ECONOMIC NOTES

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skilled worker, for example, receives a higher income than a production worker or a common laborer, but it is still a wage and not a profit. I must confess I used the term "higher incomes" in a purely satirical vein, but you show a good knowledge of Marxian economics in this respect in noticing it promptly. The point is that defenders of Soviet state capitalism often refer to the surplus value which goes into the hands of the ruling class of Russia as merely "higher income", and I was taking a backhand flip at them for using this term.

What you state in paragraph 2 is exactly the situation, and I would find nothing to comment on. However, in the third paragraph you sail into muddy waters. It is true that a capitalist (and feudal) class was expropriated in Russia, but was capitalism abolished? Certainly socialists do not identify the old capitalist class with the party hierarchy which governs Russia, but precisely do we say that the present capitalist class in Russia has replaced the old capitalism. That is, when the state takes over and runs the economy, and exploitation continues, surplus value is still produced. However, a new capitalist class is created, the bondholders, factory managers, the Soviet bureaucracy, and so forth.

For example, suppose the United States government were to take over industry today, and issue bonds for outstanding stocks and bonds on private industry, and pay interest on these. The workers would be producing surplus value, the government would be managing industry, and the capitalists would receive their profit in the form of interest on bonds.

Marx dealt with capitalism in its "classic" or "abstract" form, if you please, in **Capital**, which is the true scientific approach to a general historical problem. Had he attempted to analyze every form of capitalism which existed during his time, and also to make predictions about the future development of capitalism, he could not have written a work such as **Capital**. It is up to the scientific socialists to apply the basic general economics of Marx to the times as they develop. Engels, writing in **Utopian and Scientific Socialism** did point out that the trend towards state capitalism did not eliminate capitalism (only substituted capitalist bondholders for the so-called "free capitalist"), but pointed the need for socialism, the capitalists no longer being necessary for production, but "superfluous" to producton.

No, the identification of the three terms mentioned in the first part of the letter was not to apologize for explaining Russia as not being socialist. It was an honest mistake, as indicated. Our analysis of Russia stands on its own two firm legs and needs no trickery of words to justify it. I refer you to longer works on the subject of state capitalism in Russia: **Russia since 1917** (SPGB) and **The Russian Revolution** (Socialist Party of Canada), both of which are available at our National Office. In your next to the last paragraph you err greatly on economic terms. Exploitation is the surplus value produced by the workers. Any increase in exploitation flows from an increase in the surplus value produced by the workers, such as intensifying production, lengthening the working day absolutely, or in decreasing the share of production going to the workers in the form of wages. However, this latter has its limitations, so that intensification of production or improvement of technology remains the best way to increase exploitation.

Thus, it is not the concentration of power into the hands of a few which increases exploitation, as you state. As a matter of fact, it could work just the opposite. Inefficiencies resulting from "concentration of power" (what you mean is that the state takes over the economy and runs it for the capitalist) might result in a lowering of the rate of exploitation. Similarly, spreading of ownership over more people (stock ownership) might provide the capital necessary to introduce new technology and intensify exploitation. I believe you identify political domination with economic exploitation, resulting in your error.

Your final paragraph has me puzzled greatly. Perhaps you will have to expand a bit. It sounds logical to state that if each worked his own land — I assume you mean an agricultural economy because industrial economy could not be carried out at all under modern conditions if each man produced his own goods to exchange — then exchange the products with others, there would be no exploitation. How would this be possible, unless we returned to a very primitive existence where man used the most primitive tools — he could not use steel because this requires many workers to produce — and this would not be progressive, but reactionary.

Do you propose that men should cooperate on the land as well as in the factories to produce, and then receive according to their needs? If so, good, because this is socialism. If you propose a primitive agriculture —barter society, this would be retrogressive. I would appreciate knowing what you do mean when you speak of enjoying "equal right to the use of the earth" and "the right freely to exchange their wealth with one another."

One final word. You state that "all wealth is drawn from the earth." Can you mention anything drawn from the earth which isn't done so through the use of human labor? Both nature and human labor are the source of all wealth, as Marx carefully pointed out, altho he was constantly being accused of omitting nature as a source, and emphasizing only human labor.

This may sound like a small point, but it isn't. There are many who think that the earth produces all the wealth and that industrial workers are parasites who live off the labor of those who work the earth. Of course, both "earth workers" and "machine workers" — if I can be permitted this popularization without running into terminological storms — are essential to each other. There is no independence one of the other, but only interdependence and cooperation. The social recognition of this, and other things of course, will assist the introduction of socialism, and the elimination of parasitic capitalism, whether of the "free" capitalist type, or the state capitalist type of Russia, Britain, etc.

Hoping for further clarification of your last paragraph, as well as welcoming any further discussion on economic matters, I am

Yours for socialism,
KARL FREDERICK

ECONOMICS OF THE TRUCE

WASHINGTON, Aug. 7 — One reason for the deadlock over the cease-fire line in Korea is that precious tungsten deposits are at stake in the juggling for position. For, without Korean tungsten, this country won't have enough tungsten to build jet engines, armor-piercing shells and, even more important, to supply atomic energy needs.

The pie-shaped slice of land, held by Gen. Ridgway's forces above the 38th Parallel, contains rich, untapped tungsten deposits. This is one reason Ridgway has been ordered to hold firm. Furthermore, the largest tungsten mine in the free world is located at Sangdon, less than 60 miles below the 38th Parallel . This is another reason Ridgway wants to hang on to his stronger defense line above the 38th Parallel, and keep the Communists as far from Sangdon as possible.

The shortage of tungsten is so desperate that we have rushed mining equipment to Korea, in order to step up production at the Sangdon mine and to reopen small mines above the 38th Parallel.

(Boston Traveler, Aug. 7, 1951)