and nearly all the modern means of production. The peasants in categories one, two and three (rural labourers, poor peasants and lower middle-peasants) were dependent upon the capitalists for employment and the hiring of machinery. As a consequence, the peasants in categories four and five could use their economic power to marshal support against co-operativization.

The Government discovered that, when the socialist transformation was accelerated during 1978, not only was there resistance towards co-operativisation but also the supplies of grain to the market declined quite markedly. The peasants with grain supplies (principally the "better-off" peasants) withheld these from the

market, either consuming them within the family farm or holding the supplies back until the official price was raised. The decline in grain sales was exacerbated by climatic disasters. In 1976 Vietnam had produced 13.5 million tonnes of grain, in 1977 only 12.5 million tonnes and in 1978 10.5 million tonnes.²⁵⁸ As in 1977, the government was obliged to use precious foreign exchange to import grain. Carlyle Thayer reports that 2.1 million tonnes of grain were imported from the Soviet Union in 1978.²⁵⁹ In 1979 the government purchased another 2 million tonnes of grain at a cost of \$500 million, a figure equivalent in value to all Vietnam's exports.²⁶⁰ In addition, within Vietnam there was, a month by month decline in the quantity of food allocated in food-ration.

Compounding the failure of the socialist transition and the food crisis was the growing external difficulties confronting the S.R.V. After a series of border incidents with the Kampuchean army, the S.R.V. government decided, during 1978, that decisive action needed to be taken against the Kampuchean Government.²⁶¹ During 1977 there had arisen disputes between the Vietnamese and Kampuchean governments over their border. In addition, early in the year Pol Pot conducted purges against all pro-Vietnamese elements in his Government Party, armed forces and many village communities.²⁶² In 1977 there were a series of incursions of Kampuchean troops into Vietnam, becoming more frequent and brutal in September and October.²⁶³ For example, Duiker reports that in these months Kampuchean troops "continued their incursions into Vietnam territory between Ha Tien and Chau Doc, and in some cases penetrated up to four miles beyond the border, destroying combat hamlets and NEA's (New Economic Areas) and massacring the local inhabitants".²⁶⁴ In December the Vietnamese launched a counter-offensive penetrating 35 miles into Kampuchea and then withdrawing.²⁶⁵ Duiker reports that

in the Vietnamese operations along the border in 1977 the army performed poorly.²⁶⁶

Thayer argues that during June and July in 1978 the V.C.P. decided to overthrow Pol Pot by force.²⁶⁷ The Vietnamese Government intensified its diplomatic efforts to gain regional support and to secure the normalisation of relations with the United States Government.²⁶⁸ But, in the case of China, the Vietnamese government found a growing distrust which led to mutual suspicion and hostility.²⁶⁹ The dispute between the Chinese and Vietnamese Governments had began almost immediately after the 1975 victory with a debate over territorial rights over islands in the South China Sea (the Parcels and the Spratly Islands).²⁷⁰ In 1978 the hostility between China and Vietnam became public over the Kampuchean border confrontations and the flow of refugees.²⁷¹ China sided with Kampuchea on the border disruption, intensifying Vietnam's suspicion of China and of the indigenous Chinese in Vietnam.²⁷²

The 1978 campaign against capitalist trade affected many Chinese merchants who played a strong economic role in the southern economy (and to some degree also in the north). The acceleration of the socialist transformation of the south, combined with the open conflict between Vietnam and China, stimulated a mass exodus of the indigenous Chinese from Vietnam.²⁷³ According to Thayer, in April and June of 1978, over 160,000 indigenous Chinese fled to China, and this figure rose to over 230,000 by mid-1979.²⁷⁴ China accused Vietnam of racial persecution, while Vietnam replied that the refugees were fleeing for economic rather than racial reasons. Overshadowing the conflict between the two countries was the Sino-Soviet split. Thayer argues that after the 1975 victory China placed pressure on Vietnam "to lessen if not sever its relations with the U.S.S.R."²⁷⁵ As the disputes with China grew, Vietnam

drew closer to the Soviet Union, while China began to sever its ties with the Vietnamese. In April 1978 half of China's aid projects were suspended and in June the remainder were closed.²⁷⁶ China withdrew all its technical specialists from Vietnam and ended economic aid; as a result, Vietnam lost one third of all foreign assistance. On July 29 1978 Vietnam joined the Council for Mutual Economic Assistance (COMECON). Vietnam now considered that China was outside of the socialist camp and a country hostile to socialism.²⁷⁷

In December 1978, exiled Kampuchians who had moved to Vietnam publicly announced the formation of the Kampuchean National United Front for National Salvation (K.N.U.F.N.S.).²⁷⁸ Military units of the Front joined the Vietnamese army in a full-scale invasion of Kampuchea on 25 December, 1978. On 7 January, 1979 the Vietnamese and K.N.U.F.N.S. captured Phnom Penh.²⁷⁹ Pol Pot and many of the Khmer Rouge commanders fled to the border with Thailand, where base camps were established. On 17 February, 1979 China launched a retaliatory raid on Vietnam; after laying waste to the border provinces the Chinese army withdrew on March 15.²⁸⁰

The invasion and occupation of Kampuchea, and the subsequent Chinese invasion of Vietnam, forced the V.C.P. to evaluate the course of the socialist transition in Vietnam. During 1979, it became apparent to the Party that the twin goals of socialist transformation and socialist construction were not going to be achieved in the immediate future and that the specific targets of the Second Five Year Plan would not be obtained. The campaign to transform the south had met resistance from urban and rural capitalists as well as from the petty bourgeoisie (the shopkeepers, artisans, restauraners, etc.). Despite the co-operativisation drive and the concerted attack on the Saigon merchants, commodity

production and exchange remained dominant within the southern economy. The state sector did control the financial system and large-scale production, and there was an important network of state trading agencies. However, the capitalist class still played a crucial role in rural production, in urban and rural trade, and in the labour and raw material markets. Thus the southern society was divided between the socialist and capitalist modes of production. The tension between the two modes of production and the classes associated with them profoundly affected the overall economic performance. To revive the economy, the Government decided to slow down the pace of socialist transformation and thereby reduce economic and class tensions, allowing for economic revival based upon market exchange.²⁸¹

The Government also decided to diminish the rate of socialist construction throughout the country.²⁸² The Government had discovered that the northern economy and population had not responded to the call for sacrifices to create large-scale production. Instead, there had been a tendency towards self-interest over state-interest in the north.²⁸³ For example, within the cooperatives the peasants were prone to regulate production around the needs of the family rather than that of the co-operative.²⁸⁴ In his study of co-operatives in the north, Fforde discovered that there were continual clashes, on the one hand, between the Party and the co-operative committees (involving the co-operative management, the brigades and the teams), and on the other hand, among the households. The disputes were over the use of land, the products to be produced (e.g. pig raising versus grain production)²⁸⁵, the private plots and capital investment. Moreover, there was a general trend for the co-operatives to become autarchic units, separate from both the District plan and the

Party.²⁸⁶

Also, the state industrial sector was operating inefficiently. The state sector in the north had suffered from the Chinese invasion, which set back coal production and hampered the supplies of raw material. Moreover, the mass exodus of the Chinese people affected the operation of the urban economy, as many of them were skilled workers. In general, industry in the north was operating far below capacity due to the lack of capital, poor management, excessive bureaucratisation, and a shortage of raw materials, machine parts and fuel.²⁸⁷ As a result, the socialist mode of production, while established in the north, had not reached the stage of expanded reproduction. Rather, the socialist mode of production was still dependent upon foreign aid. Moreover, the anticipated foreign aid planned to accelerate the socialist transition had been greatly reduced, due to the failure of the United States (in the wake of Vietnam's invasion of Kampuchea) to honour the reparation payments and because of the withdrawal of Chinese aid. Vietnam was primarily dependent upon the Soviet Union for external support.

Given the problems confronting Vietnam, the V.C.P. decided to reduce the pace of socialist transformation and socialist construction. At the Sixth Plenum of the Central Committee, which met in August 1979, the Party introduced a new policy towards the socialist transition.²⁸⁸ The 'free' market in the south was allowed to operate, government grain prices were to be raised to match the 'free' market prices, and private traders and peasant farmers were allowed to operate outside the constraints of the state. The pace of co-operativisation was reduced and the principle of voluntary entry into the collective economy was stressed.²⁸⁹ In the north, the Party experimented with "market socialism",

whereby peasant households were allowed to sign contracts with the co-operatives in return for the use of the co-operatives' land.²⁹⁰ The households were allowed to trade their above contract produce on the market and to operate their holdings as they desired. The experiment with private contracts was successful in raising output, spreading rapidly throughout the northern rural sector and was then introduced into the south.

There is something ironic in the Chinese and Vietnamese Governments becoming hostile foes at the same time as pursuing similar rural policies. Moreover, both Communist Parties defended the move to de-co-operativise in terms of the Stalinist 'orthodoxy' that the relation of production had to conform to the low level of the productive forces. In an editorial in Nhan Dan, 22.10.79, it was stated that

The simple mentality of wanting to immediately control all production and distribution by administrative laws and regulations and eliminating everything else, not allowing anyone to do anything outside of nationalised industries and co-operatives, forbidding all forms of exchange, can only lead to an economic situation of poverty and slow growth. A number of weakspirited comrades are obsessed with the spectre of the spontaneous development of capitalism when production or exchange is not organised. Petty individual production or petty trade can only develop into capitalism through a process of accumulation of capital and its use in capitalist enterprises, creating private ownership of large-scale means of production. The proletarian state and socialist economy do not allow this to happen.²⁹¹

Similarly, Nguyen Khac Vien spoke of the retreat as "a realistic step backwards, a step we should have taken long ago."²⁹² He added, "we went forward too quickly. We were too far advanced in the management of our coops, in view of our technology and our people's readiness. And in the south, we were too impatient to co-operativise, in late 1977 and 1978".²⁹³ Nguyen Khac Vien noted that to have an efficient co-operative it was necessary to have an "adequate material base", including aid from the state, husking

machines, modern seeds, capital investment, "although not necessarily in tractors".²⁹⁴ As well, it was necessary to have good management and a commitment from the peasants. With regard to the south, he argued that "some peasants already owned machinery provided by the Americans, and were quite rich. We have to introduce co-operatives very gradually, taking account of particular circumstances".²⁹⁵

The dilemma the Party faced in relaxing market controls was that this would stimulate commodity production and exchange especially in the south, whereas in the north the promotion of household farming would lead to a form of "market socialism". That is, the promotion of contracts and market exchange in the north (as in China) was within the framework of an economy dominated by the socialist mode of production. Within the south, however, the economy was characterised by an intensive competition between the capitalist and socialist modes of production. The encouragement given to market exchange was to the benefit of capitalist relations of production and exchange, at the expense of the state sector. Thus, while the changes in the north could be interpreted as moving in the direction of "market socialism", in the south the private sector was given a stimulus to the detriment of the state sector.

The effects of the moves to stimulate the market were apparent in the Party's 1981 survey of southern agriculture. The survey, according to Ngo Vinh Long, revealed that class differentiation had increased since 1978. Category one peasants, those engaged in non-agricultural activities, now comprised 5 per cent of the rural households, twice the percentage in the 1978 survey.²⁹⁶ Ngo Vinh Long comments that many of these people were obliged "to sell their land, much of which had been distributed to them by the government after 1975, because of lack of means of production and

know-how".²⁹⁷ In category two, comprising poor peasants, there were still 5.7 per cent of the peasant households who did not have any land and 18.8 per cent who did not have sufficient land for their needs.²⁹⁸ Category three, "lower middle peasants", formed 56.2 per cent of the households and occupied 59.5 per cent of the land. More than half of these peasants, about 70 per cent in most provinces, did not possess enough draught animals and farm equipment and were therefore dependent upon the "rich peasants and rural capitalists".²⁹⁹ "Upper middle peasants", category four, formed 12 per cent of households and had more than enough land for themselves and either hired labour or rented out their surplus land.³⁰⁰ Category five, "rich peasants and rural capitalists" formed 2.5 per cent of the households, and owned 52 per cent of all sugar processing machines, most of the means of transportation, as well as surplus capital.³⁰¹

Ngo Vinh Long notes that the 1981 survey indicated that the per capita income of a rich peasant was ten times that of a middle peasant. Further,

This income was made possible through the provision of machine services, purchase and sale of government-issued materials, land rent and sharecropping, usury and forced purchase of peasants' produce at low prices through debt and other means.³⁰²

Ngo Vinh Long argues that the basis of the continual class exploitation in the countryside was the unequal redistribution of the means of production, both in terms of the land and the instruments of production.³⁰³

Despite the appearance of growing economic differentiation in the countryside, the V.C.P., when it met for the Fifth Congress in March 1982, endorsed the policy initiatives announced in August 1979.³⁰⁴ The Fifth Congress emphasised the need to promote agricultural production in a structure closely and correctly

combining agriculture, consumer goods industries, and heavy industry.³⁰⁵ Le Duan called for the development of the scientific and technical basis of socialism, and for the Party

to complete the socialist transformation with correct forms and steps; to achieve a steady development of the state sector; to strive to perfect the co-operatives and production collectives and raise the quality of the collective sector; to encourage the development of the household economy in the right direction.³⁰⁶

In his discussion of the Fifth Congress, Nguyen Khac Vien reports that a major reason for Vietnam's problem was the lack of overall integration.³⁰⁷ He noted that "a new phase" in Vietnam's history was beginning where national integration would be completed. The basis for national integration was the strength of the political system. Nguyen Khac Vien stated that

Political stability prevails in a setting of very complex socio-economic structures and heterogeneous mechanisms, some left by former regimes - traditional, colonial, neocolonial, others born with the new regime; some bound to disappear, but not without a bitter struggle, others certain to win, but not without fumbings and false steps.³⁰⁸

He commented that the socialist transformation of the south would occur slowly. For example, he noted, it was not possible to draw the peasants immediately into co-operatives, and this had led to "the co-existence - not always easy to manage, and lasting a whole historical period - of a regular socialist market under state management, and a 'free' market dominated by the race for profit, often illicit".³⁰⁹ Nguyen Khac Vien added that "[c]ontradiction often divides members of the same family - with some of them working for a state-owned firm and others deriving their income, sometimes ill-gotten, from private enterprises".³¹⁰

In February 1983 the Government sought to advance the socialist transition through use of its taxation policy.³¹¹ Under the amended industrial and trade taxation regulations, higher taxes were

imposed on profits from service industries (e.g. restaurants) than from industrial plants.³¹² In addition, tax deductions were given to co-operatives and state enterprises.³¹³ All business organisations were obliged to open an account with the State Bank so that the tax laws could be monitored. In the agricultural sphere a surtax was placed on private peasant households, ranging from 10 to 60 per cent of peasant incomes, assessed on a progressive scale with the richest peasants paying the highest tax.³¹⁴ Peasants operating within the collective economy, either in co-operatives or solidarity teams, were not subject to the surtax. Taxes were to be levied on the basis of soil fertility and the adjudged productivity of the land and not on a per capita basis.³¹⁵ It was anticipated that the new tax scheme would facilitate a move to co-operatives.

It was reported that, through the use of state incentives and pressure, between 30 and 35 per cent of all farm families had enrolled in some form of collective organisation by the spring of 1984.³¹⁶ During 1984 and 1985 the state redistributed approximately 400,000 hectares to poor peasants who were prepared to join the co-operatives.³¹⁷ Within the southern co-operatives, as in the north, peasants were permitted to sign contracts with the co-operative for a certain output in return for freedom to produce as they desired and to market the above contract surpluses. In the spring of 1985 it was announced that there were over 30,000 production teams and collectives and 540 co-operatives in the southern provinces.³¹⁸ The collective sector was said to comprise 75 per cent of the cultivated land area and farming population in the south. These figures were contrasted with those of the year before when there were officially 20,400 teams and 246 co-operatives, incorporating 38 per cent of the land and 45 per cent of the farming households.³¹⁹ But state planners still regard

southern agriculture as "out of control", and the southern economy is not integrated into an overall state-plan.³²⁰

The basic collective unit in the south is the mutual aid team. Such teams are only semi-socialist in that the peasants pool resources which remain privately owned. Given that peasants were exempt from tax surcharges if they joined the mutual-aid teams, it seems likely that many southern peasants joined the teams as a means of escaping the tax. However, once the peasants are inside the team structure the Government has at least a better chance to regulate them. The Vietnamese Communists refer to these solidarity teams as "small bridges" to fully-fledged socialist collectives.³²¹

The V.C.P.'s strategy for the socialist transformation of the southern zone was outlined in August 1979 and ratified at the Fifth Congress in 1982. The advancement of socialist production and exchange is to be balanced with the need for economic development. As the southern economy (and especially the prosperous peasants in the Mekong Delta) is still wedded to commodity production and exchange, the state has permitted the reproduction of capitalism, while attempting to regulate its excesses through such measures as taxation policy and currency controls.³²² As well, the state has used inducements and cajoled the southern capitalists into joining co-operative trading and producer units (albeit at a semi-socialist level where private property remains). According to Nhan Dan in April 1985, 80 per cent of the national income in Ho Chi Minh city and 70 per cent of the handicraft and artisan producers had come under state control.³²³

However, in late 1985 the tensions between the capitalist and socialist modes of production in Vietnam (especially in the southern economy) were evident when changes to the currency exacerbated the inflation rate, causing a rise in 'free' market exchange at the

expense of the state market and state trading agencies.³²⁴ The Vietnamese Communists, as they prepare for the Sixth Congress to be held during 1986, are still confronted by the problem of finding policies that maintain the (inherently unstable) balance between the capitalist and socialist modes of production, while still advancing the socialist transition. This delicate balancing act has caused divisions to emerge within the V.C.P. It has become common to see these divisions within the Party's leadership as resembling a factional split between "ideologues" (or "hardliners") and "pragmatists" or ("free marketeers" or "market socialists").³²⁵ Rather, the divisions within the V.C.P. reflect the tensions between the socialist and capitalist modes of production and the classes associated with them. The Party is obliged to balance the competing modes of production rather than use the state to propel the society towards socialism. As a result, divisions have emerged within the Party as to the most appropriate strategy for advancing the socialist transition while retaining the delicate balance between the competing modes of production so that the national economy will develop. The Party hopes to raise the level of the rural economy so that co-operative farming in both the north and the south will become more attractive to the peasant farmer. At the same time, the V.C.P. looks to joint projects with the U.S.S.R. and Eastern European countries to boost state-industrial production.³²⁶

The dilemma confronting Vietnam is that while the antagonistic competition between the socialist and capitalist modes of production remains, the socialist mode cannot be consolidated. Without the stabilisation of the socialist mode of production, the bureaucratic class cannot assert its authority over the society. The bureaucratic class has at its disposal the state to use as a lever for displacing commodity production and exchange. However, there is

genuine concern that should the state be used to accelerate the class struggle the subsequent economic dislocation would be politically and socially destabilizing for the regime.

Instead, since 1982 the state has played only a minor role in transforming the system of production and exchange. For example, in 1983 taxation policy was used to penalize excess profit making while tax concessions were given as a means of encouraging peasants and small-traders to join the co-operatives.³²⁷ Similarly, in late 1985, a new currency was introduced in an effort to control speculation.³²⁸ As well, the state has promoted co-operativization through the broad-based local organisations. The possibility of the village community's moving towards socialist production through a democratic process, is much stronger in the north than in the south. Historically, the northern village communities have responded to requests and arguments from the central government, as transmitted by the Party cadres. In the south, however, many able cadres were killed in the war (many assassinated in the Phoenix project); as a result the Party cadres in the south tend to represent the village interests (often as expressed through the 'better-off' peasants) rather than play a vanguard role and lead the peasants towards co-operativization.

Thus, since 1979 the state has been used in only a moderate way against private production and trade in the south. The reasons for this moderation, apart from the threat to stability, are the divisions within the bureaucratic class and the immediate need to ensure that economic growth is maintained. The most obvious division in the bureaucratic class is between, on the one hand, the Party-state personnel who have grown up with a highly centralised state (which was effective in conducting the war) and who regard centralisation as an essential element in controlling production

and, on the other, the new breed of state planners who look to a decentralised state to promote local and enterprise production through semi-autonomous decision making. The trend since 1979 tends to favour the latter group and they are the most likely core of a coherent bureaucratic class which will assert its class power in Vietnam.³²⁹

Within the state system itself, the role of the People's Army (V.P.A.) is crucial. The army has provided the country with a symbol of unity and played an important role in maintaining stability. Moreover, the Party has allocated to the army an important role in developing socialist consciousness. The V.P.A., as Carlyle Thayer notes, "is the 'great classroom' for society".³³⁰ Moreover, the continued occupation of Kampuchea and the threat from China ensure that the army will be an active element in the state structure for some-time to come.

A major problem in advancing the socialist transition in Vietnam is the Communist Party's theoretical insistence that the transition in Vietnam is characterised by a movement from small-scale production to socialism, by-passing the stage of capitalism. The Party's erroneous theory hampers its effort to transform the southern economy. If the Communists are to make the transition to the socialist mode of production, it will be necessary for the V.C.P. to develop radical reforms which will isolate the capitalist farmers and circumscribe commodity production and exchange. But while the Party conceptualises the basic strategy for transforming the south as moving from small-scale production to socialism, without experiencing capitalist development, the underlying dynamic of production and exchange will not be challenged. It is only by recognizing that small-scale production in the south is based on commodity production and exchange that a successful strategy can

evolve to displace the capitalist mode of production and thereby consolidate the socialist mode of production.

In conclusion, the antagonistic competition between the socialist and capitalist mode of production in Vietnam prevents the consolidation of the bureaucratic class within the country. The state cannot be used as a lever to displace the capitalist mode of production because of the weakness of the socialist mode of production and the strength of the classes associated with the capitalist mode. The socialist mode of production in Vietnam remains underdeveloped because of the long Indochina Wars and their aftermath. The socialist mode of production was reproduced in the north due to foreign assistance, leaving the Party-state to concentrate upon the war effort. The socialist mode, as a consequence, operated at a low level of efficiency and the relations of production were not reproduced from the internal surplus, but relied upon foreign aid. As a result, the bureaucratic class cannot exercise an adequate control over the relation of production. Instead, the bureaucratic class has become reliant upon foreign aid to reproduce the structures of class power.

The post-1975 events have highlighted the low level of capital accumulation in Vietnam and the country's dependence upon peasant production in the north, geared to the household economy (but, functioning on co-operative land) and commodity production in the south. The Sino-Vietnamese split reduced foreign assistance to Vietnam and made Vietnam highly dependent upon the U.S.S.R. While the U.S.S.R. has generously supported the S.R.V. it has also demanded tighter controls over aid projects and over the use of the foreign assistance. The demand for stricter management of Soviet aid will have the effect of disciplining the Vietnamese state and may assist in the formation of a more assertive bureaucratic class.

However, at present the competition between the capitalist and socialist modes of production, combined with the divisions in the bureaucratic class, prevent the stabilisation of a new class structure and state power.

The V.C.P.'s inability to transform Vietnam is due to a variety of factors. The Party finds itself in control of a country which has a low material level of production. Moreover, production in both north and south has been adversely affected by the long years of war. In addition, the united front strategy adopted by the V.C.P. has militated against intensifying the class struggle so as to displace capitalism and consolidate the socialist mode of production. Ngo Vinh Long illustrates this point in his discussion of southern agriculture, commenting that,

It is understandable that since more than two-thirds of the rich peasants and rural capitalists have come from middle-peasants, poor peasants, and even landless peasant backgrounds (i.e. most of them had been beneficiaries of the various land reform programmes and supporters of the revolution) that the government does not want to antagonise them in one way or another, especially in a post-war situation when their productive capacity is much needed.³³¹

Moreover, as Ngo Vinh Long notes, the strength of capitalist farming in the Mekong Delta is to be found in the capitalists' control over the implements of production, particularly the mechanised inputs of the production process. The Party cannot use the state to appropriate these capital inputs from the peasant capitalists because such a move would so intensify the class conflict that there would be a massive decline in food production. Such a drop in food output would seriously threaten the stability of the south. In addition, the Party is not in the position that it can confidently appropriate the rural means of production and expect output to rise. The Party lacks experience and resources to be sure that if the capitalist farmers were displaced output would not fall.

Finally, the V.C.P. is hampered in guiding Vietnam towards socialism by its misconception of the socialist transition. The Party's insistence that the socialist transition in Vietnam is characterised by the bypassing of capitalism has obscured the nature of the surplus product in both industrial and agricultural production. In the North, the Party was able to transform the industrial sector because capitalism was geared to external requirements. As a result, surplus value was displaced and the surplus characteristic of the socialist mode of production was introduced. But the socialist mode of production was dependent upon foreign aid for its reproduction. In agriculture, the Party's theory retarded the socialist transformation, hindering the development of the co-operatives. Commodity production and exchange was displaced but the socialist mode of production existed in only an embryonic form.

When the V.C.P. attempted to transform the south after 1975, it underestimated the strength of capitalism and the capitalist class in both industry and agriculture. The failure of the concerted effort to convert the southern economy in 1978 forced the Party to retreat. The Party became aware of the strength of the capitalist relations of production and of the power of the capitalist class. However, since 1979 the Party has not attacked the relations of production; rather the state has been used to curb the excesses of capitalism through such measures as 'progressive' taxation and monetary regulations. But unless the Party systematically curbs the power of the capitalists in the relations of production, particularly in the control of capital inputs in the fertile Mekong Delta, then the socialist mode of production will be undermined.

In recent times, the V.C.P. has begun to use foreign aid more efficiently in advancing the socialist transition. Foreign aid,

deriving principally from the Soviet Union and Eastern Europe, is channelled into priority projects which have become models from which the Vietnamese Communists intend to build the socialist economy. However, as the priority projects begin to develop on the basis of the planned extraction of both an 'absolute' and a 'relative' form of surplus (characteristic of the socialist mode of production), this will intensify the contradiction between the socialist and capitalist modes of production. Moreover, as the bureaucratic class begins to gain in confidence and experience pressure will mount for the state to be used as a lever in advancing the socialist transition rather than as an instrument maintaining the balance between the competing modes of production. But until the socialist mode of production is stabilised the Party is obliged to maintain that balance. As a consequence, the socialist transition in Vietnam remains in progress.

FOOTNOTES

1. See Huynh Kim Khan, Vietnamese Communism, 1924-1945 (1982), chapter 6, pp. 290-339; D.G. Marr, Vietnamese Tradition on Trial, 1920-1945 (1981), pp. 408-420; Nguyen Khac Vien, The Long Resistance, 1858-1975, Chapter VI (1975), pp. 104-124; Truong Chinh, 'The August Revolution', in Selected Writings (1977), pp. 24-25.
2. Nguyen Khac Vien, op.cit., p. 103.
3. Le Duan, 'Strengthening Solidarity and Unity of Views and Advancing Towards Further Successes', Selected Writings (1977), pp. 11-17.
4. For details of the land reform campaign see Christine White, Agrarian Reform and National Liberation in the Vietnamese Revolution: 1920-1957 (1981), and Edwin E. Moise, Land Reform in China and Vietnam: Revolution at the Village Level (1977).
5. White, op.cit., pp. 190-191.
6. Christine White, 'Peasant Mobilization and Anti-Colonial Struggle in Vietnam: The Rent Reduction Campaign of 1953' Journal of Peasant Studies, Volume 10, Number 4 (July 1983), p. 189.
7. Christine White, 'The Peasants the Party in the Vietnamese Revolution', in D.B. Miller (ed.), Peasants and Politics: Grass Roots Reaction to Change in Asia (1978), p. 32.
8. Bernard Fall, The Two Viet-nams: A Political and Military Analysis (1965), pp. 229-254, and Joseph Buttinger, Vietnam: A Dragon Embattled, Volume II, Vietnam at War (1967), pp. 851-878.
9. Le Duan, The Vietnamese Revolution Fundamental Problems and Essential Tasks (1971); p. 59, Nguyen Khac Vien, 'The Peasants Struggle', Vietnamese Studies, Number 8 (1966), p. 51, Tran Phuong, 'The Land Reform', Vietnamese Studies, Number 7 (1966), p. 154.
10. Le Duan, op.cit., p. 62.
11. Peggy Duff, From a Backward, Underdeveloped State towards a Modern State, unpublished mimeo (n.d.) p. 52. This document is based on a field trip in 1969 and was probably written in 1970.
12. Bernard Fall, as cited in ibid.
13. Andrew Vickerman, 'A Note on the Role of Industry in Vietnam's Development Strategy', Journal of Contemporary Asia, Volume 15, Number 2 (1985), p. 224.
14. Jacques Charrière, 'Socialism in North Vietnam', Monthly Review, Number 9 (February 1966), p. 20; Ngo Vinh Long in Before the Revolution (1973), p. 102, reports that in 1930, "the so-called modern industries were listed as the production of cement, ceramics, glass, wood, charcoal, paper, alcohol,

soap, soft drinks, sugar, tobacco, vegetable oils, buttons, explosives and assorted fireworks, paint and varnish, barges and small cargo boats, leather and rubber products, electricity, and so forth. Since there were only 86,000 industrial workers in all of Indochina, the total number of Vietnamese engaged in all kinds of production outside of agriculture in the late 1930s may have amounted to only 150,000 persons".

15. Charrière, op.cit.
16. Irene Norlund, 'The Role of Industry in Vietnam's Development Strategy', Journal of Contemporary Asia, Volume 14, Number 1 (1984), p. 94.
17. Duff, op.cit., p. 52; see also Martin J. Murray, The Development of Capitalism in Colonial Indochina (1870-1940) (1980), p. 473-492.
18. Bernard Fall, op.cit. (1965), p. 153.
19. Fall, The Viet-Minh Regime, Government and Administration in the Democratic Republic of Vietnam (1956), p. 98.
20. Vickerman, op.cit. (1985), p. 224.
21. Joseph Buttinger, op.cit. (1967), pp. 901-902.
22. Ibid., p. 902, Nguyen Khac Vien, op.cit. (1975), p. 153.
23. Buttinger, op.cit., p. 903.
24. Bernard Fall, op.cit. (1956), p. 111. Also see the official document from the Socialist Republic of Vietnam, History of the August Revolution (1979), p. 130.
25. Truong Ching, op.cit. (1977), p. 47.
26. Fall, op.cit. (1956), pp. 111-112, and Jean Chesneaux, The Vietnamese Nation (1966), p. 213.
27. Fall, op.cit., p. 111.
28. Charrière, op.cit. (1966), p. 25.
29. Ibid.
30. Ibid.
31. Duff, op.cit., p. 57.
32. Ibid.
33. Charrière, op.cit. (1966), pp. 25-26.
34. Ibid.
35. Ibid.

36. Nguyen Khac Vien, op.cit. (1975), p. 148.
37. Duff, op.cit., p. 55.
38. Vickerman, op.cit. (1985), p. 225.
39. Le Than Nghi, 'The Question of Socialist Industrialisation', Documentary Review of the Third National Congress of the Vietnam Lao Dong Party (1961), p. 52.
40. Le Duan, op.cit. (1977), pp. 15-31.
41. Norlund, op.cit. (1984), p. 98.
42. Vickerman, op.cit. (1984), p. 225.
43. Ibid.
44. Norlund, op.cit. (1984), p. 96.
45. Ibid., p. 98. See also Ou Hsin-Hung, Communist China's Foreign Policy Towards the War in Vietnam, 1965-1973 (1981), pp. 35-50.
46. Norlund, op.cit. (1984), p. 98.
47. Vickerman, op.cit. (1985), p. 225.
48. Ibid.
49. Norlund, op.cit. (1984), p. 98.
50. Ibid., p. 96.
51. Ibid.
52. Vickerman, op.cit. (1985), p. 226.
53. Norlund, op.cit. (1984), p. 96.
54. Ibid.
55. Alexander Woodside, Community and Revolution in Modern Vietnam (1976), p. 263. Woodside stresses that the pressures from outside on Vietnam had the effect of strengthening "traditional" or pre-revolutionary responses. For example, he writes, "Big factories, indeed, adopted the slogan 'the mother factory gives birth to many child factories' (Nha may me de nhieu nha may con) which meant that they changed themselves into a litter of tiny enterprises and then reassembled these enterprises in many inconspicuous villages. The organic metaphor was not an accidental one. Factories were now regarded as subdividing organisms as much as they were regarded as centres for an increasingly bloated concentration of workers, knowledge, and techniques. Once again, an external threat had called up the venerable theme of small group communal solidarity which runs through the Vietnamese revolution".

56. Buttinger, op.cit. (1967), p. 898.
57. Woodside, op.cit. (1976), p. 262.
58. Buttinger, op.cit. (1967), p. 908.
59. Ibid., pp. 908-909.
60. Woodside, op.cit. (1976), p. 262.
61. Ibid.
62. Vickerman, op.cit. (1985), pp. 225-226.
63. Le Than Nghi, 'To Raise Productivity and to Lower Costs are the Primary Objectives of Industrial Enterprises and Construction Camps', in Development of the Economy in North Vietnam (September 1960), p. 2. At a Congress of Model Workers, held in May 1958 and reported in Summary of World Broadcasts, Far East, 17/5/58 it was claimed that "a women model workers at the Nam Dinh weaving mill had taken the lead in getting women textile workers to handle 4 automatic looms". It was report in SWB 27.7.58, that "during the first six months of 1958 all workers of the Nam Dinh weaving plant took charge of 3 or 4 looms, whereas under French management they were in charge of only two".
64. Charrière, op.cit. (1966), p. 32.
65. Ibid.
66. Kathleen Gough, Ten Times More Beautiful, The Rebuilding of Vietnam (1978), p. 107.
67. Ibid., pp. 107-108.
68. Ibid., p. 108.
69. Nguyen Khac Vien (op.cit. (1975), pp. 151-152) reports that with the "socialisation" of the economy and the establishment of large-sized industrial enterprises the "north Vietnamese economy had begun to break loose from its bonds, little by little taking on the form of a national and independent economy. Certainly the general level remained very low, both from a technical and from a managerial point of view: but the bases had been laid for sure development in the future"; Van Dyke, North Vietnam's Strategy for Survival (1972), p. 190) notes that "north Vietnam's industrial output climbed from \$335 million in 1957 to more than \$1 billion in 1965, according to a Soviet study. When the bombing began therefore, North Vietnam's industrial base contributed 53.7 per cent of the country's gross national product (compared with 40.7 per cent in 1960 and 31.4 per cent in 1957). The industrial sector employed only 20 per cent of the country's labour force, and most of these labourers worked in small shops, but compared with her southeast Asia neighbours, North Vietnam was making progress". Nguyen Xuan Lai writing on 'The Economy of the D.R.V. Facing the Trial of War' (Vietnamese Studies, Number 17 (1968) pp. 96-97), states that heavy industry was built in priority such as electricity, metallurgy

of iron, engineering, mining, chemical industries, electrical industries, building materials, ship-building. Because of the war effort he adds that priority for heavy industry was maintained. He writes "In 1965, Group A (producing means of production) accounted for 41% of the total output value of industry and handicrafts against 34% in 1960". Similarly, Nguyen Khac Vien, op.cit. (1975), p. 149, provides figures to show that by 1960 the part played by industrial output (including handicrafts) in the total value of industrial and agricultural production was 43.8% percent; in addition, the part played by modern industry in the total value of industrial and handicraft production in 1960 was 40.7 percent.

70. Norlund, op.cit. (1984), p. 96.
71. Ibid.
72. White, op.cit. (1978), p. 40. Also see Denis Warner, The Last Confucian (1964), pp. 84-100; Buttinger, op.cit. (1967), pp. 848-893; Fall, op.cit. (1965), pp. 233-253; Nguyen Khac Vien, op.cit. (1975), pp. 153-154.
73. Moise, op.cit. (1977), p. 308.
74. Ibid., p. 309.
75. See Tran Phuong, 'The Land Reform', (1965), and idem, Vietnamese Studies, Number 7 (n.d.), pp. 157-158.
76. Edwin E. Moise, 'Land Reform and Land Reform Errors in North Vietnam', Pacific Affairs, Volume 49, Number 1 (Spring 1976), pp. 72-74.
77. An incomplete translation of the text of the land reform decree can be found in Fall, op.cit. (1956), pp. 172-178.
78. White, op.cit. (1983), p. 195.
79. Truong Ching and Vo Nguyen Giap, The Peasant Question, 1937-1938 (1974), pp. 17-19.
80. White, op.cit. (1978), p. 39.
81. Truong Ching and Vo Nguyen Giap, op.cit. (1974), p. 18.
82. White, op.cit. (1978), p.40.
83. Tran Phuong, op.cit. (1965), p. 179, in providing the Party's official history of land reform, reports that "[a]s the landless and poor peasants constituted the proletarian and semi-proletarian strata in the countryside, they were the first to be exploited and oppressed by the feudal landlords. They had deep hatred for the feudal system and were eager to have their own lands. The abolition of the feudal system would not cause them to lose anything except their chains. They made up the most determined revolutionary forces of peasants and the majority (about 60%) of the rural population: only their awakening to struggle and their organisation could supply the working class with the main anti-feudal force, strong and resolute, and turn land reform

into a genuine revolution of mass character, able to overcome the opposition of the feudal landlords".

84. Moise, op.cit. (1976), p. 71.
85. White, op.cit. (1978), p. 42.
86. Moise, op.cit. (1976), p. 71.
87. Tran Phuong, op.cit. (1965), p. 190.
88. Moise, op.cit. (1976), p. 81.
89. Ibid., p. 82.
90. Ibid., p. 81.
91. Ibid.
92. Ibid. Moise notes (ibid., pp. 81-82), that "[m]any experienced and loyal cadres were expelled from the Party and other organizations because they did not meet, or were accused of not meeting, strict criteria of class origin and class loyalty. This was later criticised as having represented the error of "classicism" - "thinking that social class decides everything".
93. White, op.cit. (1978), p. 40.
94. Ibid. p. 44.
95. ^(v) No Nguyen Giap, (as cited in Moise, op.cit. (1977), p. 393).
96. Ibid.
97. Ibid., as cited in Moise, p. 395.
98. Vo Nguyen Giap, as cited in White, op.cit. (1981), p. 406.
99. Vo Nguyen Giap, as cited in Moise, op.cit., p. 395.
100. Buttinger, op.cit. (1967), p. 913.
101. Moise, op.cit. (1976), p. 85.
102. Ibid.
103. Ibid., p. 73.
104. Ibid., p. 86.
105. Ibid. As was the case with the Chinese land reform, commentators claimed that land reform led to a "bloodbath" with the massacre of peasants. The notion of a "bloodbath" occurring in North Vietnam's land reform became a propaganda weapon used against the Communist Government. For example, President Richard Nixon (The New York Times (28 July 1972), claimed that 500,000 were executed and another 500,000 died in slave labour camps. Bernard Fall, op.cit. (1965), p. 156, provides the standard western estimate that about 50,000 were executed. However, D. Gareth Porter, 'The Myth of the

- Bloodbath: North Vietnam's Land Reform Reconsidered', Bulletin of Concerned Asian Scholars, Volume 5, Number 2 (September 1973), p. 4, argues that the standard western estimation of execution has no basis in fact. Porter uncovered evidence to show that various people in Saigon had been manufacturing counterfeit North Vietnamese documents, and falsifying translations of documents, in order to support the charge of mass killings in the North. Porter concludes that in the 1,788 villages covered by the rent reduction, from 800 to 2,500 executions occurred during land reform.
106. David W.P. Elliott, 'Political Integration in North Vietnam: The Cooperativization Period', in J.J. Zasloff, MacAlister Brown (eds.), Communism in Indochina (1975), p. 178.
107. Ibid.
108. Ibid.
109. Ibid.
110. Christine White, 'Vietnam Remaps its Road to Socialist Development', Southeast Asia Chronicle, Number 87 (December 1982a), p. 3.
111. Elliott, op.cit., p. 190.
112. Ibid., p. 178.
113. Truong Chinh, as cited in Elliott, op.cit. (1975), p. 169.
114. Ibid. Elliott notes that "the overall ratio of party members to population in North Vietnam was about 2 per cent at the outset of cooperativization. Moreover, only 40 per cent of party members were at the village level".
115. Elliott, "Institutionalizing the Revolution: Vietnam's Search for a Model of Development" in Vietnamese Communism in Comparative Perspective, edited by W.S. Turley (1980), p. 201.
116. Ibid., p. 206.
117. Moise, op.cit. (1975), p. 89; White, op.cit. (1978), p. 44; Elliott, op.cit. (1975), p. 174. Elliott writes that "cooperativization succeeded because the regime was able to establish conditions in which the vast majority of peasants saw an advantage in joining the cooperatives".
118. See Alec Gordon, 'North Vietnam's Collectivization Campaigns: Class Struggle, Production and the Middle-Peasant Problem', Journal of Contemporary Asia, Volume 11, Number 1 (1981), p. 30; also Melanie Beresford, 'Household and Collective in Vietnamese Agriculture', Journal of Contemporary Asia, Volume 15, Number 1 (1985), p. 7.
119. White, op.cit. (1982), p. 4.
120. Gordon, op.cit. (1981), p. 30, and Beresford, op.cit. (1985), p. 7.

121. Gordon, op.cit.
122. Francois Houtart and Genevieve Lemercinier, Hai Van, Life in a Vietnamese Commune (1984), pp. 23-39.
123. Ibid., p. 30.
124. Elliott, op.cit. (1975), p. 180. Elliott writes that "the purpose of this quota system was not to discriminate against the middle peasant, but to bring the poor peasants into active participation in the co-operatives' affairs".
125. Christine White, 'Reforming Relations of Production: Family and Cooperatives in Vietnamese Agriculture' mimeo, Association of South-East Asian Studies in the United Kingdom, (1982b), pp. 8-10.
126. Elliott, op.cit. (1975), p. 180, and White, op.cit. (1982), pp. 10-11.
127. Ibid.
128. Ibid
129. Houtart and Lemercinier, op.cit. (1984), pp. 80-91.
130. White, op.cit. (1975), p. 10.
131. Le Duan as cited in Andrew Wickerman, 'Collectivisation in the Democratic Republic of Vietnam, 1960-1966, A Comment', Journal of Contemporary Asia, Volume 12, Number 4 (1982), p. 490. Similarly, Wickerman notes (p. 491) that Troung Chinh "mentions the 'completion of socialist transformation' in the context of the formation of low-level, or semi-socialist co-operatives".
132. See Nguyen Duy Trinh's discussion of the First Five Year Plan as cited in ibid., p. 490.
133. Le Duan, op.cit. (1977), p. 234.
134. See tables cited in Gordon, op.cit. (1981), pp. 31, and 21, and Wickerman, op.cit. (1982), p. 487.
135. Ibid., table 2, p. 487.
136. Ibid.
137. Ibid.
138. Beresford, op.cit. (1985), p. 8.
139. Ibid.
140. Adam Fforde, as cited in ibid.
141. Adam Fforde, 'Problems of Agricultural Development in North Vietnam', mimeo, Seminar on Vietnam, Indochina and Southeast Asia into the 80s, September-October 1980, The Hague (1980), p. 4.

142. Ibid., p. 3.
143. Ibid., p. 4.
144. Ibid., p. 3.
145. Gordon, op.cit. (1981), p. 30.
146. Ibid., pp. 31-35.
147. Ibid., pp. 31-32.
148. Wickerman, op.cit. (1982), pp. 484-495.
149. Ibid., pp. 490-491.
150. Ibid., p. 491.
151. White, op.cit. (1982a), p. 4. White writes that "[t]he formation of cooperatives, along with wartime self reliance, had contributed to the reflowering of local-level autonomy. The hamlet and village as an ancient collective personality - undermined during the colonial and land reform periods - re-emerged after cooperativization with a political basis in the village government and an economic basis in the cooperative economy".
152. White, 'State, Cooperative and Family in the Political Economy of Vietnamese Agriculture', (1980), p. 8, writes that "one of the most extraordinary results of the last twenty years of Vietnamese rural development is the extent to which building up co-operatives has been accompanied by an equal or even greater expansion of the infrastructure of the family".
153. Le Duan, as cited in White, op.cit. (1982a), p. 5.
154. Le Duan, 'Towards a Large-Scale Socialist Agriculture', Selected Works (1977), p. 481.
155. Le Duan, 'Problems of Socialist Construction in North Vietnam', Vietnam Courier, Number 23 (April 1974), p. 27. Le Duan adds, "In short, the striking feature of North Vietnam's economy at present is that social labour and the economic potential have not been brought into full play while social productivity is very low, accumulation from internal sources is non-existent and the people's life is meeting with many difficulties".
156. Ibid.
157. Ibid.
158. Le Duan, 'The New Stage of Our Revolution and the Tasks of the Trade Unions' (11-14 February 1974b), Selected Writings, (1977), p. 350. Le Duan writes that without socialist industrialisation and agricultural co-operation, "the worker-peasant alliance is inconceivable. And a co-operativized agriculture can only be viable if based on large-scale industrial production. This is a specific feature of North Vietnam according to which we can carry out

agricultural co-operation before mechanization has been effected, and this course of action has proved to be suitable... Expanding small production into large-scale socialist production is the greatest, most far reaching and most radical revolution. It is a most difficult and complex revolution whose success will have a decisive impact on the whole socialist cause in the North. This is fundamentally a revolution which changes small production into large-scale socialist production".

159. Le Duan, op.cit. (April 1974), p. 27.
160. Allen E. Goodman, 'Fighting while Negotiating: The View from Hanoi', in Zasloff and MacAlister Brown, op.cit. (1975), p. 99.
161. See Hugh Higgins, Vietnam, second edition (1982), pp. 118-119, and Gareth Porter, A Peace Denied, The United States, Vietnam and the Paris Agreement (1978), pp. 158-159.
162. William S. Turley, 'Urbanization in War: Hanoi, 1946-1973', Pacific Affairs, Volume 48, Number 3 (Fall 1975), pp. 386-387'.
163. Le Duan's report at the Fourth Congress of the Vietnam Workers' Party (subsequently renamed as the Vietnamese Communist Party), Keesing's Contemporary Archives (8 April 1977), pp. 28-277.
164. Carlyle A. Thayer, 'Building Socialism: South Vietnam Since the Fall of Saigon', in Thayer and David G. Marr, Vietnam Since 1975 - Two Views from Australia (1982), pp. 1-6; General Van Tien Dung, Our Great Spring Victory (1977), pp. 131-145; Higgins op.cit. (1982), pp. 123-135.
165. William J. Duiker, Vietnam Since the Fall of Saigon (1980), pp. 4-10.
166. Thayer, op.cit. (1982), p. 9.
167. Ibid.
168. Excerpts from the report of the Ho Chi Minh City Committee of the Communist Party of Vietnam at the First Congress of the City Party Organization, April 1977, 'The Situation in Ho Chi Minh City Since Liberation and Orientation and Tasks for 1977-1978', in With Firm Steps, Southern Vietnam Since Liberation 1975-1977 (1978), pp. 22-30.
169. D. Gareth Porter, 'The Revolutionary Government of Vietnam', Current History (December (1975), p. 232.
170. Duiker, op.cit. (1980), p. 9.
171. Huynh Kim Khan, 'Restructuring South Vietnam's Economy', Southeast Asian Affairs (1976), p. 477.
172. 'South Vietnam: The Struggle Against Compradore Capitalists' Vietnam Courier, Number 42 (November 1975), pp. 7-11.
173. Nguyen Thi Bin as cited in Keesing's Contemporary Archives (20 August 1976), pp. 27895.

174. Ibid.
175. Duiker, op.cit. (1980), pp. 9-11.
176. Ibid., p. 11.
177. Ibid.
178. Thayer, op.cit. (1982), p. 19. Thayer cites a pronouncement made by Truong Ching, in which Ching argues: "The South Vietnamese people should not make a halt but embark upon the path of socialist revolution, more concretely begin the step-by-step socialist transformation of the national economy and the building up of the first foundations of socialism. At the same time, they must complete the remaining tasks of the people's national democratic revolution."
179. Truong Ching, in ibid.
180. Ibid. [Note: The thesis adopts the usual practice of referring to north and south Vietnam following the 1976 political reunification, as part of the one country and therefore the two sections of the country are written in the lower case, whereas before 1976 they were written in the upper case as they were distinct countries.]
181. Duiker, op.cit. (1980), pp. 10-12.
182. Ibid., p. 12.
183. See With Firm Steps, South Vietnam Since Liberation 1975-1977 (1978), pp. 8-14.
184. Duiker, op.cit. (1980), p. 16, and Thayer, op.cit. (1982), p. 23.
185. Ibid.
186. For example, Porter, op.cit. (1975), p. 235, reports that "There were an estimated 1.5 million unemployed at the close of the war [in the South], to which had to be added another 1.5 million soldiers and civil servants of the old government and another half a million who had been economically dependent on the American aid programme or the American presence".
187. Huynh Kim Khanh, 'Year One of Post colonial Vietnam', Southeast Asian Affairs (1977), p. 288.
188. Huynh Kim Khanh, in ibid., p. 289, reports that "according to the Report of the United Nations Mission to Vietnam (March 1976), the U.S. bombing strikes and artillery barrages virtually wiped out the North Vietnamese infrastructure of transport, agriculture, industry, communications and fisheries. All railway systems were damaged, with many completely destroyed including stations and warehouses".
189. Ibid.
190. Porter, op.cit. (1975), p. 235.

191. Huyn Kim Khanh, op.cit. (1976), p. 471.
192. Ibid., p. 470.
193. Paul Quinn-Judge, 'Hanoi's Bitter Victory', Far Eastern Economic Review (2 May 1985), p. 31.
194. Huyn Kim Khanh, op.cit. (1976), p. 469.
195. Ibid.
196. Ibid.
197. Ibid.
198. Le Duan's report to the Fourth Congress of the Vietnam's Worker's Party, Summary of World Broadcasts (S.W.B.), Far East, 17 December 1976, FE/5392/C1.
199. Ibid.
200. Ibid., FE/5392/C3.
201. Ibid., FE/5392/C2.
202. Ibid., FE/5392/C3.
203. Ibid.
204. Le Duan, as cited in Keesing's Contemporary Archives (8 April, 1977), p. 28277.
205. Thayer, op.cit. (1982), p. 20.
206. Ibid., p. 21.
207. Ibid.
208. Ibid.
209. Ibid., p. 22.
210. World Bank report No. 1718.VN, The Socialist Republic of Vietnam, An Introductory Economy Report (12 August 1977), p. 42.
211. Thayer, op.cit. (1977), p. 22.
212. Ibid., p. 29.
213. Ibid., p. 26.
214. Duiker, op.cit. (1980), pp. 30-31.
215. Ibid., p. 30.
216. Ibid., p. 31.
217. See Nayan Chandra, 'Hanoi Comes Down to Earth' Far Eastern Economic Review (February 1977), p. 30.

218. Ibid., and Duiker, op.cit. (1980), p. 32.
219. Ibid.
220. Ibid., p. 31.
221. Paul Quinn-Judge, op.cit., Far Eastern Economic Review (2 May 1985), p. 31.
222. Thayer, op.cit. (1982), p. 27.
223. Ibid., pp. 29-31, and Duiker, op.cit. (1980), p. 34.
224. David G. Marr, 'Both War and Peace: Life in Vietnam Since 1975', and Thayer and Marr, Vietnam Since 1975 - Two Views from Australia (1982), pp. 56-57.
225. Duiker, op.cit., p. 34.
226. Ibid.
227. Ibid.
228. Marr, op.cit. (1982), p. 56.
229. Duiker, op.cit. (1980), p. 31.
230. Marr, op.cit. (1982), p. 57.
231. Ibid.
232. Duiker, op.cit. (1980), p. 34.
233. Du Muoi, as cited in ibid.
234. Marr, op.cit. (1982), p. 57.
235. Ibid.
236. Le Duan, SWB (18 December 1976), FE/5953/C/16.
237. Duikler, op.cit. (1980), p. 37.
238. Ibid.
239. Vo Chi Cong, cited in W.A. Turley, 'Hanoi's Domestic Dilemmas', Problems of Communism, Volume xxix (July-August), p. 46.
240. Nayan Chandra, Far Eastern Economic Review (9 January 1981). Nayan Chandra reported that "in the rich Mekong Delta, zealous cadres hastily organised cooperatives, often forcing unwilling farmers to join in. This, however, has led to passive resistance. The area under cultivation dwindled and in many cases peasants sold or slaughtered their animals to avoid collectivisation. They also evaded agricultural taxes and avoided selling surplus grain to the state at low prices".
241. As reported in Keesing's Contemporary Archives (10 April 1981), p. 30806.

242. Ibid.
243. Even under the French, commodity production and exchange were more deeply entrenched and extensive in character in the south than in the north of the nation. See Ngo Vinh Long, Before the Revolution: the Vietnamese Peasants under the French (1973); C. Robequain, The Economic Development of French Indo-China (1944); M. Murray, The Development of Capitalism in Colonial Indo-China, 1870-1940 (1980).
244. See R.L. Sansom, The Economic of Insurgency in the Mekong Delta of Vietnam (1970); G. Lewy, Americans in Vietnam (1978); D.G. Porter, A Peace Denied, The United States, Vietnam and the Paris Agreement (1975).
245. Ngo Vinh Long, 'Agrarian Differentiation in the Southern Region of Vietnam', Journal of Contemporary Asia, Volume 14, Number 3 (1984), p. 288. Ngo Vinh Long comments that "The growth in the use of capital inputs in agriculture as well as the commercialisation of the rural economy inevitably increased differentiation in the South Vietnamese countryside. This situation tended to be much worse in the Saigon-controlled areas partly because of the proximity to the provincial and district towns and because of access to the resources provided by the Saigon and US governments through those centres. But there was never any study by either government of this phenomenon".
246. Ibid., p. 289.
247. Ibid.
248. Ibid.
249. Ibid., p. 291.
250. Ibid.
251. Ibid.
252. Ibid.
253. Ibid., p. 293.
254. Ibid., p. 294.
255. Ibid.
256. Ibid., p. 295.
257. Ibid.
258. Paul Quinn-Judge, op.cit. (1985), p. 31.
259. Thayer, op.cit. (1982), p. 34.
260. Ibid.

261. On the Vietnamese-Kampuchea conflict see Nayan Chandra, 'War and Peace on the Border', Far Eastern Economic Review (31 March 1978); B. Kiernan, 'Vietnam and the Governments and People of Kampuchea', Bulletin of Concerned Asian Scholars, Volume II, Number 3 (1979); Grant Evans and Kelvin Rowley, Red Brothers at War, Indochina since the Fall of Saigon (1984).
262. Michael Vickery, Cambodia 1975-1982 (1984); Revolution and Its Aftermath in Kampuchea, David Chander and Ben Kiernan, eds. (1983); Peasants and Politics in Kampuchea 1942-1981, Kiernan and Chanthou Boua, eds. (1982).
263. Duiker, op.cit. (1980), pp. 50-51.
264. Ibid., p. 50.
265. Ibid.
266. Ibid.
267. Thayer, op.cit. (1982), p. 35.
268. Ibid.
269. Evans and Rowley, op.cit. (1984), pp. 44-61, 150-168.
270. Ibid., p. 154.
271. Thayer, op.cit. (1982), pp. 36-38.
272. Evans and Rowley, op.cit. (1982), p. 157.
273. Duiker, op.cit. (1980), pp. 39-42.
274. Thayer, op.cit. (1982), p. 32.
275. Ibid., p. 33.
276. Ibid.
277. Evans and Rowley, op.cit. (1984), p. 59. In their analysis of Indochina, Evans and Rowley emphasise the pragmatism of the Vietnamese leaders. In contrast, Gareth Porter, 'Hanoi's Strategic Perspective and the Sino-Vietnamese Conflict', Pacific Affairs, Volume 57, Number 1 (Spring 1984), p. 7, stresses the ideological reasons for the Vietnamese actions. Porter argues that since 1979 Vietnam defined conflict in Indochina in terms of a Chinese strategy (supported by the U.S.) to weaken Vietnam.
278. Evans and Rowley, op.cit., p. 123.
279. Duiker, op.cit. (1980), p. 52.
280. Thayer, op.cit. (1982), p. 36, and Marr, op.cit. (1982), p. 58.
281. Ibid., p. 59, and Duiker, op.cit. (1980), pp. 62-65.

282. In a report delivered at the end of 1980 by Nguyen Lam, Vice Premier and Chairman of the State Planning Commission, as cited in Ng Shui Meng, 'Vietnam in 1981, The Politics of Perseverance', Southeast Asian Affairs (1982), it was admitted that during 1976-1980, food production had not matched the rate of population growth. Industrial output had reportedly risen by 17.3 per cent from 1975 to 1980 instead of the planned rate of 10 per cent per year.
283. See Ng Shui Meng, 'Vietnam in 1983, Keeping a Delicate Balance', Southeast Asian Affairs (1984), p. 345.
284. Fforde, op.cit. (1980), pp. 4-8, and R.D. Hill and Cheung Man Biu, 'Vietnamese Agriculture: Rhetoric and Reality', Contemporary Southeast Asia, Volume 7, Number 4 (March 1984), pp. 300-302.
285. Fforde, op.cit., pp. 13-14.
286. White, op.cit. (1982a) p. 7, White describes the subcontracting system introduced in August 1979, whereby the "contract between the cooperative and its members requires the grower to turn over a specific quantity of the crop to the cooperative; members may keep or dispose of any surplus they produce as they dispose, and they must repay in full any deficit, unless it is caused by a natural disaster". See also Jayne Werner, 'Socialist Development: The Political Economy of Agrarian Reform in Vietnam', Bulletin of Concerned Asian Scholars, Volume 16, Number 2 (April-June 1981), and the debate between Werner and Fforde: Fforde, 'In Response to Jayne Werner's Socialist Development: The Political Economy of Agrarian Reform in Vietnam', Bulletin of Concerned Asian Scholars, Volume 17, Number 1 (January-March 1985), pp. 68-71, and Werner, 'Rejoinder to Adam Fforde', p. 71.
287. Ng Shui Meng, op.cit. (1984), p. 355. Ng Shui Meng notes that the industrial sector within Vietnam in 1981 increased gross industrial output by 12.5 percent, and in 1982 by 13.9 percent. But he adds, "this marked growth has to take into consideration that in 1980 this sector had registered a decline of 9.6 per cent... And even with the recovery of 1981 and 1982, industrial production capacity of 1982 was still only functioning at about 50 per cent of full capacity".
288. Thayer, op.cit. (1982), p. 41.
289. The change in policy after 1979 produced an increase in commercialisation and a decrease in co-operativization. For example, a government official in 1982 stated that 70 percent of goods in circulation were on the 'free' market: as cited in the Far Eastern Economic Review (14 July 1983). Similarly, Nayan Chandra in the Far Eastern Economic Review (6 October 1983), p. 48, reported that "a significant portion of food and consumer goods is supplied by private producers or through smuggling, and as 50% of wholesale and 60% of retail trade are still controlled by private traders, the government's attempt to regulate the market and prices has been frustrated." Likewise, Le Than Nghi, reported in Nhan Dan, cited in Keesing's (16 July 1982), p. 31950 said on 9 November 1981 that "in the southern provinces collectivization of

agriculture extended to only 9 per cent of peasants families and 7 per cent of cultivated land".

290. White, op.cit. (1982a), p. 6.
291. The Nhan Dan editorial, as cited in Christine White, 'Reforming Relations of Production; Family and Cooperative in Vietnam Agricultural Policy', mimeo, Association of South East Asian Studies in the United Kingdom Conference on Western Colonialism in South East Asia and its Aftermath (1982), p. 17.
292. Nguyen Khac Vien, in an interview conducted by Kathleen Gough, Journal of Contemporary Asia, Volume 12, Number 3 (1982) p. 377.
293. Ibid.
294. Ibid.
295. Ibid.
296. Ngo Vinh Long, op.cit. (1984), p. 295.
297. Ibid.
298. Ibid.
299. Ibid.
300. Ibid.
301. Ibid., p. 296.
302. Ibid.
303. Ibid., p. 298.
304. Le Duan's address to the Fifth Congress in March 1982, as reported in Contemporary Southeast Asia, Volume 4, Number 2 (September 1982), pp. 255-257.
305. Ibid., p. 257.
306. Ibid., p. 256.
307. Nguyen Khac Vien, 'Vietnam: The 1980's', Journal of Contemporary Asia, Volume 14, Number 2 (1984), p. 255.
308. Ibid., p. 254.
309. Ibid.
310. Ibid.
311. Ng Sui Meng, op.cit. (1984), pp. 346-347.
312. Ibid., p. 346.
313. Ibid., p. 347.

314. Ibid.
315. Ibid.
316. William J. Duiker, 'Vietnam in 1984: Between Ideology and Pragmatism', Asian Survey, Volume xxv, No. 1 (January 1985), p. 98.
317. William J. Duiker, 'Vietnam in 1985, Searching for Solutions', Asian Survey, Volume xxvi, No. 1 (January 1986), p. 109.
318. Ibid.
319. Ibid., pp. 109-110.
320. K.W. Taylor, 'Vietnam in 1984: Confidence Amidst Adversity' Southeast Asian Affairs (1985), p. 356.
321. Duiker, op.cit. (1986), p. 109.
322. Nyan Chandra, 'The New Revolution', Far Eastern Economic Review (10 April 1986), p. 26. Nyan Chandra reports that the introduction overnight of a new currency in September 1985, as a means of controlling inflation and the free market, was counterproductive. Inflation which was around 50 per cent rose to 350 per cent by the end of 1985. The socialist sector and state workers on fixed salaries suffered the hardest as they could only respond passively to the soaring inflation.
323. Duiker, op.cit. (1986), p. 109.
324. Nyan Chandra, op.cit. (1986), pp. 26-27.
325. The terms of "ideologues" versus "pragmatists" are regularly used in reports in the Far Eastern Economic Review on Vietnam. See also Duiker, op.cit. (January 1985).
326. Taylor, op.cit. (1985), p. 361.
327. Nguyen Khac Vien, op.cit. (1984), pp. 379-380.
328. Ng Sui Meng, op.cit. (1984), pp. 346-347.
329. Nayan Chandra, 'The New Revolution', Far Eastern Economic Review (10 April, 1986), p. 26.
330. Taylor, op.cit. (1985), p. 353.
331. Thayer, 'Vietnam's Two Strategic Tasks, Building Socialism and Defending the Fatherland', Southeast Asian Affairs (1983), p. 317.
332. Ngo Vinh Long, op.cit. (1984), p. 299.

CHAPTER NINE

THE SOCIALIST MODE OF PRODUCTION, CLASS POWER AND STATE POWER

The analysis of the socialist transition in Russia, China and Vietnam has concentrated upon the displacement of the capitalist mode of production by the socialist mode of production. In the discussion of the socialist transition it was noted that the state played an active role and, in the process, became an integral part of the new relations of production. The state was central to the change in property relations and it was through state institutions that the surplus product was controlled and appropriated. The integration of the state into the relations of production provided the basis for the emergence of the bureaucratic class which exercised power over the surplus product. The bureaucratic class gained their class power from the relations of production. The surplus product was produced principally by the industrial workers and also by the peasantry, and was channelled from the state enterprises (and collectives) through the state bureaucracy where it was proportioned into the reproduction of the means of production and distribution. Along the chain of surplus extraction and appropriation there were class contradictions and sites for class struggle.

For example, there were antagonisms between the enterprise managers and the bureaucratic planners. The managers, while a part of the bureaucratic class, occupied a contradictory class position in that they often had to take sides with the workers against the state bureaucracy so as to ensure that targets were met. Opposition by the workers to the antagonistic relations of production manifested itself in such phenomena as the poor quality of products, wastage, inefficient working practices, the hoarding of labour, alcoholism, and in the Soviet Union by the excessive turnover of labour.¹

The consolidation of the socialist mode of production and the management of the new class relations raise the issue of the role of the state in reproducing the social order. In capitalist societies, it is argued, the state operates within a realm of "relative autonomy" between it and the mode of production and the capitalist class. Ralph Miliband, in describing the role of the capitalist state, argues that it does not function as the direct instrument of the capitalist class. Rather, the capitalist state requires a degree of "relative autonomy" from the "ruling class" so that it can act in the general interest of the ruling class. Miliband notes that the capitalist state "must have [a] high degree of autonomy and independence if it is to act as a class state".² Miliband is specifically speaking of "relative autonomy" between the capitalist class and the capitalist state.³ However, the notion of "relative autonomy" needs to include the mode of production in the formulation. The theory of the "relative autonomy" of the state should be conceptualised as a three-way process in which the state has a degree of autonomy from both the dominant class and the mode of production.

An illustration of the three-dimensional nature of the state's "relative autonomy" can be found in the previously mentioned depiction by Marx of the transition from feudalism to capitalism in mercantilist Britain. Marx noted that in the development of capitalism in Britain the state facilitated the strengthening of financial institutions, thereby providing the means for the consolidation of the capitalist mode of production and for the emergence of a fully developed capitalist class.⁴ The state in response to the national debt mobilised the financial sector which, in turn, accelerated the development of the capitalist mode of production and the capitalist class.

My discussion of the socialist transition in Russia, China and Vietnam showed that the post-revolutionary state provided the means for the displacement of the capitalist mode of production and the bureaucratic class. The state became integrated into the socialist mode of production, by taking possession of the means of production and through the control it exercised over the process of surplus production and extraction. In the process of displacing the capitalist mode of production there evolved a new system of class power. The state facilitated the development of the socialist mode of production and the bureaucratic class. It was only after the state had promoted the development of the socialist mode of production that the bureaucratic class could acquire the state as its own. However, there had to develop a new field of "relative autonomy" between the state, the bureaucratic class and the socialist mode of production for the reproduction of the system as a whole. The state was not the instrument of the bureaucratic class; rather, the state had to have a degree of autonomy to ensure that the new form of class power was reproduced.

The degree of autonomy between the socialist mode of production, the state, and the bureaucratic class varies between countries. That is, just as there is a different degree of "relative autonomy" between the capitalist class, the mode of production and the state in different capitalist countries so also in post-capitalist society. The nature of "relative autonomy" is different from that under capitalism in that the surplus product and its appropriation are linked more directly to state institutions. However, the post-capitalist state does function in a manner similar to the capitalist state in that it provides the necessary unity for the bureaucratic class while disuniting the working class and peasantry.

An important institution in facilitating the unity of the bureaucratic class is the Communist Party. In Russia, China and Vietnam the Communist Party provides the ideological parameters for the legitimation of the power of the bureaucratic class. Moreover, the Communist Party, as it is integrated into the relations of production, reinforces the process of surplus extraction and appropriation. The Communist Party, therefore, is a crucial institution in providing the ideological support for both the class power of the bureaucratic class and the socialist mode of production.

A method of conceptualizing the character of "relative autonomy" in post-capitalist societies is to analyse the response caused by a revolutionary threat to the society. For example, the Cultural Revolution in China posed a fundamental challenge to the social system. Mao and his associates mounted a campaign which progressed from the fields of culture and education to the political and economic system. In essence, the Cultural Revolution represented a profound division with the state, the Party and to an extent, the society in general. However, the socialist mode of production, while suffering certain dislocations, remained more or less intact. Ironically, it was Mao who provided the means for the reinstitution of the relationship between the mode of production, the bureaucratic class and state power. Mao perceived that as the Cultural Revolution progressed the authority of the Communist Party was eroded. However, as Mao considered that the C.C.P. was an essential element in leading the masses to communism, he called a halt to the criticisms of the Party and began the process of rebuilding the C.C.P. as a vanguard party.

Given that the C.C.P. was integrated into the relations of production, the rehabilitation of the Party provided an institutional means through which the bureaucratic class could

reassert its power. Moreover, as the Cultural Revolution did not systematically alter the relations of production, the bureaucratic class had a base from which to regain control over the surplus product. Once the bureaucratic class had reconstituted its class power, it began to use the state to protect its class interests and prevent, where possible, a repetition of the Cultural Revolution. For example, there was a vociferous ideological attack on both the Great Leap Forward and the Cultural Revolution as examples of movements detrimental to socialism. The criticisms of these two movements came from a wide variety of state sources, including the Party, the education system and the judiciary.⁵

The C.C.P. set the parameters for the ideological debate on the Cultural Revolution, within which members of the bureaucratic class took the lead in the condemnation of the Cultural Revolution. The bureaucratic class on its own did not have the class unity to protect its class interests, but the Party provided the ideological lead for the state to protect the general interests of the bureaucratic class. That is, while there was an overlap between the mode of production, the bureaucratic class and the state, there needed to be a degree of autonomy between the three elements so that the interests of the bureaucratic class could be preserved. The bureaucratic class was constituted as a class from its position in the relations of production; however, the Party-state was essential for the reproduction of the class power of the bureaucratic class.

Likewise, there is a degree of autonomy between the socialist mode of production and the state. The state itself must respond to pressures emanating from the socialist mode of production; however, the manner in which the state reacts to the socialist mode of production is related to political and class circumstances. For example, the socialist mode of production in China has developed

considerably but it has done so in a contradictory manner. That is, the agricultural sector has absorbed the enormous rises in the labour force at the cost of long term productivity. Industry became the growth sector with the overwhelming bulk of the surplus product coming from the industrial workers. However, by the 1970s the agricultural sector was operating at such a low level of productivity that there was a need for a drastic reappraisal of state policy towards agriculture. Initially, the Party contemplated a massive inflow of capital investment into agriculture, to raise the level of rural productivity through mechanisation.⁶ However, it was soon recognised that such a drastic shift in policy would drain industry of capital investment and thereby reduce the surplus revenue for the state. As the bureaucratic class was dependent upon the surplus extracted from the industrial workers the shift in policy would adversely affect its class interests.

The Party's response to these pressures was to maintain the high capital investment levels in industry while implementing a radical change in agricultural policy.⁷ The peasants were given the opportunity to sign household contracts with the state and to market their above-quota surpluses. In effect, the household economy replaced the commune as the organ through which taxes were collected and surpluses marketed. Rural productivity was raised through the peasant farmers' pursuing the interests of the family at the expense of the commune. The shift in policy was beneficial for the bureaucratic class, in that rural output increased without a substantial shift in investment in state-industry and the state gained from the increase in agricultural output. The peasants also benefited from the removal of constraints on family production. However, by encouraging family farming over the communes the state lost direct control of the rural production and marketing process

and had to use indirect methods to regulate agricultural production. For example, it has become apparent that the peasants tend to follow market prices and this has disadvantages for state planning. At present the state is prepared to tolerate the loss in direct controls over rural production and to use the market to manipulate peasant output.

Thus, while the Party-state has autonomy from the socialist mode of production to make political decisions, the decisions are circumscribed by the parameters of the socialist mode of production, which are set by the contradictions within the relations of production. At the heart of these antagonisms is the extraction of the economic surplus from the direct producers. The contradictions in the relations of production provide the basis for class conflict which, in turn, necessitates state action to maintain the dominance of the bureaucratic class and to ensure the overall reproduction of the socialist mode of production. However, as noted, the state must have a degree of autonomy to achieve these objectives.

Theda Skocpol, in her analysis of revolutionary change, specifically rejects the notion of a "relative autonomy" between the state and the dominant class and mode of production.⁸ For Skocpol the state has an "absolute" rather than a "relative" autonomy in revolutionary change. For example, in her States and Social Revolutions: A Comparative Analysis of France, Russia and China, Skocpol argues that the Russian and Chinese Revolutions are instances of the state 'acting for itself' against the interests of the dominant class and mode of production.⁹ Skocpol conceptualises the state in Russia and China as an entity with interests of its own which derive from geopolitical pressures, principally the conflict between competing nation-states.¹⁰ Moreover, Skocpol argues that the state acts in a manner determined

by its administrative logic.¹¹ According to Skocpol, for a nation-state to be able to compete in a hostile international order it is essential that it modernize. Thus, Skocpol integrates the notion of modernization into her analysis of the Russian and Chinese revolutions.¹² Moreover, for Skocpol, the peasantry has a crucial role to play in the course of the revolutionary modernization of the nation. Skocpol argues that the Russian peasantry became the victim of the state-led modernization programme. In the case of China, the state's interests and the interests of the peasantry were complementary and both gained in the modernization process.

The problem with Skocpol's analysis of the Russian and Chinese Revolutions is that she so constructs her argument that the state has an unimpeded field in which to assert its logic over the modernization process.¹³ However, Skocpol is only able to sustain her position by reducing the notions of class domination, class struggle and mode of production to caricatures. The state has free scope to mould the revolutionary process because the dominant class and mode of production have been rendered powerless. Having dismissed these notions from her analysis of the socialist transitions, Skocpol is however left with an account of the revolutions which fails to convince. Skocpol's model is unable to capture the dynamics of the socialist transition because the efficacious elements are made impotent while the state is emblazoned with a dynamism derived from the logic of its structures and its role in a competing international system of nation-states. A comparison of Skocpol's to my account of the socialist transition in Russia and China will reveal the inadequacies of her position, while highlighting the fruitfulness of the concepts of mode of production, class power and state power and the notion of a "relative autonomy" between these elements in analysing revolutions.

When Skocpol discusses the Russian Revolution she argues that the Tsarist regime collapsed due to external pressures related to World War I, providing the Bolshevik Party with the opportunity to seize political power.¹⁴ But she adds that the capture of state-power by the Bolsheviks was restricted to the cities and stemmed directly from the fact that the military was no longer loyal to the old regime.¹⁵ Once in power the Bolshevik Party was able to consolidate its position by building state institutions (primarily the bureaucracy and the army), utilizing the resources and support of the Party, and marshalling the urban population to defend revolutionized Russia.¹⁶ Of special importance was the Civil War, which helped to develop an army supportive of the new regime; the victory of the Red Army provided proof of the viability of the Bolshevik regime.¹⁷

The Russian Revolution in Skocpol's opinion was the result of not one but two separate revolutions. Skocpol argues that while the Bolsheviks captured state power in the cities the peasants conducted their own revolution. She writes that the peasantry enacted a "spontaneous and autonomous" revolution in the countryside which undermined the power of the ruling class and ensured that a counterrevolution could not restore the old order.¹⁸ The peasantry, having organised their own revolution against the landed nobility, remained in control of the villages, exerting a power quite distinct from the new Bolshevik order.¹⁹ For Skocpol the post-revolutionary situation in Russia was shaped by the conflict of interests between the Soviet state and the "small-holding, communally autonomous and subsistence-prone" peasants.²⁰ The state had to modernize so as to compete effectively in a hostile world order and in doing so subordinated the small-peasant farmers to its will:

Indeed, the great irony - and poignancy - of the Russian Revolution lies in the role and fate of the peasantry. For the peasants made their own thoroughgoing revolution in 1917 - and as a result became a threat to the viability of Russia as a revolutionized nation-state in a world of military competing nation-states.²¹

Skocpol adds that the state's interests were served by a pre-revolutionary economic structure which favoured economic development based on heavy industry.²² That is, for the state to modernize Russia it needed to industrialize, the shape of Russian industrialization being predetermined by the predominance of heavy industry in the industrial sector. Moreover, that pre-revolutionary predominance ensured that Stalin's strategy of industrialization would succeed and that Bukharin's would fail:

The Stalinist strategy, consonant though it was with Bolshevik revolutionary experiences and organizational capacities, could work at all only because the Party-state built upon economic conditions continuing from the prerevolutionary era. Stalin's ultimately successful program of crash heavy industrialization obviously benefitted from being able to build upon the substantial existing heavy-industrial base.... Bukharin's strategy would have been more promising if Soviet Russia had inherited well-developed consumer industries and a rural sector sufficiently prosperous and commercially oriented to provide strong demand for light industries.²³

Skocpol's argument about the Russian revolution is dependent upon the structural determinacy of the state, and is constructed around the dynamic interplay of the state and the peasantry. However, both of these elements are artificially constructed. For example, Skocpol provides no evidence to support her claim that the economic conditions of prerevolutionary Russia had a structural bias favouring heavy industry over light industry. The available evidence supports exactly the opposite. According to E.H. Carr, in 1913 heavy industry accounted for only 22.6 percent of all industrial production. By 1923, heavy industry, which was recovering at a slower rate than light industry, was producing

around 17.7 percent of all industrial production.²⁴ Olga Crisp, in her extensive survey of prerevolutionary Russian industry, stresses the unevenness of the Russian economy. With regard to heavy industry she reports,

... the relative share of the machine and metal working group rose from an estimated 9.8 percent of the total output value to 15 percent between 1899 and 1913. Mining and metallurgy accounted in 1914 for only 14 percent of the value of industrial output and of about 21 percent of the labour force.²⁵

Crisp points out that in 1914 Russian industrialization was still immature in comparison with other industrial countries, an immaturity reflected in the relative importance of light industry over heavy industry. She writes that

In terms of output value and of employment the textile industries continued to be in the lead throughout the period under consideration [1700-1914, sic]. They accounted for 28 percent of the total output value of industry and for 30 percent of the factory labour force in 1914.... If we add the food industries which had a 22 percent share in the total output value and employed 13 percent of the labour force in 1914, the joint relative weight of the two main light industries working for a mass consumer market was 50 percent of the output value and 43 percent of the labour force.²⁶

The empirical evidence overwhelmingly refutes Skocpol's model of post-revolutionary development within Russia. As a result, Skocpol is left without a coherent explanation of the Russian Revolution. Rather than heavy industry's providing the conditions for Stalin's strategy to work, light industry and agricultural production should have ensured the success of Bukharin's strategy. Stalin's strategy, to use Skocpol's own logic, was "inherently unworkable" given an economic structure which favoured consumer goods linked to agricultural growth.²⁷ Stalin's strategy was therefore not, as Skocpol asserts, simply pursuing "further Russian economic development", but was fundamentally altering the character of the Russian economy.²⁸

Skocpol's error is symptomatic of a deeper problem. For example, when she discusses the dénouement of NEP, she stresses the incompatibility between the interests of the peasants and those of the state. She writes that

The essential problem was simple: without extremely favorable economic inducements - i.e., plentiful and cheap consumer goods beyond the productive capacity of Soviet industry and very high prices for agricultural produce, which Soviet authorities were not inclined to allow, given their vested interest in manipulating the terms of trade in favor of state-controlled industries - Russian peasants had every reason to participate less and less in the national economy.²⁹

According to Skocpol the conflict of interests between the state and the peasants was reflected in the marketing of grain during NEP. The peasants, who were now more 'subsistence-prone' and in general marketed less than before 1917, responded to the state's policy of maintaining high prices for consumer goods by marketing even less grain and by 1927 "were marketing so little grain as to cause a crisis situation".³⁰ Skocpol adds that it was impossible to discover a political solution to the marketing crises because the Party-state was poorly represented in the countryside, due to the fact that the Russian Revolution was the product of two separate revolutions.³¹ Thus, as the Party-state could not mobilize the peasants to the cause of modernization it turned against the peasantry. As a result, the town was set against the countryside.

However, Skocpol's analysis of the collapse of NEP misses the whole dynamic of the marketing crises. As noted earlier, the demise of NEP is best understood in terms of the emerging socialist mode of production and the bureaucratic class dependent upon its expanded reproduction. As previously explained, in the early period of NEP the state-industrial sector had been restrained by the Party-state in order to maintain a market equilibrium with the peasants. When the state attempted to expand the nationalized industries in 1923

and 1925, the subsequent crises obliged a curtailment of investment in state industry. However, when a similar crisis occurred in 1927 the situation had changed. The socialist mode of production was firmly established in the state-industrial sector and an economic surplus was being channelled out of the working class through the state. Within the state economic agencies there was a growing commitment to expanding state industry at all costs. The push for the expansion of state industry from among the leaders of the bureaucracy which supported by the Politburo. Thus, by 1927 the emergence of a bureaucratic class who supported the newly established socialist mode of production shifted the balance against market exchange with capitalist agriculture.

In addition, by 1927 the Bolshevik Party was led by Stalin, and political life inside the Party had become monolithic. This situation allowed Stalin to turn a specific crises with a particular section of the peasantry (that is, those 'well-to-do' peasants in grain surplus areas) into a confrontation with the peasantry as a whole. Skocpol's account of the move from NEP to collectivisation downplays the role of Stalin and of the divisions among the peasants, while stressing the structural incompatibility between the state's needs and those of an undifferentiated mass of small-peasants. But the decision to collectivise agriculture was made by Stalin with the general support of the bureaucratic class. It was a decision based on a false appraisal of the grain crisis. The crisis was, in the first instance, attributed to the 'kulaks' but later this became any peasant households with a surplus.³² In reality, however, the grain crisis was immediately traceable to the 'better-off' peasants in the grain-surplus areas.

The decision to collectivise agriculture derived from Stalin and the Politburo. In one sense Skocpol is correct in noting that it is

not possible to regard collectivisation as simply a political choice taken by Stalin. Stalin was able to move against the peasants because he had the support of the bureaucratic class, who could reproduce their class power on the basis of the relation of production in state industry. It was, therefore, not so much the state exerting its interests over the peasants, but the state acting in the general interest of the bureaucratic class. The collectivisation of agriculture was the final act in the negation of capitalist production and exchange in Russia. The collectivisation of peasant agriculture permitted the expansion of the socialist mode of production unimpeded by the need to maintain a market equilibrium between two competing modes of production, the socialist mode based in state industry and the capitalist mode located in peasant agriculture.

Industrialisation was not, as Skocpol argues, the product of the state exploiting peasant agriculture. Rather, the bulk of the surplus for the development of the state industry came from the extraction of the surplus product from the working class via an 'absolute' and a 'relative' surplus. However, Skocpol is unable to conceptualise the link between the growth of the state-industry and the industrial proletariat because she deliberately ignores the urban economy and the working class. For Skocpol the "urban industrial and class structures" are merely "contextual features - as backgrounds against which the (for me) more analytically important agrarian upheavals and political dynamics played themselves out".³³ However, by neglecting the working class and the industrial sphere Skocpol is unable to discover the basic source of the surplus for industrialization. That is, the surplus product extracted from the Russian working class provided the core element of state revenue for the industrialization drive. In addition, the

antagonistic extraction of the economic surplus from the working class was the basis for the new class struggle between the bureaucratic class and the proletariat.

An outward manifestation of the class struggle between the bureaucratic class and the working class was the use of state-based mass terror. For Skocpol, the Great Purges of the 1930s "represent perhaps the most sweeping historical instance of the application of terror in peacetime by part of a society's domestic elite against other parts".³⁴ The purges, according to Skocpol, were significant in that coercive organisations, once established by Stalin, were "turned against the Party and administrative elites most aware of (and responsible for) the cost exacted from the population in the initial stages of forced collectivization and industrialization."³⁵ What Skocpol fails to consider in her analysis of the Great Purges was that they were an important ingredient in disciplining the fledgling workers, who for the most part left their villages and moved to the cities when real wages were falling. The political trials combined with mass terror were important elements in controlling the working class and thereby ensuring the extraction of the surplus product. In addition, Stalin used the selective purges of Old Bolsheviks and members of the bureaucracy and intelligentsia to retain loyalty from the bureaucratic class for his rule.

For Skocpol the 'show trials' served the function of purging the consciousness of the Bolshevik Party of the errors of collectivisation,³⁶ adding that the purges were important in "Stalin's drive to establish and maintain his own personal dictatorship".³⁷ What Skocpol fails to consider is that the purges were political and ideological weapons used to enforce the new system of production and exploitation. The public trials went

beyond acts of revenge and were more than exercises in silencing criticisms of the new order. The trials made individuals confess to betraying Russian socialism, and were weapons for reinforcing the claim that what existed in Russia was socialism and that Russia was therefore in transition to communism. The trials, thereby, became a part of the apparatus for defining legitimate debate in Russia over the nature of socialism.

The trials became important in the ideological class struggle in that they closed off debate as to the mismatch between the conditions existing in Russia and those envisaged by Marx. As a result, the trials silenced criticism within Russia about inequalities of power and resources. Socialism became defined in terms of Russia, as there was no other model, and the inequities were defined in terms of the lower stage of communism.³⁸ It was argued that when the higher stage of communism was reached the inequalities along with the state would then disappear. But it was added that Russia needed a strong state to defend "socialism" against capitalism. The invasion of Russia by Fascist Germany reinforced this line of argument. Thus, the trials functioned as an ideological support for the socialist mode of production and the bureaucratic class. The legal system was used to reinforce the new class and to assist in the conversion of the Marxist theory of socialism into a prop for the new order.

The emergence of the Chinese model of socialism raised questions about the nature of Russian socialism. As noted before, Mao Zedong in particular was critical of the Soviet claims of creating socialism.³⁹ Moreover, Mao placed great stress upon the ideological class struggle as a means of advancing the socialist transition towards socialism. However, in her analysis of the Chinese Revolution, Skocpol relegates the ideological disputes in

China to disagreements over the course of modernization. As with her depiction of the Russian Revolution, Skocpol regards the Chinese Revolution as a case of the state 'acting for itself'.

Skocpol argues that the revolutionary process in China was the product of a synthesis of interest between the state and the peasantry.⁴⁰ According to Skocpol, the Chinese state could not follow the Soviet model of development because it lacked the material resources. That is, Skocpol notes, neither the Kuomintang Government nor the Chinese Communist Government could modernize China without mobilising the peasantry.⁴¹ The Kuomintang Government could not harness the peasantry to the cause of economic development because their support in the countryside was with the landlords.⁴² In contrast, the C.C.P. was able to enter the villages and organise the peasants, thereby providing itself with the impetus to win the military struggle against the Kuomintang Government.⁴³ In return, the peasants gained the confidence and support to enact their own revolution against the landlords.⁴⁴

Skocpol notes that unlike the Russian rural revolution, "the Chinese peasants rebelled against the landlords only with the aid and encouragement of local Communist cadres; and the Chinese land revolution as a whole took place under the military and administrative 'umbrella' provided by the Party's control of its base areas".⁴⁵ Moreover, Skocpol argues that the synthesis of interests between the Party-state and the peasantry was transferred to the task of modernizing China. That is, Skocpol notes, once in power the C.C.P. discovered that it was not possible to adopt the Stalinist strategy of industrialization. During the First Five Year Plan the Communists began to realize that they had inherited an economy "very different from the one with which the Russians had to deal during the 1920s".⁴⁶ There was only a limited heavy

industrial sector, primarily in Manchuria, the coastal cities being dominated by light industry and commercial enterprises. Additionally, the rural economy of China was quite different from that of Russia: "Chinese agriculture had become, between 1400 and 1900, maximally productive within the limits of the traditional technology; social structure, and available land area".⁴⁷ There had been a rapid growth in the Chinese population and this had "saturated the expansive capacity of the agrarian sector from roughly 1850 on.... Moreover, much of Chinese economic life remained, right through 1949, oriented to and dependent upon well-developed intraregional and intralocal marketing areas of trade and nonmechanized production".⁴⁸

As a result of structural and social impediments the C.C.P. was confronted by a situation that required a unique development strategy.⁴⁹ From 1957 onward, Skocpol argues, the Chinese Communists reoriented their policies towards a more appropriate economic strategy for modernizing China. The C.C.P. departed from the Stalinist model of the First Five Year Plan and established a "balanced" approach stressing the growth of agriculture and of "rural-and-consumer-oriented industries".⁵⁰ Given the situation facing the C.C.P. it was not possible to exploit peasant agriculture for the sake of rapid heavy-industrialization. Skocpol writes,

There was, in fact, little alternative except to invest in agricultural development and in industries oriented to agriculture at the same time as heavy industrialization was pursued.⁵¹

China shifted to a development programme that was characterised by the slogan of "walking on two legs". Investments in industry were matched by the fostering of agricultural development.⁵² Peasant agriculture was collectivized, according to Skocpol, not to exploit an agricultural surplus from the peasants but to break the

structural impediments to rural growth. Thus, within the context of a balanced development policy, "collectivized peasant agriculture has become a dynamic sector in China, productive in its own right and supportive of complementary advances in local industries and social services".⁵³

As in her analysis of Russia, Skocpol sees the state's acting within the Chinese Revolution in a manner that is not influenced by competing modes of production or class struggle. The Chinese Revolution was therefore another manifestation of the state's operating 'for itself' within the context of a peasant revolution. However, the three key constructs within Skocpol's argument (the state, the peasant revolution and the role of the Party) are conceptualized in such an artificial manner that classes, class struggle and the mode of production are excluded from the analysis from the very beginning. This point becomes apparent in Skocpol's depiction of the land revolution and the collectivization of rural China.

In her discussion of land reform, Skocpol describes the peasantry in a one-dimensional manner. She establishes a simple dichotomy between the peasantry and the landlords. The landlords in pre-revolutionary China, Skocpol notes, "possessed about 30 percent of the land overall and such lands brought them rents of up to 50 percent of the crop".⁵⁴ Noting that the percentage of land held by the landlords is relatively small, she adds that it "is important to remember that the Chinese landlords appropriated surpluses not only through land rents".⁵⁵ The Chinese gentry, she argues, "also realized earnings through usurious interest rates on loans to peasant producers, sharing in Imperial taxes and local surtaxes and claiming fees for organizing and directing local organizations and services".⁵⁶

But Skocpol does not address the question as to the ownership of the land not held by the landlords which amounted to 70 per cent of the rural land. The issue of land ownership among the peasantry is ignored, and as a consequence, the land revolution is seen by Skocpol as achieving a unified result. After the peasant revolution, according to Skocpol, the villages "were full of old and new 'middle peasants' families who had directly benefitted from the land redistribution orchestrated by the Communists".⁵⁷ Not having introduced the notion that there were class divisions among the peasantry before the revolution Skocpol can simply ignore the differentiation that existed after the land revolution. But this omission results in a total distortion of the role of the Party-state in the rural revolution.

As shown previously, the land reform had produced a relative "levelling" of peasant holdings but this did not eliminate class divisions. In particular, the rich peasants and upper-middle peasants had higher incomes and superior economic and political power within the village precisely because they had greater means of production than their poorer neighbours. The Party utilised a wide range of approaches (including 'progressive' taxation, state co-operative trading agencies, loan and credit facilities, mutual aid networks, and production co-operatives) to gain support from the poorer peasants. Once the Party had the confidence of the less well-off peasants it intensified the class struggle against the richer peasants. Eventually, when the majority of peasants entered the production co-operatives, the rich and upper-middle peasants found that they could not hire labour nor could they freely market their goods, and as a result, they were also obliged to enter the co-operatives.

The crucial aspect of the move from land reform to co-operativisation in China was that the Communist Party actively participated in and guided an acute class struggle. The basis of class antagonism was that capitalist production and exchange caused class differentiation and this had the potential to undermine economic development. However, Skocpol is unable to capture this dynamic movement in her analysis of collectivization because she assumes that the peasantry constitute a single ('middle-peasant') class. Similarly, Skocpol is unable to perceive that the class divisions among the peasants were linked to the conflict between the capitalist and socialist modes of production. The state, through a process of unceasing pressure, circumscribed capitalist production and exchange, leading to the eventual displacement of capitalism in China during co-operativisation. One reason why Skocpol is not able to see the influence of commodity production and exchange in China is that she (following G.W. Skinner) assumes that rural markets were highly regionalised and that intraregional linkages were underdeveloped.⁵⁸ Recent evidence refutes the view that rural markets were not influenced by commodity production and exchange; for example, both before and after the 1949 Revolution, the rural market was highly susceptible to international competition and international events.⁵⁹

Once the socialist mode of production had displaced the capitalist mode of production throughout China, the Party-state was confronted by the problem of discovering the most appropriate policy for expanding the socialist economy. Skocpol considers the problem of expanding the Chinese economy within her general scenario of modernization in China based on the synthesis of interest between the state and the peasantry. It is from this basis that Skocpol argues that economic development in China was achieved through a

'balanced' approach, in which the state invested in agriculture alongside of consumer goods industries and heavy industry.⁶⁰

Again Skocpol gives no empirical evidence to support her argument that state investment in agriculture led to balanced development. Notwithstanding the fact that evidence on agricultural development in China is difficult to obtain and susceptible to political manipulation, the current data tend to indicate that agricultural growth was patchy and trailed far behind industrial growth. As for state investment in agriculture, it is estimated that central investments averaged around 10 per cent per annum in the 1950s, approximately 18 per cent per annum in the 1960s and around 11 per cent per annum between 1966 and 1978.⁶¹ Given the size of the rural population this investment pattern does not support Skocpol's view that investment in China was balanced.

Similarly, Skocpol's claim that the Chinese model of modernization allowed collectivized agriculture to become "a dynamic sector", supportive of advances in local industry and services is open to dispute. For example, data suggest that in per capita terms food consumption failed to rise between 1957 and 1975.⁶² As noted, Rawski calculates that in the same period rural output, measured in value terms per man days worked, experienced a decline in productivity of around 15 to 36 per cent.⁶³ Greg O'Leary and Andrew Watson calculate that in the period between 1949 and 1979 over two-thirds of the grain produced was consumed by the direct producers.⁶⁴ As a result, only a minimum of grain was marketed by the peasants.

Skocpol's analysis of economic development in China is not supported by the available evidence of the growth and character of agriculture. In addition, because she disregards the urban economy and the Chinese working class Skocpol misconceives the pattern of

economic development in post-1949 China. By disregarding the urban-industrial sector Skocpol is oblivious to the contradictory character of economic expansion in China. In particular, by rejecting the theoretical concept of mode of production, Skocpol is unable to locate the inner dynamic of economic development in China. By 1956 the socialist mode of production was consolidated, firstly, in the state-industrial sector and then within agriculture. However, the socialist mode of production as adopted from the Soviet Union had to be fitted to the conditions within China. The most pressing problem was the high level of urban unemployment and underemployment. In Russia, the expansion of the socialist mode of production resulted in a labour shortage; in contrast in China, there remained mass unemployment. An important reason why the expansion of the socialist mode of production in China did not absorb the unemployed was that the extraction of the surplus product was structured around rises in labour productivity (a 'relative surplus'). In addition, the sheer size of the labour pool prevented the eradication of unemployment. The response of the state planners to the problem of unemployment was instructive. The planners protected the system of surplus extraction in the industrial economy by transferring the unemployment problem to the countryside. Moreover, by making agriculture the sphere where labour was absorbed the state reduced the drain on state revenues. That is, the cost of reproducing the labourer was far less in the agricultural sector than in the urban industrial sphere. However, the planners' decision to protect the surplus extraction system in the state-industrial economy had long-term consequences for agricultural production. While agriculture absorbed the overwhelming bulk of the rises in the labour force there was a steady decline in the productivity of labour in rural production.

Agriculture in effect absorbed nearly all the increases in the Chinese labour force between 1957 and 1975. In turn, state-industry became the sector which provided nearly all the revenue for the state. Thus, agriculture was 'dynamic' in the same that it absorbed 100 million new workers and was able to feed the enormous population. Moreover, it was 'dynamic' in that it achieved this result with minimal central investment into agriculture. However, the agricultural population, in terms of per capita consumption levels, experienced only minor improvements in the period between 1957 and 1975.

In other words, agricultural production was dynamic at the one level of complementing industrial production, but the mass absorption of labour adversely affected rural production and output and undermined the communal economy. The peasants by 1979 were reluctant to support the communal system and readily turned to the Production Responsibility System which offered them an opportunity to raise their levels of consumption. The state-planners were willing to accept the demise of the communes in return for an increase in agricultural production and output. The increase in rural output was achieved without reducing investment in state industry. As a consequence, state revenue was ensured, thereby protecting the interests of the bureaucratic class.

By disregarding the theoretical notions of mode of production and class struggle Skocpol is unable to conceptualise the essential character of the Chinese economic and political system. For example, she considers the divisions within the C.C.P. which surfaced in the 1960s and culminated in the Cultural Revolution as disputes over modernization. Skocpol depicts the Cultural Revolution as a dispute between "Maoists" and "Liuists".⁶⁵ The "Maoists", Skocpol writes, "wanted to push forward with

rural-oriented and mass-mobilizing development strategies, extending them to urban industries and higher educational institutions as well".⁶⁶ The "Liuists", in contrast, "wanted to retrench toward an urban-oriented, educationally elitist, and bureaucratically administered development strategy, with agricultural development to be promoted through added capital investments and privileges for more efficient peasant producers".⁶⁷ Skocpol argues that the Cultural Revolution resulted in a victory for the "Maoist" line, but that ten years later many of Mao's policies were being reversed.⁶⁸

Skocpol fails to comprehend that the dispute in the Cultural Revolution was over class power as exercised by the bureaucratic class. Mao and his associates mobilised their supporters, especially among youth cadres, around the struggle against bureaucratic power. A key initial target in the confrontation was education, the reason being that it played a crucial role in the reproduction of the bureaucratic class.⁶⁹ The attack on educational authority then spread to assaults on individual bureaucrats who held positions of power.⁷⁰ However, the Cultural Revolution lacked a precise theoretical focus and soon spread its attacks to individuals in positions of power or influence throughout society, resulting in many erroneous accusations and victimisations. The Cultural Revolution failed because in both theory and practice the movement against the system of power lacked a coherent focus. Mao and his followers attacked individuals, who were often in positions of authority, without locating these positions within a framework that tied class power to the relations of production.

Therefore, the Maoist victory in the Cultural Revolution could be readily reversed because the basis of bureaucratic power remained in place. For Skocpol the Cultural Revolution is reduced to a

dispute over state-led modernization. But the mass mobilisation in the Cultural Revolution was not located in the economic system and this was a major reason for its failure. Undoubtedly, the mobilisation against individual bureaucrats caused economic dislocation; this is however quite a different concept from a revolution from below mobilising the workers and peasants to take control of production.

In Skocpol's analysis the reversal of the Maoist policies is merely a shift in the emphasis of state-led modernization, the state's stress on mass mobilisation being replaced by an elitist and bureaucratic approach to economic development.⁷¹ What Skocpol fails to comprehend is that the elitist and highly bureaucratic method is symptomatic of a system of class power. Skocpol is unable to analyse the basis of this elitism, beyond that of an administrative logic, because she rejects the concepts of class struggle and mode of production. As the state, according to Skocpol, functions autonomously to extend its interest, divisions within the state's personnel, "the Maoists" and "Liuists" (like that of Stalin and Bukharin), are reduced to the state's programme of modernization. However, the conflict in the Cultural Revolution was not over economic development, but was over bureaucratic power. The conflict over the power of individual bureaucrats began to destabilise state power. It was at this point that Mao intervened and began the process of rehabilitating the Communist Party. Mao's actions provided a basis for the revival of the bureaucratic class. The intervention by Mao was not related to the progress of state-led modernization, but was specific to the survival of the C.C.P. as a force in China.⁷²

The revival of the C.C.P. as a vanguard party provided the institutional means through which the bureaucratic class could

re-establish its rule. Moreover, as the Party was integrated into the relations of production, the process of strengthening the C.C.P. permitted the expanded reproduction of the socialist mode of production. However, the 'Gang of Four' remained as strident critics of the bureaucratic class. The deaths of both Mao and Zhou Enlai left the 'Gang of Four' exposed to the re-emerging bureaucratic class. The political errors of the members of the 'Gang of Four' hastened their demise and the subsequent reconstitution of the bureaucratic class. Having regained full power the bureaucratic class systematically erected barriers to prevent a repetition of the Cultural Revolution.

For example, the notion of socialism in China was redefined in term of Stalinist ideology. Inequality and privilege were defended as positive forces in the first stage of the transition to communism, and the notion of "bourgeois right" was used as a vindication of inequality. Xu Muqiao in his influential text, China's Socialist Economy, claimed that inequalities arising from "bourgeois right" are a positive force in China in helping to develop the productive forces.⁷³ Similarly, following the lead of Deng Xiaoping, he argued that the true test of policy is whether or not it advances the productive forces.⁷⁴ It is on this criteria that Xu Muqiao and Deng Xiaoping condemned both the Great Leap Forward and the Cultural Revolution.⁷⁵ They argued that both these movements caused a retardation of economic development and were therefore counter-productive for the socialist transition. The theory of the advancement of the productive forces becomes an ideological mask hiding the class power of the bureaucracy.

According to Skocpol, the disputes within the C.C.P. were over the most appropriate means of achieving state-led economic modernization. Skocpol considers economic growth as the prerogative

of the state separate from class interests. However, in post-Mao China the notion of state-led modernization has become an ideological benchmark used by the dominant class to further their interests. The course of the revolution in China is now defined in terms of modernization, that is, the current Chinese leadership argues that the sole criteria for judging the socialist transition in China is whether or not a policy advances the productive forces. By adopting such an approach, the Deng leadership displaces debate over the relations of production and class power. Moreover, each change in the present policy is justified in terms of advancing the productive forces.⁷⁶

For example, Xue Muqiao argues that the communes were too far in advance of the productive forces and as a result they violated an "objective economic law".⁷⁷ In contrast, the Production Responsibility System, with its emphasis upon the household farmers, is seen as conforming to the low level of the forces of production in agriculture.⁷⁸ The Stalinist notion of economic laws is used as a means of criticising the Great Leap Forward and Cultural Revolution. Xue Muqiao argues that these two movements caused the relations of production to be too far in advance of the productive forces; as a result, the lack of correspondence between the relations and forces of production had disastrous effects on the economy.⁷⁹ That is, given that the Cultural Revolution and Great Leap Forward caused economic dislocation, Xue Muqiao concludes that they were regressive periods for socialism based upon faulty political practice.⁸⁰

However, as argued previously, the Great Leap Forward and the Cultural Revolution cannot be reduced simply to the issue of economic modernization. Xue Muqiao's analysis, which reflects the views of Deng Xiaoping, uses the notion of 'objective laws of

socialism' to displace criticism of the bureaucratic class and of the relations of production. The argument that the true test of practice is to be found in the advancement of the productive forces confines debate over the nature of production to output. As such, the argument functions as an ideological device diverting attention away from the manner in which this output is achieved. That is, it acts as a disguise for masking the exploitation of the proletariat. As such, the 'problematic of the productive forces'⁸¹ is not so much a distortion of Marxism as the use of Marxist categories to justify the appropriation of the surplus product by the bureaucratic class.

The restoration of the 'problematic of the productive forces' as an ideological tool has been accompanied by the use of state institutions to defend and reproduce the class power of the bureaucratic class. An example of the change in state policy can be seen in the field of education, where there is a return to a bifurcated educated system, elite schools being reserved for the children of the bureaucratic class.⁸² The elite education institutions act as a channel into the bureaucratic class, whereas the mass education system is geared to general education. It is therefore very difficult to change streams from the mass system to that of the elite institutions. The education sector, as a whole, acts to reproduce the divisions between the bureaucratic class and the proletariat and peasantry.

In addition, the Deng Xiaoping leadership has utilised the legal system to reinforce the power of the bureaucratic class.⁸³ For example, the 'show trial' of the 'Gang of Four' was used as a propaganda exercise to condemn the policies of the 'Gang of Four' (and surreptitiously the policies of Mao). The trappings of a legal trial were overlaid with wild accusations of political, social and

personal impropriety.⁸⁴ The trial, in short, became an exercise in the denigration of the 'Gang of Four' and the vindication of the policies of Deng and of Deng's historical struggle against the excesses of 'Maoism'. Moreover, the 'show trial' ushered in a new legal era in China, where revolutionary activity is now subject to the rule of law. The new constitution, while ostensibly protecting the individual, acts as a legal support for the status quo. For example, the 1982 constitution deliberately excluded the right to strike and the right to exhibit 'big character posters' in its statutes.⁸⁵

The Chinese state was able to reconstitute the class power of the bureaucratic class, after the Cultural Revolution, because it had a degree of autonomy from both the dominant class and the socialist mode of production. The state acted within a field of "relative autonomy" from both the bureaucratic class and socialist mode of production to re-establish the system of class power and state power. The state, through such institutions as the Party, the judiciary and the education system, provided the bureaucratic class with the essential unity to defend its interests, and at the same time the state acted to divide the working class and the peasantry. Once the bureaucratic class had stabilized its rule it was faced with the problem of marked inefficiencies in the socialist mode of production which retarded economic development. In particular, there was a steady decline in the productivity of labour in the agricultural sphere. However, before the bureaucratic class could radically change agricultural policy, so as to raise rural productivity, it had to reinforce its class rule, and be confident that the industrial proletariat would continue to provide the state with the overwhelming bulk of the state revenue. The industrial workers were given a wage rise, which was followed by a concerted

drive to raise the productivity of industrial labour via an enterprise-based incentive scheme. Having gained the support of the working class the Party launched the Production Responsibility System in agriculture, which had the effect of replacing the communes by the household forms.

Thus, to understand the current Party policies, it is essential to conceptualize the economic problems in terms of contradictions within the socialist mode of production, the class power of the bureaucratic class and the nature of state power. The state has attempted to overcome the contradictions in the mode of production while protecting the economic base of the bureaucratic class. It is only because the state has a degree of autonomy from the bureaucratic class and socialist mode of production that it can operate in the general interests of the bureaucratic class.

In contrast, when Skocpol analyses the Chinese and Russian revolutions the state acts 'for itself' autonomously from the dominant class and mode of production. However, in her account of the transformation of Russia and China the state is only able to act absolutely autonomously because the concepts of mode of production, class power and class struggle are presented without substance. According to Skocpol, the state's actions were shaped by its institutional imperatives and by geopolitical pressures. The only actor in Skocpol's picture with any power other than the state is the peasantry. A simple dichotomy between the state and the peasantry is presented, such that the shape of the revolutionary outcome is determined by their interaction. In Russia the state exerted its power over the peasantry, whereas in China the interests of the state and the peasantry were complementary. However, to construct her dichotomy Skocpol presents the peasantry as a unified class of small peasant producers. She disregards class divisions

among the peasantry. Rather, the relationship between the state and the peasantry is seen as a constituted by the market. As a consequence, Skocpol's model is unable to countenance the problem that the market relationship between the state and the peasantry, was based on the relation of production and was specific to certain peasant classes and not a general problem regarding all peasants. It was Stalin who turned the marketing crises in 1927 into a general confrontation between the state and the peasantry. In contrast, Mao and the C.C.P. were able to isolate the peasant classes that controlled market supplies, through a concerted campaign based upon class struggle to change the relations of production. It was only through a policy of incremental class struggle that the interests of the Party-state and the Chinese peasants could coincide.

Moreover, Skocpol's depiction of state-led modernization is divorced from the class structure of the new state and of the working class. The omission of the working class and the class character of the bureaucracy follows from Skocpol's disregard for the movement between modes of production. In Skocpol's theory the state in Russia and China facilitates the modernization of the economy under the geopolitical imperative of survival as a nation-state in a hostile world order. However, Skocpol's analysis gives no explanation as to the source of the surplus for economic development. Skocpol's perspective cannot uncover the source of the state's surplus because it deliberately ignores the working class. Having neglected the working class, Skocpol is unable to conceptualize the basis of the class power of the bureaucratic class. The bureaucratic class, however, can only reproduce their position of class-power because of the place it occupies in the relations of surplus production and appropriation.

Thus, Skocpol's notion of absolute autonomy of state actions is constructed without reference to the dominant class or to the mode of production from which this position of dominance emerges. As the dominant class was never allowed to enter into the theory it is not surprising that the state can act 'for itself' over other interests. In other words, Skocpol can reject the theory of the "relative autonomy" of the state because she has removed from the analysis the elements with which the state forms a 'relative' relationship. The end result is unsatisfactory because it is based upon this legerdemain.

The socialist transition in Russia and China as outlined in the chapter above involves the collapse of one system of "relative autonomy" and its replacement by a new form of "relative autonomy". The capitalist mode of production is displaced by the socialist mode of production. The capitalist class is, concomitantly, replaced by the bureaucratic class. The capitalist state is seized and transformed. The stabilisation of the form of "relative autonomy" signifies the conclusion of the socialist transition. The state while not an instrument of the bureaucratic class, operates to protect the general interests of the bureaucratic class by ensuring that the surplus is extracted from the direct producers (principally the industrial workers) and appropriated by the bureaucratic class.

As the Cultural Revolution revealed that the bureaucratic class, once threatened, relied on the state to defend the system of class power. In the post-Cultural Revolution era the state has reinforced the position of the bureaucratic class. The bureaucratic class has become more unified while the working class and poor peasant classes have become further divided. By fostering divisions among the workers, peasants and intelligentsia, the state has acted in a manner that preempts acute class struggle.

Thus, while there exists an antagonistic system of surplus extraction within Russia and China, class conflict is preempted by the continual fostering of divisions among the working class and peasantry (and the intelligentsia). The state can foster these divisions (e.g. over status, employment, income, influence, patronage, accommodation, shopping, welfare, etc.) because it has "relative autonomy" from the bureaucratic class and mode of production. The degree and nature of this "relative autonomy" in Russia and China is different from that of capitalism, but it is essential for the reproduction of the new order. The antagonisms over the extraction of the surplus product, however, have produced a highly inefficient economic system. For the mode of production to expand in a more dynamic manner would require the devolution of power to the working class. But this is clearly not a feasible solution for the bureaucratic class. The state, however, is struggling to find a means of improving economic production while protecting the interests of the bureaucratic class. Thus, while the state operates within a framework of "relative autonomy", its actions are circumscribed by the historical development of the socialist mode of production and by the need to reproduce the existing system of class power. As a result, unless the direct producers gain possession of the means of production, which would fundamentally undermine the power of the bureaucratic class, the state can only 'tinker' with the existing production system. However, a reformist approach will not destroy the barriers to economic efficiency in Russia or China.

The analysis of "relative autonomy" in Russia and China has shown that the socialist transition comes to an end when there emerges a new system of "relative autonomy" between the dominant class, the state and the mode of production. However, in the case

of Vietnam the socialist transition remains in progress because the capitalist mode of production has not been fully displaced and the socialist mode of production is not consolidated. As a result, the bureaucratic class has not been able to assert its class power. Moreover, the state has been constrained by the conflict between the capitalist and socialist modes of production. Consequently, in Vietnam, the new form of "relative autonomy" is not stabilized and remains susceptible to the antagonisms between the two competing systems of production.

As discussed previously, in Vietnam the socialist mode of production and the bureaucratic class are not consolidated because of the character of the Indochinese Wars and their aftermath. The history of the socialist transformation of Vietnam is unintelligible unless considered within the framework of the long wars for national independence. At each stage in the development of the socialist transition in Vietnam, the country was confronted by threats to its national sovereignty. The demands of the war for national liberation between 1945 and 1975 adversely affected the socialist transformation of North Vietnam. Concomitantly, the war placed constraints upon the development of both the socialist mode of production and the bureaucratic class. The low level of the surplus product affected the bureaucratic classes' ability to control and appropriate the surplus. Moreover, the reliance on foreign aid to fight the war had a tendency to reproduce inefficiencies in the relations of production. In general, the low level of capital accumulation prevented the full consolidation of the bureaucratic class in North Vietnam. In South Vietnam the country was dominated by the capitalist mode of production and by capitalist and petty-bourgeois classes, fostered by American involvement in the war.

When the V.C.P. achieved political power in April 1975, it faced a situation quite distinct from that of Russia and China. Twenty years had passed since the country was artificially divided at the 17th Parallel. In that time a marked divergence had developed between the economy and society of the North and of the South. The Northern economy was dominated by the socialist mode of production whereas in the South the capitalist mode of production predominated. Both North and South had become dependent on foreign aid so as to reproduce their respective economies. In the North commodity production and exchange were displaced but the socialist mode of production was not consolidated. In the South, there was a distinctive form of capitalist development in which the American military and civilian presence was central to capitalist production and exchange.

In its initial appraisal of the South, the V.C.P. considered that the economy was so dominated by American influence that it was "neo-colonial". The Party was therefore confident that through a policy of state-led transformation, "neo-colonialism" would be replaced by socialism. As a precursor to socialist transformation the country was politically reunified. Following national elections, a National Assembly met in June and July 1976 and political reunification was ratified. In December 1976 the Party held its Fourth Congress where it announced an intention to carry out simultaneously socialist transformation and socialist construction.

The V.C.P. promoted large-scale socialist production in the north, with the aim of creating a modern, socialist, industrial society. During 1978 the Party mounted a concerted effort to displace "neo-colonialism" in the south.⁸⁷ Following the example of the Bolsheviks in 1927-33 and the C.C.P. in 1949-56, the V.C.P.

sought to use the state to create a new socialist order. However, by August 1979 the Party was obliged to retreat and accept that competing 'socio-economic' systems would co-exist for some time. Rather than the state's acting as a lever in the revolutionary transformation of the southern society, the state became an instrument used to maintain a balance between the competing modes of production.

In the period since 1979 the state in Vietnam has had to respond to conflicting pressures. The state operates within a field circumscribed by the competition between the socialist and capitalist modes of production and by the conflict between the emerging bureaucratic class and the capitalist and petty-bourgeois classes. It has not been possible, therefore, to establish a coherent form of "relative autonomy". Rather, the state in its efforts to raise economic development by balancing the competing modes of production has begun to reflect contradictory interests. The state is not able to function in the general interests of the bureaucratic class as it has also to placate the capitalist and petty-bourgeois classes.

The state must maintain the balance between the competing modes of production and classes until the socialist mode of production and bureaucratic class gain in strength. The socialist mode of production suffers from weaknesses which developed during the Second Indochina War. The socialist mode of production was structurally dependent upon foreign aid and unable to produce a sufficient surplus for capital accumulations. As a consequence, the bureaucratic class lacks experience in extracting the surplus product. Rather, the bureaucratic class had concentrated its attention on conducting the war and had relied upon foreign assistance for the reproduction of the economy. The Communist state

during the war developed a dual character; at the top it was highly centralised and operated in a military fashion, at the base it was democratic and self-reliant. Since 1975 divisions have emerged in the bureaucratic class as to which of these characteristics should be promoted to advance the economy. On the one hand, there are Party-state personnel who regard centralisation as the most appropriate means of creating an efficient socialist economy. On the other, there are personnel who stress the benefits of semi-autonomous production in which enterprises and co-operatives are self-reliant and encouraged to make a profit.⁸⁸

Moreover, within the state the army plays a crucial role in providing stability and as an institution for developing socialist consciousness.⁸⁹ There is a tendency for the army to reinforce the centralist tendencies in the Party. Again, the reliance on foreign assistance from the Soviet Union and Eastern Europe tends to concentrate state efforts in centrally-controlled priority projects. However, offsetting the centralist influence in the V.C.P. is the growing success of semi-autonomous enterprises functioning at the local and district level. Moreover, the vibrant character of petty-commodity production in the south has obtained approval from some members of the Party-state.

The V.C.P. faces the problem of discovering radical policies which will advance the socialist mode of production at the expense of the capitalist mode of production without upsetting the delicate balance of class forces. The Party has at its disposal the state to use as a lever for displacing commodity production and exchange. However, there is genuine concern that should the state be used to accelerate the class struggle, the subsequent economic dislocation would be politically destabilizing. As a consequence, since 1979 the state has played a minor role in transforming the system of

production and exchange. For example, in 1983 taxation policy was used as an incentive for individuals to join the southern co-operatives, and as a means of penalizing those individuals and enterprises who wanted to operate totally outside the state or co-operative sector. Capitalists were therefore penalized for remaining apart from the state and collective economy but were still permitted to make a profit. Similarly, in late 1985, monetary policy in the form of a new currency was used in an effort to curb capitalists speculating on the money market.

Since 1979, the V.C.P. has used the Vietnamese state with caution in its efforts to transform the society. The Party has relied upon its fiscal and financial powers to curb the excesses of capitalist accumulation in the south. In the north, the state is directly involved in projects with the U.S.S.R. and Eastern European countries. In addition, the V.C.P. has promoted socialist consciousness through broad-based democratic organisations. The army also plays a key role in inculcating recruits with socialist awareness. However, taken as a whole, the Party's measures in advancing socialism are moderate, due to the acute nature of the contradictions within Vietnam. The antagonistic contradictions between the capitalist and socialist mode of production act as a restraint upon the state. The V.C.P. is fearful that should the class struggle be accelerated the economic and social dislocations would then so adversely affect the society that socialism would suffer at the expense of capitalism.

Thus, until the socialist mode of production can grow steadily in strength the state is obliged to act cautiously in its attempts to transform the society. Likewise, the weakness of the bureaucratic class is directly linked to the character of the socialist mode of production and its conflict with the capitalist

mode of production. The languid nature of the development of the socialist mode of production is related to its existence in an underdeveloped country 'devastated by long years of intense warfare. The socialist mode of production was never fully consolidated in the north and this had a debilitating affect on the bureaucratic class.

That is, the surplus product from the socialist mode of production, in both its 'relative' and 'absolute' forms, was insufficient for the reproduction of the socialist mode of production. There was little capital accumulation and the bureaucratic class concentrated its attention on fighting the war. However, when the Second Indochina War came to an abrupt end in April 1975, the bureaucratic class was not able to expand on its previous experience; instead it had to learn how to run the economy efficiently, in a rapidly changing international and internal climate. In a very short space of time, the bureaucratic class has become reliant on the U.S.S.R. for economic assistance and expertise.

The dilemmas facing the V.C.P. reveal the difficulty of consolidating the socialist mode of production and the class power associated with it. In this regard, there are some similarities between the situation in Vietnam in 1986 and that of Russia in the early years of NEP. However, in relative terms, the industrial base in Vietnam today is less substantial than was the case in Russia. Moreover, much of industry and the industrial infrastructure were damaged by the war, the long years of war severely setting back economic development in Vietnam. Further, the character of capitalism in the south is unique in that much of the capitalist sector was a product of the American military and civilian presence, which led to the expanded growth of a service sector and the accompanying growth of a petty-bourgeoisie tied to the logic of capitalism. In agriculture, American aid programmes provided the

capitalist farmers with mechanical inputs. These capital inputs would not have been possible, given the nature of the accumulation process, without foreign aid. These items of capital equipment reinforce the position of the capitalist farmers in the countryside, particularly as the new Communist state does not have the resources or expertise to replace the rural capitalists. Finally the Vietnamese revolution has occurred within a conjuncture where the Russians and Chinese models of socialism are criticised from inside and outside of the respective countries. China, in particular, is attempting to modernize the country by departing radically from the accepted parameters of socialism.

Like Russia in the early years of NEP, Vietnam is in a position of uncertainty. The V.C.P. is using the state for the dual (and at times incompatible) purposes of promoting socialist change while maintaining the uneasy balance between the socialist and capitalist modes of production. The socialist transition will continue in Vietnam until the socialist mode of production and the bureaucratic class associated with it have gained sufficient strength and confidence to challenge the forces of capitalism. However, the persistent reproduction of the capitalist mode of production and the capitalist and petty-bourgeoisie classes prevents the establishment of a new form of "relative autonomy" in Vietnam.

In Russia and China the existence of the new form of "relative autonomy" raises the question as to whether these societies are more or less able to respond to revolutionary challenges from either 'below' or 'above' than, say, a developed capitalist society. The examples of the Great Leap Forward and Cultural Revolution in China reveal the resilience of the system when revolution was mounted from 'above'. The two revolutionary movements in China failed because the working class and peasantry were disunited while the

state facilitated the unity of the bureaucratic class. Moreover, these movements failed because of a lack of radical theory which linked the nature of the exploitation of the proletariat and peasantry to the power of the bureaucratic class within the state.

The Great Leap Forward and Cultural Revolution illustrate that for a revolution to be successful in China there must be a high degree of unity among the working class and peasantry, so that they can take possession of the means of production while seizing state power. For such revolutionary action to be successful the bureaucratic class must be disunited. Moreover, the revolutionary movement needs to be guided by a new radical vision of socialism, which must stress the key role of the working class in taking direct possession of the means of production and of the direct producers in exercising control over the surplus product.⁹⁰ From this base the proletariat and its allies (e.g. the peasantry, members of the intelligentsia) can systematically undermine the power of the bureaucratic class and ensure that the state serves the interests of the working class.

The simultaneous seizure of state power and the socialist mode of production may lead directly toward the communist mode of production or it may lead to another mode of production. The course of the transition from the socialist mode of production cannot be predetermined. The essential point is that unlike the socialist transition which had the state as its centre, the transition from the socialist mode of production must have the working class at its centre. The working class needs to seize both the means of production and the state to break with the current social order. By doing so the working class can then democratise the state, making it the democratic organ of the working class. In the process a new

form of "relative autonomy" may emerge but it will be fundamentally different from that which currently exists in Russia and China which is based on class contradictions.

FOOTNOTES

1. H.H. Ticktin, 'Towards a Political Economy of the USSR', Critique, 1 (1973), pp. 20-42, M. Holubenku, 'The Soviet Working Class', Critique (Spring 1975), pp. 5-27, Ivan Szelényi, 'The Position of the Intelligentsia in the Class Structure of State Socialist Societies', Critique, 10-11 (Winter-Spring 1978-79), pp. 51-77.
2. Ralph Miliband, Marxism and Politics (1977), p. 74.
3. Ibid., pp. 72-73.
4. See Barbalet, op.cit. (1983), pp. 181-182.
5. For discussions on these criticisms see Bill Brugger (ed.), op.cit. (1980), and Bill Brugger (ed.), op.cit. (1985).
6. See Bill Brugger, 'Rural Policy' in op.cit. (1980), pp. 135-167, and Greg O'Leary, 'New Directions in Chinese Agriculture', op.cit. (1983).
7. G. O'Leary and A. Watson, op.cit. (1982), pp. 1-34.
8. Theda Skocpol, op.cit. (1979), p. 14.
9. Ibid., pp. 12-18.
10. Ibid., p. 19.
11. Skocpol, ibid., p. 301, FN 77, writes that, "My views on the state have been most directly influenced by such classical and contemporary writings as: Max Weber, Economy and Society,... Otto Hintze essays in Historical Essays... Tilly ed. Formation of Nation States; Randall Collins, Conflict Sociology, chap. 7; and Collins, 'A Comparative Approach to Political Sociology' in Bendix et. al., eds., State and Society; and Franz Schurmann, The Logic of World Power...".
12. Ibid., pp. 19-24.
13. Skocpol ibid., p. 27, writes that, "neither in classical Marxism nor in Tilly's collective-action theory is the state treated as an autonomous structure - a structure with a logic and interests of its own not necessary equivalent to, or fused with, the interests of the dominant class in society or the full set of member groups in the polity".
14. Ibid., pp. 206-235.
15. Ibid., pp. 210-213.
16. Ibid., pp. 213-218.
17. Ibid., p. 218.
18. Ibid., p. 233.
19. Ibid., p. 211.

20. Ibid., p. 223.
21. Ibid., p. 232.
22. Ibid., p. 225.
23. Ibid.
24. E.H. Carr, Socialism in One Country 1924-1926, volume 1 (1958), p. 332.
25. O. Crisp, 'The Pattern of Industrialization in Russia 1700-1914', in O. Crisp (ed.), Studies in Russian Economy Before 1914 (1976), p. 35.
26. Ibid., pp. 34-35.
27. Skocpol, op.cit. (1979), p. 225.
28. Ibid.
29. Ibid., p. 222.
30. Ibid.
31. Ibid., pp. 222-223.
32. M. Lewin, 'Who was the Soviet Kulak?', op.cit. (1985), p. 137.
33. Skocpol, op.cit. (1979), p. 235.
34. Ibid., p. 231.
35. Ibid.
36. Ibid.
37. Ibid.
38. Stalin, Economic Problems of Socialism in U.S.S.R. (1972), p. 29.
39. Mao Zedong, 'Critique of Stalin's "Economic Problems of Socialism in the Soviet Union (1959?)"' in Mao on Stalin (1977), pp. 27-39.
40. Skocpol, op.cit. (1979), pp. 236-251.
41. Ibid., p. 275.
42. Ibid., pp. 236-251.
43. Ibid., p. 261.
44. Ibid., p. 262.
45. Ibid.
46. Ibid., p. 275.

47. Ibid.
48. Ibid.
49. Ibid, p. 276.
50. Ibid., p. 268.
51. Ibid., p. 276.
52. Ibid., p. 269.
53. Ibid., p. 270.
54. Ibid., p. 148.
55. Ibid.
56. Ibid.
57. Ibid., p. 278.
58. G.W. Skinner, 'Marketing and Social Structures in Rural China', Journal of Asian Studies, 24, 1 (November 1964) pp. 3-43; 24, 2 (February 1965), pp. 195-228; 24, 3 (May 1965), pp. 363-99.
59. Myers op.cit. (1970).
60. Skocpol, op.cit. (1979), p. 268.
61. Greg O'Leary, 'Economic Co-operation Revisited: New Directions in Chinese Agriculture', in Graham Young (ed.), op. cit. (1985), p. 16.
62. O'Leary, 'New Issues in Chinese Agriculture', Conference of the Asian Studies Association of Australia, Adelaide University, 13-18 May (1984), p. 7.
63. T.C. Rawski, 'Agricultural Employment and Technology' in R. Barker, R. Sinha, and B. Rose, op. cit. (1982), p. 131.
64. G. O'Leary and A. Watson, 'Current Trends in China's Agricultural Strategy: A Survey of Communes in Hebei and Shandon', Australian Journal of Chinese Affairs Issue 4 (1980), p. 124.
65. Skocpol, op.cit. (1979), p. 268.
66. Ibid.
67. Ibid.
68. Ibid., p. 269.
69. Neal Hunter, Shanghai Journal (1969), and Deirdre and Neal Hunter, We the Chinese (1971), pp. 224-253.
70. Bill Brugger, China: Radicalism to Revisionism 1962-1979 (1981), pp. 94-120.

71. Skocpol, op.cit. (1979), p. 268.
72. Graham Young, 'Party Building and the Search for Unity' in Bill Brugger (ed.), China: The Impact of the Cultural Revolution (1978), pp. 35-71.
73. Xue Muqiao, op. cit. (1981), p. 77.
74. Ibid., p. 37; see also Michael Sullivan, 'The Ideology of The Chinese Communist Party Since the Third Plenum', in Brugger (ed.) op. cit. (1985), pp. 67-98.
75. Xue Muqiao, op.cit. p. 10, and pp. 36-38.
76. Ibid., pp. vi-vii.
77. Ibid., p. 37.
78. Ibid., p. 38.
79. Ibid., pp. 37-38.
80. Ibid., p. 38.
81. See Charles Bettelheim, Class Struggles in the USSR: First Period 1917-1923 (1977), p. 25.
82. Rosen, op.cit. (1985), p. 342. C. Montgomery Broaded, 'Higher Education Policy Changes and Stratification in China', China Quarterly, Number 93 (March 1983), pp. 125-138; Peter Mauger 'Changing Policy and Practices in Chinese Rural Education', China Quarterly, Number 93 (March 1983), pp. 138-144; Marianne Bastid, 'Chinese Educational Policies in the 1980s and Economic Development', China Quarterly, Number 98 (June 1984), pp. 189-220.
83. Brugger, op.cit. (1981), pp. 238-241.
84. James P. Brady, Justice and Politics in People's China (1982), pp. 24-25, and pp. 223-224.
85. Bruce McFarlane book review in Journal of Contemporary Asia, 13, 3 (1983), p. 399. See also Byron Weng, 'Some Key Aspects of the 1982 Draft Constitution of the People's Republic of China' China Quarterly, Number 91 (September 1982), pp. 492-509. Weng argues, p. 506, that the right to strike "has probably been omitted because of the lessons of Poland's Solidarity Movement. Stability will have the priority".
86. On the notion of pre-emptive class actions see Elaine McCoy, 'The State and Political Interest', Mimeo Australian Political Studies Association, University of Melbourne, August 1984.
87. Note: As indicated in chapter eight, after the political reunification in July 1976, it is common to cite north and south Vietnam in the lower case.

88. K.W. Taylor, op.cit. (1985), p. 353, writes that "One can read very little that is positive about the central bureaucracy in available Vietnamese materials. It is invariably described as 'restrictive', 'conservative', 'sluggish', and the terms 'bureaucratic' and 'bureaucratism' are always used to convey a negative impression. The district level is a bureaucratic frontier that inspires hope among state planners".
89. Thayer, 'Vietnam's Two Strategic Tasks', Southeast Asian Affairs (1983), p. 317.
90. In recent years the most promising development of revolutionary theory with regard to post-capitalist societies has come from theorists analysing East European countries. For example, G. Konrad and I. Szelényi, The Intellectuals on the Road to Class Power (1979), and Ferenc Fehér, Agnes Heller, and Gyorgy Markus, Dictatorship over Needs (1984).

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The bibliography lists the works cited in the text and is organized under four major headings:

1. Theoretical and Historical Interpretations
2. Russia
3. China
4. Vietnam

For Chinese names of persons and places, the bibliography, following the dissertation, uses the 1958 pin yin or romanized system. The pin yin system was adopted at the State Council of the People's Republic of China and became official practice as of 1 January 1979. Examples of changes under the phonetic alphabet, are: Peking becomes Beijing, Mao Tse Tung becomes Mao Zedong and Chou Enlai becomes Zhou Enlai. The citation of Chinese place and personal names by the pre-1979 version is at times unavoidable. For example, Peking Review remains the official name of the Beijing Review until 1 January 1979. Similarly Mao Zedong's Selected Works are usually listed as Selected Works of Mao Tse Tung. The bibliography will, therefore, follow the pin yin system but where necessary the pre-1979 citation will be noted.

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