

enterprises.⁷⁸ Feudal and socialist states do not usually derive their material resources in this way, and thus face specific energy problems and crises.

In all socialist countries, taxes on individuals are low and of minor significance to the state. Revenue is drawn principally from public enterprise and is directly bound up with the global planning process and the pricing of goods.

The two main items of budget income are: deductions from enterprise surpluses – a factor of growing importance; and something usually, but misleadingly, called ‘turnover tax’, which is equivalent to the difference between the wholesale and retail prices of consumer goods, minus a trade margin. The chief problem is not that of balancing budget revenue and individual incentive, but organization of the prices system in such a way that it reflects real costs and corresponds to plan priorities. Also involved is the opposition between central planning and enterprise autonomy.

Special problems arose in the existing socialist countries, since a large industrial sector first had to be created. In the USSR socialist industrialization was initially financed to a large extent out of excise duties, above all those levied on vodka.⁷⁹ After collectivization, vodka was replaced by a prices system geared to the extraction of agricultural surpluses, whereby, to take one example, the kolkhoz sold grain to the state at 14% of the wholesale price charged to milling enterprises by the state.⁸⁰

Under feudalism, the state budget depended above all on the size of the royal domain and on the degree of exploitation to which its attached peasants were subjected. A further source of revenue was the fees exacted within contractual relationships such as the dispensation of royal justice or the minting of money. The solvency of the feudal polity was not corporately guaranteed, but was the problem of the king alone. Confronted by the fiscal crisis of the state, he could only appeal to his subjects for aid and engage in protracted struggle and bargaining with other magnates over his more or less permanent demand for extraordinary levies.⁸¹

⁷⁸ R. Braun, ‘Taxation, Socio-political Structure and State-Building: Great Britain and Brandenburg Prussia’, in C. Tilly, *op. cit.*, p. 244.

⁷⁹ E. H. Carr–R. K. Davies, *Foundations of a Planned Economy*, vol. 1, Harmondsworth 1974, pp. 818, 1031, 1032.

⁸⁰ A. Nove, *The Soviet Economy*, New York 1961, p. 99.

⁸¹ On early feudal fiscality, see *inter alia* O. Brunner, *Land und Herrschaft*, Brunn/Munich/Vienna 1943, pp. 312 ff.; for its later development see Braun, *op. cit.*

Classical writers on political economy like Smith and Ricardo, as well as later theorists and politicians of the capitalist state, have all been concerned with the *effects* of taxation upon exploitation and capital accumulation. The feudal fiscal system, on the other hand, was directly part of a mode of exploitation based on the extraction of rent from the peasantry and on the exercise of seigneurial authority over cities and commerce. In feudal Sweden, for instance, the peasantry was divided into three groups: the first paid rent to the royal landlord, the second to the nobility, whilst the third section of ‘tax peasants’, who owned their own land, had to pay taxes to the monarchy.

Processes of transformation

The Handling of Tasks

The way in which incoming tasks are handled within the state is in general shaped by the dynamics of the given mode of production, and more specifically, by the character of the organizational technology.

Under feudalism, it was above all *interpretation* of existing laws and customs that determined the tasks of the state. The estates were not legislative bodies, nor did they seriously attempt to assert themselves as such; only the English Parliament began to develop in that direction from quite an early date. Their principal functions were to make grants of money and to provide a channel through which specific grievances could be raised. The French *parlements* had the authority to keep a public register of royal edicts, and to ensure that they were compatible with traditional law.⁸² Since it was accompanied by the strengthening of the aristocracy vis-à-vis the rest of the population, the development of royal absolutism in Europe did not significantly alter the way in which state tasks were handled; they continued to be bound by the customs of the feudal mode of production, whose slow movement only occasionally made new rules necessary.

However, royal and seigneurial ‘interpretation’ obviously gave considerable leeway for discretionary judgements, which might gradually evolve and crystallize into new ‘customs’.

⁸² R. Holzmann, *Französische Verfassungsgeschichte von der Mitte der 9. Jahrhundert bis zur Revolution*, Munich and Berlin, pp. 218 ff.; Carsten, *op. cit.*; Elton, *op. cit.*

A further characteristic norm of the feudal polity was the *differential handling* of tasks according to the *social position* of the person or persons involved. Nobles could only be judged by nobles, for instance, and the settlement of juridical and fiscal matters typically depended on the class that was affected by them. State procedures were pervaded by the logic of war, rule-adjudication, and royal and seigneurial consumption.

The handling of tasks within the capitalist state has been described with deep insight by Max Weber. Apart from the peculiar case of Britain, the basic operational criterion is a formal constitution, according to which new rules are laid down in prescribed form by *legislation*. Subsequent interpretation of these laws plays a role that is quite subordinate to their *impersonal* and calculable *application*. The material substance of this formal legal and administrative rationality is provided by the economic requirements of the market and of capital accumulation.

In dictatorial bourgeois regimes, the forms of rule-making are usually much more variegated and improvised, although as the example of the Salazar dictatorship shows, this is not necessarily the case. On the other hand, the bureaucratic form of rule-application is normally retained in all its essentials.

Strictly fascist regimes, like Mussolini's Italy and Hitler's Germany, present a rather more complex picture. Since one of their distinctive features was the existence of a mass movement consciously modelled on the labour movement, there always existed tensions between the fascist apparatus and the civilian and military state bureaucracy. The bourgeois state machine and monopoly capital were able to frustrate the petty-bourgeois hopes of a sweeping reorganization of society and of a 'revolution from the right'. Although fascism retained its own dynamic and was never simply reducible to the violent dictatorship of monopoly capital, nevertheless it was allowed to develop its destructive tendencies only in the bureaucratic organization of war and mass murder. The orderly annihilation of the Jews by specialized apparatuses of the state represented the ultimate union of the fascist movement and the bourgeois state machine.⁸³

However, many tasks of the modern interventionist bourgeois

⁸³ See the remarkable study by M. Broszat, *Der Staat Hitlers*, Munich 1969, pp. 433 ff. and *passim*.

state, whether democratic or dictatorial, cannot be handled by means of general regulative legislation and prompt, mechanical application. Intervention in business cycles, promotion of growth, and other such policies require the use of managerial-technocratic, rather than legal-bureaucratic, methods. Formal legislation has lost ground to wide discretionary powers, whereby the government and top administration dispose of public funds in accordance with their economic strategies and statistical information. The administrators of the state's economic policies are not restricted to application of legal rules. Above all, they direct state money to favoured recipients on the basis of bargains with private corporations and other powerful groups, and technically organize state units for the efficient execution of policy objectives. In the state of monopoly capitalism, general regulative legislation and impersonal rule-application are increasingly supplemented by *selective budgeting*, *administrative decree*, *top-level bargaining*, and *the furthering of productive and destructive technology*. The abstract generality which characterized the state of the competitive market has been supplemented and surpassed by discriminatory management of monopolistic competition.

Socialist states also exhibit formal law-making and law-applying practices. Indeed, the terrible experience of Stalinist arbitrary rule has reinforced their contemporary importance in the Soviet Union and Eastern Europe. On the other hand, it is impossible to reduce a process of global social transformation to purely formal terms. The inherent tension between collective proletarian dominance and individual subordination will not be abolished by legislation; it can be overcome only by a constant struggle that is always changing in form. A socialist state must above all be permeated by the logic of the defence and development of working class power.

In order to deal with this fundamental problem, the socialist states have elaborated new methods of handling tasks. These are concentrated in the *party principle* (*partinost'*) or in the formula *politics in command*. In practice, these involve essentially the implementation of laws and rules according to *campaign directives* that provide the criteria for interpretation, emphasis and priority. Thus, non-state decisions taken by party bodies become criteria of decision-making within the state, and tasks are handled through mass involvement under the direction of cadres.

The point here is not that the cadre system is an ideal of efficiency, or even of democracy, but that it constitutes an original kind of

organization. This may be illustrated by the way in which it is differentiated from management at enterprise level. A Swedish journalist, Rolf Berner, has published a well-informed eye-witness account, based on a month's stay in 1973 at the Cherepovets steel-works in the Vologda *oblast* of northern Russia.⁸⁴

Of the 35,000 employees, 4,980 are CPSU members. They are organized in 116 plant branches and, at a lower level, 345 party groups. There are twenty full-time party cadres. Workers make up two-thirds of the full members and four-fifths of those passing through the one-year period of candidate membership. A good quarter of the total are women, but none of them are on the 13-man party plant committee. Although the party is outside the administrative chain of command, all managerial appointments have to be approved by the party – in the case of foremen by the party bureau of the relevant base organization. The cadre presence ensures that enterprise administration and fulfilment of plan targets are under the constant supervision of a mass organization endowed with a political programme and highly unspecified powers. (These powers do not, at plant level, include the right of command or the right to dismiss workers, but they are very real ones.) Furthermore, at collective meetings of party members – of whom the large majority are not managers – all aspects of the factory organization are at the centre of discussion, forming the subject of resolutions and recommendations, as well as of ongoing ideological training and propaganda. The tasks of the plant – in this case, production of steel – are handled in a continuous process of collective political involvement, but are led from above.

The Patterning of Personnel

The patterning of personnel is dependent both on the form of state apparatuses and offices and on the system of social relations among office-holders. It should be remembered, however, that the feudal state was not primarily a structure of apparatuses and offices, but a pattern of persons invested with diffuse seigniorial rights, namely, the king, the aristocrats and their various servants and retainers. Although the relationship between them was essentially hierarchical, it was neither one of unconditional personal obedience nor one of rank as defined by the statutes of a common organization. It was

⁸⁴ R. Berner, *Rysk arbetare*, Stockholm 1976.

rather a *contractual hierarchy*, which linked partly independent persons and groups on the basis of assurances of 'protection' and 'aid'. Relationships between king and aristocracy, and between king and councils or estates were all governed by this kind of contract. It assumed a new form in the late feudal era, when the growth of commodity production and mercantile capitalism promoted the buying and selling of offices and services.

Traditional law and custom were such weighty criteria of decision-making that a specialized legislative body for rule-applying administration developed only very rarely. For a long time, the only central state apparatuses of importance were the ones that arose out of fiscal, judicial and military functions.⁸⁵

The contractual hierarchy and the role of customary law account also for the distinctively *heteroclitic* character of the feudal state apparatus. As existing laws were interpreted and reinterpreted over the centuries, there grew up a vast array of new bodies that were only very loosely integrated with the old ones and with each other. In the end, the absolutist state presented a veritable mosaic of overlapping, conflicting and disproportionate institutions and jurisdictions, that were to be swept away by the bourgeoisie in the process of revolutionary national unification.

The feudal state expressed class relations *in a direct and unmediated manner*. This is the most important social aspect of the lack of a clear, 'bureaucratic' demarcation between on the one hand the household, land and attached peasants of the king or local seigneur, and on the other hand the sphere of state administration. The two were rather fused in the royal court or the noble estate.

This unmediated expression of class relations in the state is one element of a more general coalescence of polity and economy, which is a characteristic feature of feudalism and which is mirrored in the fusion of economy and ideology in the landowning church. Closely related to this is the fact that whilst the aristocracy individually appropriates the means of production and determines their orientation towards noble consumption, nevertheless the process of production is not under the direct management and supervision of the landowners. In this mode of exploitation, the economic unit is at the same time a military-judicial one, and conversely the political unit

⁸⁵ O. Hintze, 'Die Entstehung der modernen Staatsministerien', in *op. cit.*, pp. 265 ff.

is also an economic one. The polity is the manor writ large, or to put it more precisely, it is a chain of interlinked manors.

By contrast, the bourgeois state is not patterned after the capitalist enterprise, nor can it be described as in any sense an agglomeration of enterprises. Economic units are interrelated through the market, and the function of the state is not to establish connections among them, but to manage and defend the market, to represent the capitalist class as a whole. The patterning of state personnel, therefore, only expresses the class relations of society in a mediated way. The unity of the personnel is defined not by their possession of monetary wealth, but by the structure of the apparatuses and of relations among office-holders – a structure that reproduces the distinction between private enterprise itself and the public servicing of it. This pattern, then, has two aspects: one is *public* and essentially consists in the representation of the bourgeoisie as a whole (or of an entire fraction of the class), whilst the other involves the public *service* of private enterprise, that is to say, assistance to and management of the dynamics of private capital.

One of the most important consequences of the bourgeois revolutions was the emergence of a unified, centralized and deprivatized bureaucratic machine – an *office hierarchy*. At the centre of this new state apparatus was placed a legislative body that represented the public and expressed its demands in original general rules.

Public control over the state was ensured by a system of ‘checks and balances’, and by the ‘separation of powers’ into those of the legislative, the judiciary and the executive. The various executive bodies were further separated from one another, and each central apparatus was given a precise field of competence and jurisdiction. In effect, the bourgeoisie was applying the old maxim of divide and rule to its own servant, although in times of crisis the overriding priority has been to marshal all the powers of the state into a unified striking force to be used against the class or national enemy.

The considerable expansion of the state apparatus under monopoly capitalism, particularly in the health, social security and education sectors, has involved the influx of a large number of employees who are not patterned in the same way as the traditional administrative officials. They are regarded in practice as a subordinate collective, rather than as individuals on different rungs of a hierarchical career ladder. The position of a growing number of state employees

is thus similar to that of workers in a capitalist enterprise: mental and manual labour are kept separate in, for example, the rigid hierarchy of doctors, nurses and ancillary workers; intellectual labour is under the sway of managerial power, and every member of staff is subordinated to the authority of school, hospital and social service administrators; techniques of supervision and speed-up are imported from the private sector; and finally, trade unions and labour-management conflicts have begun to appear within the state apparatus itself. Public enterprises, which are here treated as lying outside the capitalist state apparatus proper, are run on lines more or less identical to those of their private competitors.

Fascism revealed with particular clarity, and in its own stark and cruel colours, another general feature of modern bourgeois state organization. The Fascist regimes exercised the rule of monopoly capital, even though, as a political movement, they cannot be reduced to that rule. We pointed above to the difference between bureaucratic organization and that of both the private entrepreneur and corporate management. After the defeat of the petty-bourgeois tendencies in the Fascist movement, the anti-bureaucratic conception of organization common to Fascist politics and monopoly capital found expression in rearmament and the war economy. The West German historian Martin Broszat has formulated this very well: ‘In the organization of the war economy of the Third Reich, the prevalent war-time demand for the highest possible efficacy was so to speak surcharged by the fundamentally anti-bureaucratic motif of the National-Socialist Führer-principle. Since the Party had no contribution to make in the field of the economy . . . the private entrepreneurial form of large industry corresponded most closely to the Nazi principles of leadership. Unconditional priority to accomplishment of ongoing projects, greatest possible organizational flexibility, wide personal freedom of action for leading agents entrusted with the confidence of directors (or managers), conduct regulated by powers of proxy rather than strictly defined official duties – all these principles were shared in common by private business and by the Party.’⁸⁶

In the monopoly capitalist state, the bureaucratic hierarchy has been undermined both from above and from below: from above, through the development of an array of *ad hoc* commissions and

⁸⁶ Broszat op. cit. p. 377.

plenipotentiaries – though not to the extreme degree obtaining under conditions of total war; and from below, through the growth of a vast army of state workers. The separation of apparatuses is overshadowed by the predominance of the government executive.

Whereas the feudal state integrated individual seigneuries at a political level, and whereas the capitalist state represents the totality of private entrepreneurs, the socialist state must first *constitute* the intrinsically collective power of the proletariat as the *Zusammenfassung* or condensation of the social collectivity. It is only after the seizure of state power and of the state apparatus that the appropriation of the means of production by society can begin.

On the other hand, the existence of a centralized state machine reproduces the individual subordination of workers and thus stands in the way of the development of classless communist society. Although the conquest of the state constitutes the proletariat as the ruling class, its power does not derive from the state, nor by the way from the appropriation of the means of production, but from the *working-class movement*.

The socialist state, then, is at the same time centrally important and fundamentally antagonistic to the rule of the proletariat, and in both these respects it differs from feudal and capitalist regimes. Under feudalism, the polity is fused with the economy and directly reproduces the specific class relations. Although it remains a necessary instrument of power, the bourgeois state is in one sense external to the rule of capital; it does not directly reproduce class relations, but defends the conditions of their reproduction.

On the other hand, the state is the primary mechanism by which the bourgeoisie and the feudal aristocracy are politically organized as a ruling class. Their other collective institutions, such as the noble assembly or the bourgeois party and employers' federation, are of only secondary importance. The absence of a feudal or capitalist 'movement' comparable to that of the working class, is evident in the enormous organizational complexity and variety of bourgeois as opposed to proletarian revolutions.

Under socialism, where the basic problem is the supremacy of the working class movement over the state apparatus, the bourgeois principle of the separation of powers is useless as a guarantee of popular sovereignty. Two attempts have been made so far to provide a solution to this difficulty. Marx and Lenin envisaged, and the early Soviet republic realized the fusion of the state apparatus with the labour movement, under the hegemony of the latter. Workers'

peasants' and soldiers' councils took charge of the state apparatus, elected officials and commanders who were subject to instant recall, and organized the administration of society.

In the existing circumstances, however, the soviet system was unable to ensure either the unity of the working class or an adequate level of administrative and technical competence, and it has since been superseded by a dual hierarchy of party and state institutions, under the supreme control of the party. This solution also involves a very different structure of competences and relations among the state personnel than exists in capitalist society. Its most obvious feature is the primacy of non-state office over state functions: from the local unit up to central government, the administrative director is subordinated to the party secretary and party committee. This relation is not a legal-administrative one and seems to work in very complex and subtle ways. Nevertheless, the primacy of the cadre over the bureaucrat and technocrat can be clearly perceived throughout the system.⁸⁷

Secondly, the state hierarchy is not only controlled from outside, but is also internally dissected. In the repressive forces, for example, the chain of command is supplemented by a network of political commissars, departments and officers, whose primary responsibility is to organs of the party.⁸⁸ Party cells exist in all units of the state apparatus, and higher officials are usually members of them. However, they do not occupy leading posts within their party unit and are exposed to censure and criticism by comrades who are their administrative subordinates.⁸⁹ In addition, these party cadres have the right of appeal to higher bodies against their boss.

⁸⁷ For a revealing analysis of party-state relations at regional and local levels in the USSR, see Hough, *op. cit.*, chs. IV, V and *passim*.

⁸⁸ There were military commissars in the French Revolution too. But they were commissars of the civilian parliamentary state apparatus – the Convention and, later, the Directory. See the immense monograph by Jacques Godechot, *Les commissaires aux armées sous le Directoire*, 2 vols., Paris 1937.

⁸⁹ We cannot adequately answer here the decisive question of the practical frequency and importance of party criticism and self-criticism within socialist societies. However, the available information shows that they do play a real role. Kolkowicz (*op. cit.*, pp. 379 ff.), for example, mentions an instructive incident that occurred in the Soviet Army. In December 1960, the central organ of the army political administration related how a general had been criticized by a subordinate officer for his unduly privileged and immoral private conduct. The general tried to retaliate by invoking his superior rank, but he was summoned before a party commission, which obliged him to make a far-reaching self-criticism. In this way he managed to avoid expulsion from the party, although he was reduced to the status of a candidate member on probation.

Thirdly, the principal mechanism of distribution of state personnel is not the capitalist one of competitive application and promotion according to ability or seniority, but the cadre policy of the party.

The Transformation of Energy

We shall only mention briefly the specific problems faced by different types of state in the process of transformation of material inputs. The feudal state had to struggle with poor means of communication and with difficulties of conversion into useful energy of qualitatively diverse inputs. A typical solution to these problems was the devolution of the transformation process on to individual office-holders, whether in the form of fiefs or by way of tax-farming and the appointment of commander-entrepreneurs. In the medieval and Renaissance periods, both the monarchy and the lord of the manor also had to engage in commercial activities in order to monetize the product extracted from the peasantry.

In contrast to the problems facing the feudal polity, both capitalist and socialist states dispose of characteristic mechanisms to re-allocate incoming material resources. Under capitalism, this is essentially a question of budgetary allocation among the administrative and repressive apparatuses of the state. 'Fiscal crises' here refer mainly to the problem of securing adequate funds for payment of the state personnel and for transfers of income. In modern monopoly capitalism, the incoming resources are transformed so as to be geared to the management of the market (by adapting the state budget to trade cycles) and to the current problems of private capital accumulation.

As regards the socialist states, the reallocation process involves primarily determination of plan priorities. This is clearly illustrated in the composition of the government of the USSR, where in the late sixties 51 out of a total of 59 ministries were charged with economic and technical planning.⁹⁰ What corresponds to the fiscal problems of the bourgeois state is distribution of social resources between investment and consumption and between the producer and consumer goods sectors, in such a way as to balance long-term goals with immediate needs. Disruption of this delicate equilibrium has given rise to a number of economico-political crises in the

⁹⁰ Calculated from Lane, *op. cit.*, p. 556.

USSR and Eastern Europe, of which perhaps the most dramatic is that which has arisen recently in Poland.

Outputs

Tasks I: Foreign Policy

Foreign policy may be defined as the external pursuit of the policies of a given ruling class. In one sense, it may be regarded as the continuation of domestic policy, but it is differentiated from the latter by its concern above all with relations between ruling classes of separate states. As we would expect, feudal, capitalist and socialist states all reveal characteristic forms of foreign policy and of inter-state relations, which are in turn rooted in the relations prevalent within the ruling class.

Now, the matter is further complicated by the regular coexistence of different types of state within a particular international system. At the present time, for example, socialist states are related not only to each other, but also to capitalist ones. As a result, there emerges a special kind of international class struggle and class solidarity.

In the feudal polity, the main task inputs were demands for military and juridical protection, whilst relations within the dominant class were determined by the extent of ownership of productive land and by a complex network of rights and obligations, which were increasingly transmitted along lines of family descent. The history of foreign policy and inter-state relations is filled with conflicts over questions of seigneurial jurisdiction and sovereignty and of legitimate descent; the material content underlying these was of course the struggle for control of land and of the surplus extracted from the peasantry. Especially noteworthy were the disputes that arose between the pope and various kings and emperors, and between the emperor and the princes. In the Nordic countries, analogous conflicts broke out over the union monarchy, and the problem of dynastic legitimacy was at the heart of the Anglo-French Hundred Years' War in the 14th century and of the struggle for the Spanish and Austrian succession in the 18th.

Ideological issues – above all religion – entered the international arena cast in the typical feudal mould. Control over the church became a central issue in the jurisdictional conflicts between the

Summary of Structural Characteristics of State Apparatuses

<i>Characteristic Organizational Form in:</i>				
<i>Structural Element</i>	<i>Feudalism</i>	<i>Capitalism</i>	<i>Monopoly Capitalism (additional forms)</i>	<i>Socialism</i>
<i>Input: Tasks</i>	Hierarchical privatization Militarization	Separation of public and private sphere Economization	Public expansion and private atomization	Politicization of all spheres, incl. 'private life'
<i>Input: Personnel recruitment</i>	Personal service to a superior	Intellectual talent and personal qualities of national representativeness	Technical and plebiscitary accentuation	Class representativeness and expertise
<i>Input: Energy (material resources)</i>	Revenues from royal lands and prerogatives, plus bargaining with estates	Statutory taxation	Massive increase	Revenues from public enterprise structured by price system
<i>Transformation: Handling of tasks</i>	Interpretation of given laws and customs; differentiation according to social position	Legislation, impersonal rule-application	Selective budgeting; administrative decree; top-level bargaining	Mass involvement according to political line
<i>Transformation: Patterning of personnel</i>	Contractual personal hierarchy; overlapping and conflicting areas of competence	Office hierarchy, separation of apparatuses	Ad hoc agencies at the top, collectivity of workers at the bottom; executive preponderance	Unified apparatus subordinated to working class organizations or party cadres
<i>Transformation: Energy</i>	Devolution to individual office-holders	Budgetary allocation	Budget adaptation to market management	Plan prioritization
<i>Output: Tasks I Foreign policy</i>	Jurisdiction and control of land	Inter-capital and inter-nation policies of competition, monopoly and rivalry	Imperialist expansion in search of markets and raw materials	Inter-party policies based on political line and ideology
<i>Output: Tasks II Domestic policy</i>	Juridical regulation and protection	Unifying legal framework; furthering of productive forces	Administrative regulation, market operations	Mass mobilization
<i>Output: Personnel I Inter-state</i>	Family relations, direct or delegated	National representation	Incorporation in international agencies	National and party representation
<i>Output: Personnel II Domestic</i>	Fusion of private-public;	Separation of public officials from the people	Merger of top officials with private executives; inclusion of many below into working class	Breakdown of barriers between state officials and non-state organizers
<i>Output: Energy</i>	State consumption (only indirect output)	Redistribution	Massive increase	Productive investment
<i>Effects of technology</i>	Deference	Discipline	Technical flexibility, fan spirit	Commitment, solidarity, mobilization