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## The victory of capitalism in Russia: history and myths

*Interpretation of development of Soviet society in the context of the capitalization with appropriate social and class changes (the emergence of new classes) is suggested in the article. Postsovetsky period, according to the authors, is associated with the loss of the accumulated capital of our country or decapitalization.*

*Capitalism, Soviet Union, Russia, capitalization, classes, decapitalization.*



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The question of Russia's development strategy is one of the most discussed in modern society. In the article by M. Selin, which was published in 2011 in this journal [1], correct ideas of modernizing the public consciousness associated with the change in world-outlook in point of economic dominants in Russia has been expressed. In this connection we would like to offer readers to reflect on a new conception of historical development of Russia in the twentieth century – the beginning of the XXI century.

The introduction of mythological representations of the past in social awareness (oftener – consciously) is one of the fundamental features of political activity. One of such modern myths is the notion of stages in the evolution of capitalism in Russia XX – early XXI century. There is shared opinion in education and mass media propaganda that until 1917 Russia was capitalist (albeit with vestiges of feudalism), from 1917 to 1991 capitalism was destroyed and socialism was build, and since 1991 capitalistic trend has been revived.

Politicians and then propaganda arrange pros and cons of this historical period depending on the degree of “membership of right wing or left wing”. A part of them “likes” the first and the third “capitalist” segments; another part “likes” the second “socialist” period.

#### **Was capitalism in Russia before 1917?**

It was. But the conclusion on its predominance is uncertain. Most of the population (over 80%) lived in countryside, led mostly subsistence farming, worked by the family (so-called family-labor cooperation), almost all means of production were own manufacturing. Ate mainly own manufacture products, relations with the market were weak. In general, traditional peasant life went on with all its routine in the village.

Of course, industry and banking capital were developing, but they were not the economic dominant. In the national income of the Russian Empire the industrial part of the economy in 1913, occupied 29% (data of A. Weinstein) [2]. General, in Russia agrarian society and economy with low capital dominated. The social structure was quite corresponded to this type of pre-capitalist economy.

#### **In what way the Soviet government built the state capitalism**

If the capital is understood as man made inputs (buildings, machinery, financial assets, production infrastructure, etc.), its increase has been a major public concern for the Soviet time. Our country had to make sacrifices of massive primary accumulation of capital to create an industrial society after indecision of NEP of the 1920s. This hard and tragic period in Russian history is known as the “collectivization.” Mainly a type of individual peasant farming was curtailed in the 1930’s in the village. Material and labor resources of agriculture were directed at creating commodity enterprises (collective and state farms), through which means were pumped for the industry.

Amazing and unique experience in building the Soviet state capitalism is that the government had mobilized resources for the modernization of the agrarian (feudal) society, and then it deterred a Russian village economy with low capital within 30 years (!). In 1930 – 1950-s in Russia the mechanism of peasants’ duties has been restored these were familiar to peasants over several centuries (developmental, food, money), the farmers’ passports were confiscated, but “their own” land was remained in the form of small household parcels [3].

Once in town, in the industry, the creation of an industrial society has been completed - the country was “set free.” In 1958, peasants’ duties were abolished, in 1960. Village has been transferred to wages; in the 1970s the passports were introduced. Then, from 1960s capital (previous work) became a major force in the production of agricultural products. Collective and state farms worked with large-scale machine technology, received government pouring of money, participated in government programs of land reclamation, chemicalization etc. In the 1980’s even in the production of agricultural products capital worked by 80% and a living work accounted only 20% [4]. And this is the main indicator of capitalization which took place.

#### **Was there socialism?**

Was there socialism under state capitalism? In part, there was. In the hands of ideologues and pragmatists of state capitalist development in the USSR it was a method of control. In the minds of those who believed the Communism it was their ideology. The Soviet people believed that socialism is equality and fraternity, a national tolerance, free education and medicine, and other social benefits. Socialist nature of Soviet politics, of course, was and meant the redistribution of national income through the funds of public consumption. Socialism was a bright, beautiful theory and propaganda cover for the solution of such very pragmatic problem as State capitalistic transformation of our country.

### **New classes of the Soviet bourgeois society**

In the time of the Russian state capitalism in the social structure there was formed not “trehchlenka” (ternary structure: the working class, collective farmers, and intelligentsia is a stratum between them). Blows to these ideas had been stricken in the Soviet period already. In the second half of the twentieth century, Soviet sociologists have become to fix in managing stratum the signs of increasing functions of owners (in particular, disposal and use).

Socio-economic system, state capitalism, which had been created in terms of the sacrifices and hardships, demanded a complete restructuring of society, the appearance of other new classes. In Soviet society capitalized by State there were five these classes formed at least.

First, it is protobourgeoisie – the predecessor of the bourgeoisie class, which has taken a major role in the implementation of property rights, but functioned in terms of divided ownership. The backbone of this class has consisted of the list of high-ranking party and state functionaries, the directors of factories, state farms, and chairmen of collective farms.

The second class of state capitalism in Soviet society consisted of managers, executives and managers of resources (middle managers, department heads, supervisors, managers of offices, farms, chief accountants). Intellectuals became the third class (there were the owners of the knowledge and qualifications – engineers, livestock specialists, and agronomists), the fourth class was the class of labor aristocracy (skilled workers in industry and agriculture, which worked on machinery and transferred the previous work to value of the product). The fifth class under the Soviet state capitalism was the proletariat (its main characteristic was distance from the property and power, unskilled manual labor) [5].

This class division was typical for all spheres of society – urban and rural. New classes in the Soviet times not only appeared, they had been differentiated by law and in legal terms, and they even started the class struggle. Each of the social classes of the Soviet state capitalism had a special place in the relations of ownership, self-awareness, social and psychological characteristics.

### **What have we been building since 1991?**

Contrary to the prevailing notion about transition to the capitalism in post-Soviet period statistics records the process of reducing capital and decapitalization during the last two decades. Only for the 1990s Russian engineering products decreased by 6 times, investment in agriculture decreased by 35 times, etc. [6]. And now the capital goes away from the real economy, particularly abroad, in 2011 its outflows has been 80 billion dollars [7]. The industries, the symbols of capitalized economy (machinery, machine tools, etc.) have been destroyed; there are degradation of intellectual capital and its escape from the country.

Judging by the scale of change, the pace of development and capital accumulation, the structure of production, the level of human potential development the Soviet period was the period of construction of state capitalism, and the subsequent “capitalist reforms” has become the time of decapitalization of Russia.

### **P.S.**

Soviet history shows that in Russia the most successful forward movement develops in the state-capitalist form (and in the world history it is associated with the accumulation of capital and its work in production). Thought about the state’s role in Russian progress is not opening. Historians wrote about these features of civilization related to climate, vast territory, land borders and often hostile environment in our country as early as the XIX century. The known features of communal mentality of the Russians, historical destinies of folding of our state in fights with foreigners should be also mentioned.

Grate specific of Russia makes it impossible to accept here Western model of capitalism without substantial corrections. It is not accidental that free-market economy was limited of the planned variant of economic development in Soviet times. This stemmed not only because of ideological negation of the market (by the way, the market was in the USSR, although many don't want to admit it now), but there were serious economic reasons in a large heterogeneous country and it allowed to soften the inevitable crises for a capitalist economy.

Of course, it is wrong to call for the total nationalization of the Russian economy, especially sectors that make it possible to meet consumer demand. But with all the significance of withdrawal of government from the economy at the last two decades, Russia has an urgent need to restore the state-capitalist model of development in the priority sectors of the economy.

This is prompted by both the features of our country and the contemporary processes of globalization, which have almost replaced the so-called "free competition" on rigid dictates of the interests of the receipt of the highest capitalist profit.

The main capital generating and science-intensive sectors should be concentrated in the hands of our state, that make it possible to direct concentrated resources to reindustrialization (restoration) in fact and the creation of the post-industrial model. Only the state's will, not private or oligarchic, can change the galloping evolution of the country towards the raw and virtual (speculative) economy. The interests of individual Russian capitalists and their alliances and especially foreign investors can not create a healthy economic space, and, therefore, can not carry out tasks of social progress, as the current and past Russian experience has shown.

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