

Communist Review

End of the Cold War and moves
Towards a New Imperialist Line-up

Collapse of the USSR: Discussion on State
Capitalism and Imperialism

Marxism and the National Question

Life and death of Trotskyism

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Editorial

Since the last edition of *Communist Review* the formal disintegration of the USSR has been completed. The transformation of the USSR into the so-called Union of Independent States does not substantially alter the situation, which is basically one of economic collapse. We therefore make no apologies for publishing a discussion text by the CWO written before Gorbachev's resignation. As the article explains, it was a **capitalist** economy which collapsed. The understanding that counter-revolution in Russia took the form of state capitalism came initially from contemporary revolutionaries of the Communist Left who witnessed the decline in the 1920s. In particular, it was the left-wing of the Communist Party of Italy (at the time the majority of the party) who fought the reactionary policies of the united front and the turning of the Comintern into an instrument of the Russian state ('bolshevisation') and came to see that Russia was an imperialist, state capitalist power. They alone provided us with the theoretical bedrock of a theory of state capitalism based on the law of value. Unlike Trotsky, the Italian Left recognised that there was nothing in this Russia for the working class to defend. Unlike some of Trotsky's present-day followers, the Communist Left has never seen anything progressive about state capitalism which, despite the peculiarly centralised form it took in counter-revolutionary Russia and later in the Eastern bloc, essentially represents capital's attempt to escape the worst effects of the cyclical crisis of accumulation. In this respect it remains a permanent feature of capitalism everywhere today. We do not stress here the contribution of the Communist Left in order to defend the distinctive viewpoint of our political tendency. The point is that a programme for the overthrow of capitalism demands clarification about what exactly capital is. We, unlike Trotskyists, Stalinists, Maoists etc, have never been seduced by nationalisation or the state ownership of the means of production. This

is why we think it worth the effort in this issue to explain our reasons for rejecting all manner of present-day Trotskyist programmes as having nothing to offer the working class. (See the review and correspondence section.)

Yet if it was easy for us to see that the collapse of the USSR had nothing to do with the collapse of even a degenerated form of socialism, it cannot be denied that the world capitalist crisis has evolved in an unpredictable way. While the centralisation which allowed the Russian bloc to stifle its crisis for so long only paved the way for complete disintegration once the decline in economic growth could not be disguised, the advanced Western states have succeeded in prolonging their decline on the basis of an unprecedented mountain of debt, milking surplus value from the weaker states and by partial restructuring. But whilst the 'free market' patently does not lead to spontaneous regeneration and sustained growth, the working class for the most part remains confused and with no confidence in its own ability to take hold of the situation and forge a revolutionary alternative to the creeping barbarism of world capitalism.

It is now more than twenty years since the end of the post-war boom and the beginning of the present capitalist crisis which led to the revival of interest in Left Communist - i.e. revolutionary ideas. Since then the effects of the crisis have led to the marginalisation of millions of unemployed in the capitalist heartlands and crushing, semi-starvation levels of exploitation on the periphery of the system. This, coupled with outright starvation and hunger for millions of rural labourers and landless peasants which industrial capital cannot absorb. For its part, the employed working class has not responded to capital's attacks by a renewed search for a political solution - despite sporadic heroic and militant battles of a defensive and largely sectional nature. If notions of the spontaneous

generation of political consciousness from such battles can be laid to rest, it must also be allowed that revolutionary ideas have yet to make an impact on the wider world outside of the small organisations which make up the proletarian political camp.

Here, we are not just talking about gaining influence amongst the working class in general but of establishing a recognisable movement in a variety of cultural and social spheres (from student circles to shop-floor militants). This will never happen so long as the existing organisations restrict their relations with each other to polemics over what divides them. Today we are facing an unprecedented situation in which the struggle to win over the hearts and minds of the working class to the original ideas of socialism has virtually to begin anew. This situation calls for a fundamental rethinking of political priorities: First the task of analysing and explaining current reality; of posing the revolutionary alternative in terms comprehensible to a wider audience. Then, when the issues come to have meaning for more than the 'fully initiated', will revolutionary polemics be welcome as a healthy sign of a revival of an independent working class political movement. As Battaglia Comunista put it in the latest edition of *Prometeo*:

We are thus faced with a contradictory and somewhat paradoxical situation. On the one hand we can see the necessity for basic groundwork on which every internationalist is agreed. On the other hand, the internationalists, especially in Italy, appear politically divided in small organisations, more or less preoccupied with defining and defending their own specificity - of positions and principles, if not of method. Basically a political organisation is not really worthy of the name if it cannot confront the important strategic problems of the class and take up and elaborate positions accordingly. As it is, though, it is the first task which is taking up almost all the available energy and material means of the organisations (leaflets, papers, magazines, meetings) and leaving precious little resources for this primordial work. (Prometeo 2, Series V, November 1991, p.4.)

We might add that this situation is not peculiar to Italy. It needs to be overcome sooner rather than later. But first of all, internationalists as a whole need to recognise that without a wider proletarian movement there will be nothing to prevent capital eventually imposing its own solution to the crisis. 'War or revolution' remains the only historical alternative. There will be no question of the latter so long as revolutionaries remain cut off from their class. This is why the CWO in Britain has offered to open up the pages of its paper to other organisations (as part of a more long-term initiative to establish something broader) and why Battaglia Comunista is calling in Italy for combining of forces where elementary tasks of propaganda and agitation are concerned.

We would welcome contributions to this discussion from any of our readers - whether individuals or organisations - on how to achieve a wider impact for the only body of political thought which has not proved itself bankrupt in our era.

IBRP
March, 1992.

The End of the Cold War: A Step Towards a New Imperialist Line-Up

From Prometeo 2 (series V)

Events since 1989 have left the so-called experts thrashing about in the dark. Their various interpretations of contemporary history - constructed in the decades following the 2nd World War - have shattered into pieces. The main purpose of this article is to put forward a full Marxist critique of these events. (By way of contrast to the confused and contradictory prattle which the bourgeoisie uses to build its colossal public opinion campaigns.) This will be followed by perspectives and strategic conclusions, naturally from a working class standpoint.

Fragile Ideas; Stubborn Facts

During the Cold War bourgeois ideologies depicted the world as being divided into two opposing camps, with the so-called non-aligned countries standing on the side-lines. For some this meant that socialism really existed: the Eastern bloc represented - according to them - the concrete realisation of the programmatic content of Marxism and hence dictatorship and generally low living standards for everyone. On the other hand, they argued, there was democracy with its underpinning laws of the market, the ultimate form of civilisation and guarantor of progress and future well-being for all.

The details of the picture might change. Some saw on the one hand, socialism, a progressive system - discounting a few temporary defects - whose onward march would assure humane living conditions for all (i.e. bread). Eventually the liberal-democratic rose of liberty could be grafted onto this and the most sublime forms of social existence and human relations would result. On the other side of this picture, there was capitalist imperialism hiding behind the mask of well-being that was stretched somewhat thinly over the metropolises. Outside of the metropolitan centres peoples and nations were subjected to a ferocious imperialist

domination which involved the progressive starvation of millions of human beings.

These competing ideologies were, however, the two faces of the same interpretative framework: they were used indiscriminately to explain every political and social development. It did not matter who was making the analysis: whether it was someone belonging to the most pro-Atlantic right, or else from the left bourgeoisie, such as the PCI and its extra-parliamentary offshoots (another aspect of the bourgeois left-right dichotomy and nothing to do with the working class), they would all explain everything in these terms. Yet this ideological polarity did reflect a very real conflict of political and military interests between the two blocs: a conflict expressed by the Cold War. It was the distinctive feature of the cycle of accumulation which opened up after the 2nd World War.

Then came the accumulation crisis which only gradually affected the West in the early Seventies but which later had a more sudden and traumatic impact on the Eastern bloc (led by the USSR), shattering it and removing it from the role it had so far played as a permanent military rival to US hegemony. And thus, almost by surprise, a fundamental element of the old post-war equilibrium disappeared. This automatically invalidated the conventional analytical framework. To use a metaphor of Bukharin from his *Historical Materialism*, the well-worn ideological spectacles of the bourgeoisie had now broken.

As a consequence, we have witnessed the bourgeois media taking the most dramatic U-turns, making colossal wrong predictions and justifying their absurd interpretations by truly monstrous falsifications of history and journalistic lies. The so-called authoritative *Corriere della Sera*, for example, even wrote that "the party of Lenin and Stalin" founded organisations like the IVth International and directed them from Moscow! The fact is that, despite its disregard for truth,

bourgeois ideology is struggling to even minimally fit current events into its overall scheme of understanding. As far as recent events are concerned, the biggest ideological distortion of all - and the basis of the East-West, socialism-democracy, socialism-capitalism dichotomies which underpin the bourgeoisie's campaign about "the death of communism" - consists in the identification of the USSR with socialism; the equation of a planned capitalist economy with a socialist economy. Now, while the experts are still busy trying to hammer this campaign into the heads of millions of citizens any factual basis to it has collapsed.

All that remains is the crude method of the chronicler: i.e. a method based on putting together stories provided by journalists. The method of the chronicler doesn't question the criteria by which the press and television (media) choose their facts, nor the way they are interpreted and passed off as news. In short, the chronicler accepts the ideological dogma of the objectivity of news and those who gather it. We can give a small but significant example from the mound of news provided by the media on events in Russia. The very day that the presumed soviet coup-makers declared the take-over of power by their committee, Yeltsin jumped on top of an army tank and called for a general strike in Russia. This fact was immediately transformed into big news and repeated throughout the media to support the view that Russian society was now no longer under the grip of the Communist Party and had decided to defend the new freedom which was being threatened.

The content of a bourgeois campaign never rests on verifying facts. If facts get in the way then they are no longer news. In fact, it is a fact that the strike hardly materialised but this time the fact was not thought worthy of transformation into news. This particular fact received only miniscule attention in the newspapers which continued with their previous campaign. Instead, photographic and video evidence of a few thousand people demonstrating in a city of 10 million such as Moscow became newsworthy. The waving of the old Russian flag, people confronting tanks which had no intention of firing on them, or the sight of a priest with a portrait of Nicholas II, all these were presented as Moscow population's nostalgia for Tsarism. It all served to minimise, and in fact suppress the really important event it was necessary to know about in order to know what was going on: i.e. the progress of the general strike. Did anyone try to square the social composition of this coalition with the success or otherwise of a strike which had been depicted in precise political terms and which potentially involved the majority of the population, and in particular the whole of the workforce? No. But the problem for these expert pen-pushers is

not how to verify a thesis - which at this stage would still be a more or less legitimate hypothesis - but rather, and above all, how to find support for the transformation of an idea into dogma and then, more prosaically, into a publicity campaign using all the available means of communication to elaborate the message. In this way it also becomes possible to deal with facts which clearly are at odds with the message. Events of enormous historical significance are chronicled in rapid succession as part of a chaotic totality of contemporary facts - from meetings at the top to the opinions of this or that person in the street. The assault on the eyes, ear and brain is enough to make you forget that when expert X today says something is white, a month ago he was saying it was black. Thus, the experts concluded from their examination of the fateful period of 1989-90 that a period of global easing of tensions was opening up: there would be peace and prosperity for everyone and an eradication of violence from modern society. Then the Gulf War came, obliging the same experts who had predicted and welcomed peace to perform an ideological balancing act and now explain and justify the war. And so it continues.

The public for the most part is reduced to the role of spectator, to an audience which is disoriented but which has learnt to accept, episode by episode, the interpretations put out by the media. - A comfortable enough situation for the experts waiting and working for the production of a new ideological scheme sufficiently plausible for the forthcoming period.

The New Scheme of Things

Thus we have witnessed the exhibition of intellectuals in the most pretentious and specialised journals, or on great cultural occasions, trying to manufacture ... new spectacles.

One idea they are peddling is the profound notion of a new struggle between the North and South (with the USSR obliged to line up with the South against a Euro-Japanese-American front). Or there is that other wonderful conception: the inexorable force of democracy which is ready to conquer the world in a long war against anti-democratic remnants from the past but who, on the other hand, threaten to return in the form of extreme nationalisms ... and many more schemes to choose from these ideological touts. But be warned. This bizarre exhibition of today can be dangerous. What is really being constructed is the ideological camouflage to cover everything when the day of reckoning arrives. That is, when the underlying reasons for conflict have matured, when the new fronts still being formed break out into an open war which will involve the whole of humanity.

independently of exactly how or when this happens. In fact, even the fascism-antifascism, democracy-dictatorship dichotomies, or (from another viewpoint) higher civilisation ranged against demagogic/plutocratic barbarism, were false ideological constructs in the name of which the entire world proletariat was made to submit to the butchery of the 2nd World War. Even so, the ideological screen worked well and its corollaries have survived almost intact to this day. (The Italian democratic republic emerging from the Resistance to name one.)

However, now that the ideological dogma of the communist versus the capitalist bloc is finished a new one has to be constructed. We are still witnessing the early stages of defining this project but all the different bourgeois ideological forces - each with their own particular 'cultural' heritage - are working on it.

It is not our intention to examine here the various tendencies in the world of bourgeois ideology or to identify which of the ideological paradigms put forward will be the winner. It is more important to establish how and when the great con-trick will emerge to justify the carrying out of new massacres amongst the metropolitan states who today appear to be so united.

When? The new ideological scheme to justify what happens will be defined when the new fronts themselves are clear - or else when a new balance of power comes into being. As we will soon see, the reconstruction of new fronts is already underway, though the lines are still confused.

How? The bourgeoisie does not lack the means to impose its new schema on the minds of its citizens. The only condition is that the citizens remain such - or rather, that society does not become polarised into its class constituents. If this happens the campaigns of the bourgeois media will shatter as the working class once more becomes an independent and revolutionary subject of history.

Rampant Nationalism

We will see in more detail below that one of the means by which the national bourgeoisie can gather the strength of society for war is to subject it to nationalism. Wherever the conflict, and no matter its political complexion or the real reasons for war, the combatants inevitably fight and die in the name of their country. To paraphrase Engels, it is still true today that so long as the proletariat is not mature enough to fight for its own liberation it will recognise no alternative to the existing social

order and will break down into its elementary component: the citizen. In Athens those who fought were members of the ruling class, certainly not the slaves. Rome would summon up an army from amongst the plebians, promising them two jugers of land in the conquered territory (correctly seen as the basis of the Roman social structure). The feudal lords - with the fading of the heroic period of the invasions of the empire organised by the Germanic hordes - recruited from among the disbanded infantry and adventurers.

It was the great absolute monarchs who first established recognisably modern armies. The bourgeois state completed the task. Now the army was conscripted and all must be mobilised in a war that involved everyone. How did this become possible? It was made possible by the specific character of the bourgeois social structure where

the citizens are free and equal under the law, and where capitalist relations of exploitation are hidden by the ideology of equal citizenship.

The ideology of the present social order rests, amongst other things, on the concept of an above-class state which represents an undifferentiated collectivity of citizens in a certain territory, or - in certain other difficult cases - it can be said to

represent a more or less clearly defined ethnic grouping (as is the case with Serbia or Croatia).

By having recourse to the ideological cement of the state (nationality, the country or fatherland) the bourgeoisie can unify their own society around the policies and tasks of war. Ideological and political divisions vanish when "the country is in danger". And so when the bourgeoisie want to go to war it always appeals to 'the country' and patriotism. The old saying was never more true that "When the state calls on the country it is preparing for your death". For today we are witnessing the rising tide of patriotism - more or less legitimate in historical or cultural terms - but patriotism nevertheless.

Some Fixed Reference Points

Before going on to examine the facts according to the dialectical materialist method, let us recall some of the points which make up the bedrock of our analysis and which have yet to be refuted:

- War, especially the great wars which involve the majority of states and cause enormous destruction, is not the product of the murderous desire of the bourgeoisie. True, it is part of the dynamic of the

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system in which the bourgeoisie is the ruling class, but it is simply foolish to think that somewhere or other representatives of the bourgeoisie hold secret meetings to plan the march towards war with all that this involves in terms of the political line-up and the way it is conducted. No, war only enters the field of vision of the bourgeoisie and becomes an aim of governments immediately before it breaks out.

- The march towards war is signalled by a growth of tensions amongst the capitalist powers and by a clash of their macro-economic interests. Out of this conflict of economic interests there develops a mutual political distrust right up to the conflict itself. This will become increasingly manifest by the open and secret manoeuvres of one power against the other.

- From the outset the powers directly involved in this game will be more than two, thus insuring the development of an intricate network of interests and possible options which severely restrict the possibility of predicting accurately how the war game will develop. To take an example from history, the Soviet Union and Germany appeared to be firmly aligned with each other right up to the moment when, on 22nd June, 1941, German troops launched the attack on the USSR without declaring war. This is despite the fact that on 10th June that same year a new German-Soviet trade treaty had been signed, while in May the USSR had recognised the situation in the Balkans following on from the German attack and the previous German policy from which Russia had gained with the annexation of Bukovina and Bessarabia.

- Some indication of the shape of the struggle to come will become evident beforehand in the sphere of economics and the respective economic interests of each state (Britain and the USA versus Germany, for example, before the Second World War). But when the local conflicts become so generalised that they extend throughout the planet then the interweaving of tendencies and counter-tendencies, themselves shaped by the outcome of local wars, becomes much more complicated.

- It then remains for the political leadership and the army to establish the political direction of each state according to a single imperative: an estimation of how to achieve military victory because this now overrides economic victory.

- In this sense the range of political options for each society is wider than the economic possibilities which are determined by the structural development of their respective economies.

- The method of the critique of political economy,

otherwise known as Marxism, is capable of defining quite precisely the tendential development of capitalism's economic dynamic which underpins political activity throughout the period preceding the concrete opening-up of the course towards war. By using this method we have always been able to show that war is the only solution the bourgeoisie has to the accumulation crisis as well as determining the principal protagonists in the war itself. But it is impossible to go further and predict the exact composition of the war fronts when, as we have already seen, the process of their concrete formation has hardly begun.

The End of the Old Order

Let us now turn to summarising what has happened and to what has been for some time the object of our activity.

The crisis in capitalism's accumulation cycle has appeared in different forms in the different economic areas of the world. By its sudden appearance in the Soviet bloc it has assumed a particularly dramatic and explosive character. But

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why did it appear so late and why in this manner? We have answered these questions in detail in numerous previous issues of *Prometeo* and in a book¹ where we link the peculiar character of economic planning in those countries to their respective social and political structures.

Amongst the most dramatic effects of the unleashing of the economic crisis in the eastern bloc was the virtual withdrawal of the USSR from the inter-imperialist contest, from the Cold War, with a sort of request for peace in return for the abandoning of military positions in Africa and Asia and a loosening of its grip on the European countries under its tutelage (first Poland, and then, one by one, the others). Thus a new situation has come into being: one of the opposing blocs has self-destructed.

What has happened more recently, then, is the formal completion of this devastating phenomenon: the failure of the very regime with which the ideological enemy was identified. That was enough to overturn the previous status quo - where every little disturbance in this or that region of the globe came under the control of one or other of the imperialist fronts (both of which were homogenous enough) and local, or civil wars came to be fought under the direct or indirect auspices of the rival superpowers. Vietnam, Palestine, Lebanon, Nicaragua, Angola; these were only some of the countries where the conflict between internal political factions was turned into

a conflict between the interests of the USA and the USSR, both of which acted as poles of attraction for a vast network of imperialist interests. Both these major opponents, along with their allies, would finance guerrilla movements and give diplomatic and political support to governments who were fighting oppositions armed by their rival.

The Case of Lebanon and the Palestinians

By examining the course of the civil war in Lebanon, we have continually exposed the interrelationship between the warring factions and the imperialist fronts in terms of the three levels of rivalry. At the first level are the bourgeois factions directly involved: Christian and Muslim (with its Shi'ite and Sunni divisions), reflecting the extent to which the various divisions within the ruling class fall under the ethnic-religious label, locked in a bloody struggle for power. At the second level, which we define as that of local, mini-imperialism, can be found Israel and Syria - protectors and instigators respectively of the above-mentioned Lebanese factions; as well as the attempts of Iran and Iraq to make use of the differences inside the Islamic camp.

Finally, at the third level, there was the struggle between the USA and the USSR, who were the real directors of the civil war because they protected the local minipowers and to a great extent controlled, if not instigated their activities.

Then the USSR retreated from the Middle East and lost its usefulness to Syria and Iraq as well as to the Palestinian nationalists. So Syria, besides finding itself abandoned, also found itself a local power, free to manoeuvre around the table of the Middle East game according to its own previous designs. Syria's particular pan-Arabism, centred on the reconquest of the Fertile Crescent, succeeded in its first steps with the *de facto* annexation of a large part of Lebanon, in agreement with Israel and as a result of selling out the Palestinian national movement (from which it has withdrawn all support) for the nth time.

Palestinian nationalism has always been a pawn in a much bigger game. Once supported and encouraged, it is now being betrayed and ferociously punished by all the Arab governments in accordance with current tactics vis-a-vis Israel and its great American godfather. Basically, in the phase of capitalism's history we define as imperialist, it is the destiny of all national movements to serve more as an arm of the struggle between rival powers than to act as an instrument of the people's liberation. Today, however, when

the old world order has collapsed, the PLO leaders are being left to the mercy of events. Whereas once they might have clawed back from one side what they had lost to the other - in terms of alliances, support, finance and a home for military bases - now the same leaders watch helplessly at the progressive shift of all the previous alliances towards the US enemy camp and its *de facto* vassal, Israel.

The Arab governments were pushed into the American orbit by US blackmail which was felt particularly keenly by these bourgeois parasites during the Gulf War: Either sell us your oil at a price we will decide day by day (to the producers) and don't cause trouble but keep good and quiet (to the non-producers) or you'll be sorry. The United States cannot possibly let itself (and we have argued this many times) lose control over the price of oil because too many key areas of the US economy are dependent on oil revenues and the rate of interest which is also affected by the price of oil. Ultimately the conservation of the US as an imperialist superpower is at stake.² However, the United States does need stability and the acquiescence of the entire region in their particular peace: *pax Americana*.

Conversely, in European bourgeois political circles there are signs of a 'strange' growth in understanding for the desperate Palestinian cause and their struggle; enough to give rise to apprehension and from time to time the ire of the Israeli government. It is too early to speak of open European support, but something is changing to complicate the picture.

The Management of the Crisis

If the situation is becoming more complicated in the Middle East as in the rest of the globe, so also are things changing in the free-market West which up to now has been the undisputed area of the dollar.

Whenever we have examined the crisis and the mechanisms employed by the imperialist metropolises to control it we have had to consider a) the relationship between the metropolises as a whole and the periphery - otherwise known as the 3rd World or developing countries³ - and b) the different standpoints of the metropolises themselves: USA, Japan and Europe.

Very briefly, our conclusions are as follows: As far as point a) is concerned, the management of the crisis has simply consisted of shifting most of the burden onto the peripheral countries, thus reducing them literally to starvation. This has been brought about by the force of industrial restructuring in the metropolises which has made local industries

uncompetitive and totally undermined the economies of the periphery. Here, though, there is space only to outline the main points which follow from a Marxist analysis of the present dynamic of capitalism.

- Technological restructuring based on the widespread use of microprocessors has in effect brought about a third industrial revolution, leading to a dramatic increase in European and Japanese productivity - both in absolute terms and in relation to the productive techniques of the periphery which were so laboriously set up in the first phase of the present cycle of accumulation.

- This has just about brought local industry in almost all the peripheral countries to its knees. With only a relatively small accumulation of capital, it is impossible for them to proceed to an analogous process of restructuring.

- The foreign debt spiral is not - as some maintain - the cause of the increasingly dramatic impoverishment of these countries with a low capital accumulation, but the effect.

- The dislocation of national industries - only minimally, and in a very few cases, compensated by the setting up of specialised production units as part of the international division of labour - has led local capitalists towards speculative activity on the international financial markets.

- The relative and absolute devaluation of the national productive apparatus in the periphery does not mean, therefore, that the respective local bourgeoisies are equally impoverished. On the contrary, they are well integrated into the financial network of international imperialism and thus parasitically play their own part in the immiseration of their own countries. (For example, they participate with their own quota of total capital - even though this is relatively small - in the international loan system which includes lending to their own countries!)

Cracks Appear in the Western Bloc

As for the various ways in which the imperialist metropolises are dealing with the crisis, the essential points are as follows:

- While Europe (particularly Germany) and Japan have gone for a complete restructuring of the productive base of their respective economies, the USA has chosen to consolidate its powerful hegemonic position over the international finance markets.⁴

- This has led to a relative weakening of US productive industry with regard to Japan and

Germany.⁵

- Conversely, American financial hegemony has stimulated short-term speculation, causing a decisive shift of international capital and leading to a gigantic increase in the parasitic layers which are typical of the present mode of production. At the same time there has been a shortening of the circulation time necessary for productive capital to realise its profits.

- As the forerunners in the process of industrial restructuring, Japan and Germany now find themselves in a position of relative advantage, both in terms of trade and in terms of their financial stability and strength. This has reached such a point that today Japanese investment abroad has largely superseded that of the US.

- Commercial competition has grown so much in the West that it has become increasingly difficult to reach agreement and unity amongst the international organs which are supposedly the expression of a common interest and at the same time the means of bringing it about (G7, GATT, etc.).

- The increasing competition between Europe, Japan and the USA, together with the strengthening of the financial position of Japan and Germany vis-a-vis the USA, has caused tensions strong enough to weaken the previous homogeneity of the Western bloc. a) Germany and Japan have an increasing interest in freeing themselves from American hegemony. b) The unavoidable translation of these interests into concrete political and diplomatic terms is already an indication of the formal breaks that might occur inside the Western bloc.

Concrete Evidence of the Break-up

The Gulf War was fought by the United States in order to consolidate its absolute control over the source of Middle East oil, including the destination of the profits enjoyed by the oil-producing countries. This is one of the crucial elements for the survival of US financial hegemony in the Western bloc and in the world as a whole.

But this in itself is not enough to explain the colossal expenditure of force and the criminal cynicism with which the USA hammered Iraq. Alongside the fundamental economic reasons for the war, must be added US political motives.⁶ In essence the US was trying to demonstrate its own hegemony to its allies by means of the imperialist instrument *par excellence* (an exhibition of force and destructive capacity) and by directly calling upon them all to cooperate in the coalition against Sadaam.

Even if Britain - as is natural, given its vital links with the old colony - gave its full material support to all the military operations; and so also, France - albeit in a less enthusiastic tone; the stance of Germany and Japan (and even of Italy, whose bourgeoisie has never quite lost the habit of ambiguity in international relations) was very different. By paying up substantial sums of money, both of them managed to avoid an immediate declaration of a fundamental difference of interest with the USA. The German government was then able to put itself at the head of a Europe concerned to see the implementation of a lasting peace in the Middle East. Suddenly there came the wonderful discovery that "international legality" did not only apply to the Iraqi invasion of Kuwait while the European press was left with the task of identifying ... Lebanon and Palestine.

Thus came the cautious move towards the PLO mentioned above. At the moment this is only a question of the occasional pronouncement, especially since Europe as such is not involved in the peace conference at present underway. But even such pronouncements, when they come from official diplomatic sources, have a definite significance: at the very least signalling a lack of complete agreement on essential components by the EEC and the Americans.

Then, of course, there is the biggest question of all - that of the USSR and the entire ex-Soviet bloc.

The USSR [now ex-USSR, ed.] found itself obliged to ask the West for \$100 billion of aid, that is the equivalent of the cost of the Gulf War. Who was going to pay this? Obviously Gorbachev was not interested in where the money might come from, but one thing is clear: his successors will need to be more careful about estimating who will make further donations to them.

Germany is obviously already fully committed: why else would it have bought up East Germany if not to advance eastwards? By means of investments and loans the two-sided relationship of cooperation-dependency is being strengthened.

The USA, however, even without its present financial difficulties, has no great interest in helping somewhere that will never become a passive object of its imperialist power and which rather threatens to become an element in the strengthening of its German competitor. The USA's condition that aid would only be forthcoming once the Soviet

economy was fully opened up savoured more of an excuse than anything. In fact all the Western analysts are agreed that progress towards a complete liberalisation of the economy is dependent on a massive influx of foreign capital. If the US had genuinely wanted to put pressure on the USSR in this direction it would have found another alternative besides its banal and useless blackmail.

... will the market now opening up in the immense area of the ex-Soviet Union ... bring about a revival of accumulation on a global scale? The short answer is, no.

For its part, Japan flatly turned down Gorbachev's request: It couldn't see anything to gain by intervening in the present situation in the ex-USSR. In short, Japan's calculations are purely economic. For it, the USSR quite simply ranks amongst the most risky countries for financial investment and is

seen as being incapable of realising adequate profits from direct industrial investment. This doesn't mean - according to authoritative Japanese statements - that the country of the Rising Sun may not one day review its position and go on to make a carefully-considered investment of capital and technology in the vast area of Siberia, especially given its geographical proximity.

Even here, then, the interests of the Western powers diverge, cross and clash with those of the USSR.

The Cycle Really is Drawing to a Close

There is another question to be answered in relation to the USSR, namely - will the market now opening up in the immense area of the ex-Soviet Union resolve the problems which have beset the world economy for the past twenty years and bring about a revival of accumulation on a global scale? The short answer is, no.

First of all, because the so-called opening up of a vast new market is the product of the cyclical crisis of accumulation. It is the crisis which is behind the sudden collapse of the specific administrative structures created by Stalinism, but changing the administrative form certainly cannot give new life to the object of that administration: the accumulation of capital. This is a valid point in general and also in so far as the ex-USSR is considered as a closed system. The failure of six years of *perestroika* and the dramatic plunge of every significant economic indicator is demonstration of this, independently of the desire for change and the real moves toward liberalisation and privatisation.

Yet there is more than this. The cyclical crisis affects global capital and thus has also hit the West, first of all in its metropolises. As we saw above, this has forced metropolitan Western capital to find investment outlets, however brief and short-term, both in the field of financial speculation



and in production. It is a long time since the day of long-term investments when there seemed no end to the period of expansion. The cycle of upturn and downturn within a generally downward curve is too short-term for large capitals to think in terms of massive transformations of plant, machinery and labour. They would need a longer period of upturn in order to recover their profits.

Now the great market that everyone thinks is opening up in the USSR can only be conceived theoretically as a market for Western goods, certainly not for capital. Hardly any of the conditions exist for a rapid realisation of profit and accompanying accumulation. For instance, it is impossible to transfer the whole of the production process so as to make use of the cheap labour power in Russia. In any case, this is unlikely because the Russian state would have nothing to gain by allowing its territory - where everyone is in need - to become the centre of production for goods destined to go elsewhere.

On the other hand, Western capital has no interest in encouraging the growth of a new competitor with advanced productive techniques - which is what the USSR would become if it were completely restructured and revived. Only Germany can be expected to make a vigorous response to the

requests of Soviet capital, and this will be according to its own direct economic and strategic interests.

To conclude, the few joint ventures and direct investments being made by Western multinationals are nothing in terms of what the Russian economy really needs for a revival of productivity. Still less will they be able to provide the basis for that global expansion of accumulation which would mean that capitalism had got itself out of the crisis.

The Dream of the Great Soviet Market is already Over

Even as a simple market for Western goods, however, the USSR is not the good news some would have us believe. Economic collapse also means the decline of 'effective demand'.

Up until three or four years ago Gorbachev himself was talking about excess demand in relation to the availability of goods in the USSR. But this was obviously a reference to Soviet production at existing prices. Already, the first steps in the freeing of the market had led to a monstrous price increase for everything which wasn't a vital necessity. Today, for example, a can of beer in Moscow costs one-tenth of a good salary and a sixth or seventh of the average worker's wage. In dollars or marks it is the same as here. It would be better to produce it in Russia, but this brings us back to the first point.

At the end of the day, the recent trade credits and concessions from Italy, France and Germany don't represent new money flowing into Soviet coffers, but only cover for previous imports. Out of all the credit deals, only Germany has really allocated a clear quota of capital.

In sum, the renewed union, if indeed it does renew itself, or the single states which are breaking away, will only be able to purchase from abroad on condition that they export raw materials, and so long as the foreign states are willing to provide guarantees for their exporters in the face of a Soviet deficit which is destined to grow.

We cannot repeat often enough that under capitalism it is not human need which creates the market but the capacity of the needy to pay. Otherwise Brazil would also be an enormous market, given its free-market regime and its millions of human beings threatened by poverty.

Outlook for the USSR: Two possibilities and one variable

The disintegration and possible re-formation of

the ex-Soviet Union is therefore not the prelude to a great economic revival in the way Gorbachev propagandised to his fellow citizens. - There will be no increase in living standards as a result of a brilliant channelling of collective energy. Mass unemployment, increasing and widespread poverty, either stagnation or extremely slow growth in the production of consumer goods, this is the immediate and medium-term outlook for this vast area of the planet. This poses the strong possibility of a further increase in social tensions for which there are two possible political outlets. Either society will become polarised into its two main classes or it will be drawn into the trap of nationalism, ethnic and religious identity, etc. Either the revolutionary or the reactionary way. This is the alternative facing the proletarian and semiproletarian masses throughout the nightmare of this hopeless crisis.

Real and powerful elements, such as the present nationalist leaders in the Baltic States and in other places like Georgia, are pushing them down the reactionary path. As for the revolutionary road, this begins with the organisation of the workers as such (the first step towards the proletariat once again constituting itself as the subject of history). The sole elements pointing in this direction - if, indeed they exist - are the proletarian leaders in the factories and what will certainly be a widely dispersed and persecuted political vanguard. In their favour, however, is the objective thrust of the crisis which itself sharpens the class struggle. In fact, bourgeois ideologies and political programmes are battling against the tide, even of history itself.

If there is, as yet, no sign of the working class as such seizing the initiative this does not necessarily mean the game is over. Rather it is just beginning. The possibility of intervention by the proletariat is a truly independent variable in the economic, social and political dynamic of the ex-USSR; a dynamic which otherwise is determined by the tendencies currently in progress within Soviet capitalism.

The Outlook for the Bourgeoisie

If the present process is not disturbed by the class variable then there is going to be a substantial change between any new Union and the other imperialist powers. Such changes will largely be based on the way the inter-bourgeois struggles inside the Union develop and the reactions to this from the other metropolitan states.

A new Union treaty signed by the eleven republics would still be no guarantee of a peaceful future for all. Tension among the republics remains strong, especially between Russia and the rest. The

situation is likely to explode with the first serious complication in relationships (the Baltic republics and Georgia), and at the first sign of any outburst as a result of the generally rising social tensions in the entire region. The accusation made by the republics about the provisional Union government is being re-echoed inside the government itself. In the words of Yuri Luzhkov, deputy Prime Minister, Russia *is usurping the goods which rightly belong to the Union and the republics.*

Should the process of disintegration involve further, more serious, explosions of conflict between republics it will certainly be a catalyst for the formation of a new community of interests and alliances at a global level, with the prospect of much wider conflicts to follow.

There is Already War in the Balkans

We don't intend to repeat here the well-worn tale of the insoluble problems which periodically return to the Balkans and involve so many conflicting interests from Europe to Asia. Here, we simply wish to record that the region's instability began more or less at the same time as the crumbling of the Soviet empire - and with the rather tactless declarations from the bourgeoisie on the new era of peace - and remind readers of the roots of the present struggle in Yugoslavia.

In one sense what happened recently can be seen as a reproduction of events in the Soviet Union. The effects of the cyclical crisis which had existed for some time in Yugoslavia, were similarly interpreted by the entire bourgeoisie as a crisis of a centrally-planned economy - even in its Titoist form of self-management - and of political rule by a single party.

This quickly led to the emergence of a centrifugal force in the shape of the republican fractions of the Yugoslavian bourgeoisie. To a large extent these are identical with similar fractions in the Soviet Union: party-state bureaucrats, managers of industries and state organs of distribution, with the addition of those new bourgeois entrepreneurs who had been growing already with the liberalisation of self-management.

The cement which used to hold the bourgeoisie together in the federation was the fact that the system did actually work. Accumulation took place, even though at a lower rate than in the West, and the republics maintained their respective share in the distribution of profits. Once the rate of accumulation slowed down and the total quota of profits for distribution fell, besides drastically impoverishing the mass of workers - though this counts for little - the cement began to crumble. In defending their own share of profits, each

republican fraction of the Yugoslav bourgeoisie began to blame the federal union for all their ills. From this point it was no accident that the independence route was chosen by the richest republics, Slovenia and Croatia. They in turn accused Serbia of imposing its own national hegemony, of usurping the role which should belong to the federation as a whole.

This accusation is clearly instrumental, even if it does contain a grain of truth. In Kosovo for example, the extremely weak bourgeoisie, flanked by the petty bourgeoisie, is playing on the ethnic Albanian origins of the population. In doing so they are claiming the right to at least a comfortable seat in an independently administered province, or else a place in any new republican federation. In this case, therefore, everyone has agreed to restrain the appeals to nationalism. All that's needed now is for all the others to come and claim their slice of the slim pickings produced on the backs of the workers throughout the country!

This is being written at an extremely turbulent time for the region. The way the situation develops will be closely linked to the political dynamic of the whole Continent and of the European Community in particular.

Europe Dreams

Yugoslavia is in Europe and so the EEC is obliged to intervene. It must defend the idea that it is a united entity and act according to its self-imposed role as a force for peace. However, whichever angle they are observed from, it is obvious that the tendencies now operating in Europe are extremely contradictory. On the one hand, there is the historical tendency towards a politically and economically united Europe which can confront the other great unified powers (USA, China, USSR); on the other, there are just as strong differences of interest, as manifested in the Balkans.

Germany, whose currency is now the *de facto* unit of exchange in the northern republics, has 150 firms there with large investments and is clearly aiming to annex Croatia and Slovenia to its own economic zone. The other big partners in the EEC (France and Britain) view this prospect in a bad light because it would further strengthen Germany's position inside the EEC. Greece, for its part, is ready to profit from the break up of Yugoslavia with the *de facto* return of the Macedonian region to the Hellas of Alexander the Great. Outside of the EEC the ragamuffin

bourgeoisies of the states on Yugoslavia's eastern borders (Romania, Hungary, Bulgaria), whilst letting their own proletarians go hungry, are presenting themselves as the champions of their respective ethnic populations in the territory beyond their boundaries. This is a shameless pretext to gain a piece of Yugoslav territory.

Gorbachev's "common European home" is like a communal bourgeois house being battered during a storm. Everyone is trying to save their own part of the estate and when the house falls down they start robbing all the others. And just as in every bourgeois home such situations lead to quarrelsome divorce, so in "the common European home" - for those who have eyes to see - an acrimonious break up is in store. However, it is not only now that we say European unity is a bourgeois dream which cannot be realised before the present cycle of accumulation finally comes to an end. Let's briefly go over the Marxist argument on the matter.

At the close of the Second World War Europe was divided into winners and losers, but the shared experience of a productive apparatus half-destroyed and generalised poverty kept it substantially united. The reconstruction of Western Europe occurred under American aegis and the dollars which accompanied the Marshall Plan. American hegemony was undisputed. The European bourgeoisie was reduced to the position of a dependent child who depends for everything on its mother and who clings to her for protection. Then the child grew; European capital became increasingly large (Italian, German, French, Dutch) and reached the stage when it began to show the first signs of becoming independent from its American mother. The USA helped it to make the first steps: the Common Market allowed American capital to circulate more easily. But at the same time it also created the conditions for the development of that "single Europe"

... the American game now is to encourage inequality in European development, thus facilitating the counter-tendency to integration.

tendency: the bourgeoisie of Europe began to understand - because their own daily experience in the world market taught them - that only a united Europe could constitute an economic power equal, and at this point even superior, to the United States. The dream which grew with the bourgeois babe-in-arms is this: to live outside American tutelage as a third pole on an equal footing with the other two (in the old scheme).

But it remains a dream for two essential reasons: 1. Because the links between the USA and the European states are at once too strong and differentiated - strongest with Great Britain, less so with France, after ten years, already doubtful with Germany.

2. Because the American game now is to encourage inequality in European development, thus facilitating the counter-tendency to integration manifested by the preoccupation of each state with its own future rather than that of the united Europe.

Now that the Warsaw Pact has gone and the Soviet bloc has disintegrated, this is daily becoming more true. Directly as a result of these events we have seen, above all, Germany buying back from the USSR its eastern portion and consolidating its economic and political links with Moscow. It has now found a way of spreading its capital and technology eastwards. In parallel with this, the jealousy and envy of the other states has led to increased tensions amongst themselves and with Germany itself. Meanwhile Germany, having outstripped the US in certain important aspects which are a guide to relative imperialist strength (exports of machinery and technology and the trade balance), can realistically hope that it alone will be able to out-rival the USA.

It is no accident that the dates decided only a year ago in the march towards unity are already being postponed. '93, which is supposed to bring an end to customs barriers, is almost here. While this is not enough to complete the formal integration of a market which in essence is already integrated, it would mean less hostility. But it wouldn't surprise us if '93 was also postponed. The two or three hundred thousand farmers who descended on Paris on 29th September have already shown what they want.

No, when the accounts have to be settled at the end of this cycle, Europe will still not be united. On the other hand, if the war - which is now certain - divides Europe, then it will remain divided afterwards, and the bourgeoisie can say goodbye to its European dream.

Where is this Leading?

Europe is splitting up, misunderstandings are growing and the links between Germany and the USA are weakening. Meanwhile the Moscow-Berlin axis is becoming more clearly defined **that** the supposed Berlin-Paris or Berlin-Vienna axes.

The "fraternal" tensions between Japan and the USA are growing too, and with good reason. Even Japan exports more than the USA and now not only goods, but also capital - and to countries where the American giant has hitherto reigned. On the other hand, the USA is a vital market for Japanese exports to the extent that it can now exercise a monopoly over Japan, but of demand not supply. At the same time Japanese capital is one of the main means by which the US finances its federal deficit. For every interest that binds

capitals together there is an equally strong interest pushing them apart.

Whatever form it takes, the ex-USSR remains an enormous area under direct Russian influence. China continues to virtually go it alone and is the envy of all. Thus all the cards are on the table and are already being dealt. How will they come together for the final game?

First of all, let's be clear that the final game is inevitable. In a world which is already destabilised political conflict between the major states is growing. The creation of new centres for a stable balance of power would only be conceivable in an expanding phase of the capitalist cycle. In such a period each new front would be able to accumulate first of all on the basis of its internal market without colliding immediately with the other. But, as we keep emphasising, this is the end of the cycle and there is no scope for this. There is no scope for Germany to say goodbye to the USA, withdraw its funds deposited at a high rate of interest with the American Treasury, and, strengthened by the new oxygen from Russia, to go on to expand through the whole of Eurasia at the expense of the Americans and the Japanese. And there is even less scope for the formation of other hypothetical power fronts.

Realignment will be part of the acceleration towards war and a function of the war. Always assuming that the proletariat does not intervene.

On the other hand, it is too early to say how this will come about because some of the details are missing. While it is possible to locate the economic tendencies in operation with some exactness and to define theoretically the general line of movement for each state, this is not enough. Every imperialist power is part of an intricate network of relationships with all the others and its alliances are contingent on the others. A political response to one situation can thus appear to contradict the response to another. Germany lined up with the USA against Saddam, but in the Balkans the USA's disagreement with German policy is explicit: The USA is for federal unity and doesn't care if this is under the banner of Serbia, Germany simply wants the independence of Croatia and Slovenia. In the Gulf unity of everyone against Iraq prevailed, and thus also unity within Europe and between Europe and the USA. In the Balkans, however, Germany's immediate interests have prevailed.

To pretend to be able to define in detail how existing tendencies will work themselves out in reality means being able to predict exactly how events will develop. This belongs more to the art of divination than the science of Marxism. Not many are saying that the bourgeoisie is moving towards war and that today they are reshuffling the

cards. It is a small hypothesis, or rather a tendency which can be discerned behind the facts of bourgeois politics. We certainly do not uphold the idea of the "autonomy of politics" - an exercise which we will willingly leave to various *ouvrierists* and social democrats - but we must clearly reiterate a basic element of Marxist dialectic thinking: when material forces are creating a dynamic towards war it is this which will become the central reference point for politicians and governments. War is waged in order to win: friends and enemies are chosen on that basis. And this brings us back to the area of subjective political evaluation, an area which only vulgar materialists consider determined beforehand and hence predictable.

Who would have been able to say that Salandra's Italy would enter the war in 1915 directly against those with whom it had been formally allied up until the 3rd May? Did anyone predict Italy's exit from the 2nd World War via the Resistance? The bourgeoisie became antifascist and supported the Resistance when and because it became clear that Italy would have been left defeated, together with Germany and Japan: it was better to change sides. If the outcome of the war had been different then today we would have some descendant of Mussolini, a new Garibaldi for our bourgeoisie, instead of Andreotti.

No, it's not yet possible to say who'll be exchanging the shots and firing the missiles. It is more important to understand that the whole bourgeoisie

- whether it wills it or not - is marching towards war. This, in order to denounce it and in doing so build a proletarian opposition which brings with it the possibility of the only alternative: proletarian revolution.

Mauro Stefanini

Footnotes

1. *I nodi irrisolti dello stalinismo alla base della perestroika*, ed. Prometeo, 1989.
2. *Gorbaciov il nuovo corso dell'Urss*, in Prometeo 10 (Series IV), 1986.
3. *La crisi dell'Urss e dei paesi dell'Est*, in Prometeo 11 (Series IV), 1987.
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5. *Crisi del comunismo o del capitalismo di Stato*, in Prometeo 13 (Series IV) 1989; translated into English as *Crisis of Communism or Crisis of Capitalism?* in Communist Review 8.
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8. *See the IBRP's Draft Theses on the Tasks of Communists in Capitalism's Periphery* in Communist Review 3.
9. *See La crisi dell'impero americano*, in Prometeo 11, 1987; and *Recessione debiti e tensioni monetarie: la crisi del capitale nella realtà americana*, in Prometeo 1 (Series V), 1991.
10. *ibid.*
11. *See Prometeo 1.*

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The Collapse of the USSR

The Discussion on State Capitalism and Imperialism

The failed August coup in Moscow was hailed in the West as an important turning point in the history of the USSR. However attempts to make out that "people power" foiled the rearguard reaction of the old Stalinist apparatus have now generally been forgotten. As the memory of the events of that August week recede it is clear that what changed was not a system but the personalities trying to wrestle with the crisis of that system. For internationalists the outbreak of nationalist demands following the collapse of the coup came as no surprise. The CWO has been writing of the collapse of the USSR for more than two and half years and we first wrote of the seriousness of the crisis of the USSR in 1982.¹

However the period of the Gorbachev presidency of the USSR is a period of world historic significance. The collapse of the imperialist bloc associated with the USSR has opened up another chapter in world history. For the Western ruling classes there has been much celebration of the victory of "capitalism over communism" and there is no doubt that the "New World Order" is, for the foreseeable future at least, an American world order. The aim of this article is not to look at how that world "order" will develop in the face of the growing barbarism which is flourishing around the planet. What we want to do here is to underline what the collapse of the USSR means for both the present and the future of working class politics.

The Collapse of Soviet Imperialism

Despite the present triumphalism of the bourgeoisie in the West the collapse of the USSR's pretensions as a super-power neither signifies the collapse of socialism nor the end of marxism. On the contrary, it confirms the validity of those marxist critiques of the Soviet Union which have for half a century or more maintained that the USSR has been a capitalist state. For internationalist communists therefore the issue of the collapse of the USSR cannot be approached in isolation from our understanding of the world capitalist system in general.

Capitalism is a crisis-ridden system and has been throughout its existence. But whereas the crises of its youth could be liquidated simply by the devaluation of capital (involving the collapse of

weak firms) through the operation of the law of value the crises of its maturity are a different matter. The centralisation and concentration of capital which takes place progressively after every crisis is now so advanced that rivalry now takes place at the level of the state rather than the level of the firm. Capitalist rivalry has become imperialist rivalry and the crises of our epoch can only be finally "resolved" by generalised imperialist war.² In this century we have seen two rounds of accumulation end in imperialist war and since 1945 we have been in the third cycle of capitalist accumulation. After the post-war boom ended in the years around 1970 capitalism has been in a chronic crisis. As the CWO wrote in 1977:

The perspective for coming years is one of long periods of economic stagnation, punctuated with short periods of inflationary mini-booms, in which there is little fall in levels of unemployment and where living standards will continue to fall. As long as the major capitals keep their nerve (and as long as no local war erupts into a major imperialist war) capitalism can stagger on in its inflationary depression for the time being.³

Perhaps this is a little schematic but as a general picture it remains substantially correct. Despite all kinds of different strategies adopted by the bourgeoisies of various states (Tory privatisation, Reaganite de-regulation, French state investment in major projects, Japanese and Italian "protectionism") to restructure the capitalist world the crisis rumbles on. The capitalist centres survive only on a mountain of their own debt and by making the periphery of the world economy pay for the crisis through the accumulation of its own unpayable pile of debts.

The Eastern bloc shares in this world capitalist crisis. For internationalists this is not just a post-hoc rationalisation of present-day reality. In 1982 we wrote the following:

The crisis is not limited to the western bloc but is hitting the so-called socialist countries just as hard. Economic growth in the 76-80 Five Year Plan was the worst since the war. Performance in the year 80-1 was the worst

ever, Comecon as a whole grew by only 1.1%. Russia on her own, despite her gas and oil developments achieved only a modest 2% growth; this is almost exactly the same as that achieved in the US. Hungary's economy actually shrank by 1%. The whole of Comecon owes western capitalism some \$75 billions, and countries with the heaviest borrowing such as Poland and Romania have been unable to generate sufficient profit to meet the interest and capital repayments which fell during the year.³

This crisis has not suddenly appeared but has been gnawing away at the Eastern bloc economies for as long as the crisis in the West. Indeed if we look at the figures for Soviet industrial production we can see a remarkable parallel with the decline of the accumulation cycle in the West.

USSR Industrial Production (% change)

1950-55	13.1
1955-58	10.3
1960-65	8.6
1965-68	8.9
1968-72	7.4
1972-74	7.1
1976-80	4.4
1980-81	2.0
1981-85	3.7
1986-88	4.2

Sources: D.Dyker *The Soviet Economy*; The Financial Times; and *The Soviet Union 1987-9* (Bundesinstitut für Ostwissenschaftliche und Internationale Studien, Köln 1990)

Even the apparent (and short-lived) upturn in 1986-8 coincided with a similar phenomenon in many Western economies (and has to be set against a planned target of 4.6% for the current Five Year Plan). For many years however the censorship managed to disguise the enormity of the crisis. Indeed, when Gorbachev began his talk about "glasnost", about arms reductions and about "perestroika" most observers in the West had no idea how acute the crisis of the USSR's economy was. This gave Gorbachev the "statesman-like" image that he enjoyed outside the USSR during the arms limitation talks with Washington. Inside the USSR it is Gorbachev who tends to be blamed by new democrats and old Stalinists alike for the present economic paralysis. His allies have tried to point to the years of stagnation under Brezhnev but only recently have they begun to furnish more damning evidence about it. It was only in 1988, for example, that Pravda could bring itself to confess that:

Not one of the 170 essential productive sectors has fulfilled the objectives of the Plan a single time over the last 20 years.⁴

This is not the performance of a planned socialist economy but as we have argued, and our predecessors in the Communist Left since the 1920s and 1930s have argued, the final demonstration of the state capitalist nature of the USSR and the economies it created after 1945.

The Nature of the Soviet Economy

The confusion over the nature of the USSR arises from two factors. One is that it was the outcome of the working class revolution of 1917. The other is because the state had, until recently, a virtual monopoly of all the means of production and distribution this was enough for many to define the Soviet Union as "socialist" or "communist".

Leaving aside those bourgeois ideologues who had a vested interest in identifying communism with Stalinism, this vision of "socialism" overlooks several factors. First, the October Revolution was confined to the areas of the old Russian Empire by the armies of Western imperialism after World War One. Added to this the European working class never acquired the consciousness and organisation to succeed in overthrowing their "own" ruling classes. The consequent isolation of the revolution, the disintegration of the Russian working class that had fought for communism in 1917 during the civil war (1918-20) and the necessity to rebuild production led the Bolsheviks to revive capitalist relations (which it had only just begun to dismantle in the first six months after October 1917). Ultimately it also led to the Communist Party's transformation into a new ruling class. Under Stalin, the party "nomenklatura" who had the benefit of the use of the new state property (which was denied to the proletarian masses just as surely as if it were the private property of the bourgeoisie in the West) collectively disposed of the surplus value created by the wage labour of the Soviet working class. It is the existence of wage labour which defines the nature of the relations of production in the Soviet Union. For, as Marx clearly stated wage labour and capitalism are inseparable.

Thus capital pre-supposes wage labour; wage labour pre-supposes capital. they reciprocally condition the existence of each other, they reciprocally bring forth each other.⁵

And this leads to the second point. Whether the means of production are controlled by individual capitalists, by a state which has nationalised them or by a multinational monopoly it does not alter the nature of the mode of production. Although Marx had seen socialisation of the means of production as one of the necessary features of a socialist society he did not say that this was a sufficient condition to define socialism. The

fundamental feature which separates capitalist and socialist society is the latter's abolition of wage labour. This cannot be said of the USSR or any Eastern bloc state. Money plays the same role in the USSR as it does everywhere in the capitalist world. Whilst most Trotskyists and Stalinists argue that the existence of money in the USSR etc is only a technical means to facilitate the exchange of goods and doesn't function as capital, they forget that these goods which are being exchanged are commodities, the product of a capitalist system of exploitation, which uses the money form to systematically defraud the worker of the full value of her/his labour power.⁷ Marx saw communist society as a society **without money** in any form, and which produced not commodities, but use-values for people's real needs. This the USSR has never done.

The USSR then remains a capitalist economy despite the total state ownership of industry. The final resort of those who argue that state ownership equals socialism is to argue that it is only the mistakes of the Stalinist bureaucracy which prevent the present "deformed workers' state" being turned into a successful socialist economy. This simply does not stand up to examination. For example if we took the lack of consumer goods in the USSR economy we would find that this dearth is not a question of planned choice. In the last three Five Year Plans large sums of roubles have been set aside for increasing the supply of consumer goods but few have been forthcoming. The reason was the decline (if not collapse - there are few reliable statistics) of investment which characterised every area of the economy. The result was the release of more roubles into the economy than there were commodities to buy and to the same feature that is found in the West under such conditions - inflation. This can be seen in a number of factors such as the relationship between the free market price of food as against the state fixed price. In 1965 free market prices were 35% higher than state prices but in 1984 the difference was 120%. It can also be seen in the bank deposits of Russians which have risen from 10 milliards of roubles to 202.1 milliards in the same period since they have nothing to spend the extra cash on.⁸

The fundamental problem, as in the West, has been the decline in the rate of profit. Obviously this is difficult to "prove" statistically given the inaccurate and mystificatory way in which data is presented (although this also applies to the West, if to a lesser degree since the category of "profit" can be safely acknowledged in the West but not in Eastern bloc countries). However we can heuristically infer the tendency from official figures relating to industrial production and investment. The figures on page 2 demonstrate the collapse of industrial production: a strange phenomenon for a supposedly planned economy.⁹ What we should note is the fact that at the root of this crisis is a

continuous fall in investment. This has mirrored the fall in industrial production growth rates and has been continuous since the beginning of the 1950s. In the seventies however the process of decline began to increase dramatically, as the following figures show.

Investment growth rates in annual percentages under the Five Year Plans in the USSR

1966-70	7.6
1971-75	7.0
1976-80	3.5
1981-85	1.9 (planned)

Source *The State of the World Economy* (Rapport Annuel Mondial sur le Système Economique et les Stratégies), Macmillan 1982, p. 221.

In a totally planned economy there can only be one conclusion to such an investment pattern. Insufficient profits to fund the growing needs of the constant capital in particular and the economy as a whole. However incurable Stalinists (and supporters of the non-capitalist nature of the USSR in general) will no doubt object that these figures do show growth and that in any case, the law of value does not operate under "socialism". Well, in the first place there is increasing doubt that there has been any growth at all in real investment in the 1980 since the Soviet pricing policy is so unreal that it continuously exaggerates the amount of new investment.¹⁰ We can add the fact that such investment rarely goes to modernising existing plant (which tends to be run-down) but is always targetted to new projects which rarely get completed. This is so serious that there is even a Russian word for it (nezavershenka). In 1965 these uncompleted projects took up 69% of funds allocated under the Plan whilst in 1978 these equalled 85%. This arises because there is a kind of anarchy of the market in which different ministries and party patronage factions compete for the same scarce resources. If the law of value did not operate there would be no need for such competition.¹¹

Revolution and Counter-revolution

All of this demonstrates why talk of a "second Russian Revolution" is simply a devaluation of the idea of revolution. Gorbachev's "reforms" were simply the bureaucracy's response to the imminent breakdown of the system. But the reform process which Gorbachev started off is not only not a revolution it is equally not a counter-revolution as sundry Stalinists and Trotskyists are trying to maintain. What is happening is that the Soviet bourgeoisie (whether in Yeltsinite or ex-Stalinist garb) is attempting to survive the crisis of the general bankruptcy of the

system, "Perestroika" or restructuring has been conjured up to try to galvanise the USSR's economy and bring about "uskoreniye" (growth acceleration) after the Brezhnev "years of stagnation" (as they are officially described). However perestroika cannot take place as long as the planners (bureaucrats, nomenklatura or what you will) remain in their role of allocating resources to vested interests and thus misdirecting the economy at every level. This has been Gorbachev's problem from the beginning.

To bring in to being a political force to counteract the deadweight of the bureaucracy Gorbachev also had to invoke "glasnost" (openness). This was an attempt to initiate a public debate on reform involving wider layers of the population. It has echoes of the public debate begun amongst the intelligentsia in the late 1850s by Tsar Alexander II when he wished to emancipate the serfs and make Russia capable of competing with the Western Powers. Like Alexander II, Gorbachev found that once unleashed the political thrust of the debate did not necessarily follow official channels, the more clearly so since the officials managed to block the channels of economic reform. Now to achieve a wide-ranging economic reform the ruling class has had to concede a more extensive political reform. **But in no sense are we talking here about a process of revolution which would mean a change in the mode of production. Nor are we even talking about a change of the ruling class (even if individual CPSU leaders lose out).**¹² For the same reasons we are also not witnessing a counter-revolution. The USSR is not a workers state (not even in a degenerate form) but as the present crisis confirms a fully capitalist one. The counter-revolution there occurred in the 1920s not the 1980s. The creation of the CPSU monolith over the working class in the 1920s was the clearest expression and the greatest monument of this capitalist counter-revolution. Its demise therefore does not represent a change in the mode of production but simply a change in its system of management.

State Capitalism, Imperialism and the USSR

If the recent moves in Eastern Europe and the USSR towards a mixed or free market economy without a social revolution only confirm our general view that the USSR has always been capitalist this does not mean that we can complacently conclude that we have nothing to re-examine in our own conceptions.

State capitalism is and remains the universal tendency of the imperialist phase of capitalism. As it states in the CWO Platform "a genuine "free enterprise" capitalism is impossible today". This

contrasts with the history of capitalism until the end of the nineteenth century. Whilst bourgeois states have been involved in the defence of their national interests since they were created, for most of the last century it was enough for the state to merely regulate the worst excesses of the capitalist economy (Factory Acts etc), or to make up some rules for the functioning of financial institutions (Banking Acts, limited liability etc). However, as capital became more concentrated in fewer larger firms, and as these firms entered into global competition with equally large trusts from other capitalist states, the state became embroiled in the defence of the entire national economy. Liberal laissez-faire collapsed into protectionism and tariff wars after 1880. Capitalist states altered their policies from "trade following the flag" to the flag backing any trader ("What's good for General Motors is good for America" being one of its cruder aphorisms a generation or so later). The degree of concentration of capital which all this implies also had implications for the actions of the state. It was no longer sufficient for the state to hold the ring and see fair play between competing firms. By the dying decades of the last century the state was required to intervene more systematically to both maintain social peace (Bismarck's welfare system of 1882-9 being the pioneer) and to ensure that no trust or monopoly carried its capacity to control the market too far within the national boundaries. As compensation the state naturally gave support to any national firm in the struggle for new sources of labour and raw materials to exploit and new markets to conquer.

This was the situation on the eve of the First World War. But the war forced the imperialist states to increase their command of the national economy, even to the point of nationalising some industries (e.g coal) as part of the "war effort". When the First World War ended (with the revolutionary wave of 1917-23) many capitalists assumed (once the proletariat had been defeated) that a return to pre-war free market conditions was in order. Industries were denationalised, "sound money" and the gold standard were re-introduced and the result was the shortest accumulation cycle this century which resulted in the Wall St. Crash of 1929. Out of this debacle the state gradually began to re-assert its control over economic life as it prepared for war (increased tariffs, New Deals, Nazi Four Year Plans, Fascism in Italy). War once again was to be the acceptable capitalist solution to the crisis of profitability. The end of the Second World War did not result in the fond idea of 1919 that "free enterprise", "laissez faire" capitalism could be restored. At an international level (with the creation of the IMF and the World Bank) the capitalist states recognised that in the age of imperialism some form of world regulation was a necessity. GATT was instituted to minimise the risk of tariff wars and the OECD to promote

international economic cooperation amongst the dominant imperialist powers supporting the USA.

Equally, within each state there was no wholesale relaxation of wartime economic controls as in 1919. Indeed in many cases they were increased. This regulation took many forms and in some states the nationalisation of key industries of high organic composition which were unable to compete but which were deemed necessary for national survival was undertaken. Most of these were bailed out by the transfer of surplus value from profitable sectors of the economy (via taxation). This was not the end of the process. As we have noted many times, nationalisation was a prelude to rationalisation and all of these industries were heavily cut under state management in an effort to raise the rate of profit. The fact that this was difficult without provoking massive social discontent (since nationalised industries were in the larger enterprises) meant that this was delayed in most countries. Most backward of all in this restructuring was Britain which only began to tackle the problem in the early 60s. It only completed the process of restructuring in the era of Thatcher's privatisations and then only as a desperate response to the present crisis. However, the CWO in the past tended to regard direct state intervention in the means of production as the most important element in state capitalism and underemphasised the financial mechanisms which were in fact the real means of directing the whole economy. As a result we argued on more than one occasion that the tendency in the West towards state ownership of industry was a step on the road to total state ownership of industry. From this we went on to argue that the USSR represented the most fully developed form of state capitalism. We sometimes referred to this as "fully integral state capitalism" or the "purest" example of the statified, planned economy" but the most important fact was that we argued that it was the form of state capitalism towards which the other capitalist states would eventually have to move.

We can now see that this was contradictory. How can a backward economy which, at best, was 60% of the size of the United States represent the model for the future development of capitalism? In fact the USSR was a model - but not for the advanced capitalist states which, then as now, dominated the world market. It was a model for all those states which had not industrialised before the age of imperialism, particularly former colonies of the West. A highly state controlled economy which physically prevented investment by finance capital from Western imperialist nations was seen by many emerging bourgeoisies as a good autarkic basis from which to strive for that elusive industrial "take-off" point. To more developed market economies in the capitalist world the totally state-owned system was not only unnecessary but

represented a threat since autarkic states or those with non-convertible currencies provided few markets. This was the material root of the Cold War. The USSR strove to extend the area of non-convertible currency-based economies whilst the USA tried to prevent it.¹²

In fact we can say that the USSR has been a permanent war economy since 1928 in which the state has directed the national surplus value predominantly into military expenditure (12-13% of GNP, or twice that of the USA) and Department 1 (producer goods) production. Stalin's first Five Year Plan was launched in 1928 as preparation for war. Announcing the programme of forced industrialisation Stalin warned that the Soviet Union "was fifty to one hundred years behind the advanced capitalist powers; either we make good this lag in ten or they crush us". But war economies tend to concentrate on using the existing machinery and plant without investing in new productive forces. This was what was happening in the USSR after 1945 whilst the Western nations - spurred on by the increasingly regulated market - were revolutionising their means of production and introducing new technologies. Whilst backward economies went for total state control and became clients of the USSR the more advanced state capitalist economies of the West were able to daily regulate the operation of their own and their client economies by shifts in taxation, interest rates and currency rates. The USA, Japan, Britain and West Germany have all acted in concert to both protect each others currencies and to enforce the rules of international finance capital. Thus, a single telephone call between the major commodity markets of the capitalist metropolises can wipe billions off the price of a commodity and, as a consequence, destroy the economic plans of an African or Asian or Latinamerican monocultural economy (as for example Julius Nyerere found with the Tanzanian cotton crop when he was that country's President)

This also explains why Soviet imperialism was of a different character. Although the October Revolution inherited a greater part of the former Tsarist Empire, the USSR only fully re-entered the imperialist concert of nations in the 1930s. Failing to win an alliance with Britain and France during the 30s (with the Popular Front tactic) the USSR became a fully-fledged imperialist power in its own right with the signing of the Nazi-Soviet Pact in 1939. This gave the USSR the present-day Baltic provinces (taken from her by German imperialism in 1918), half of Poland and allowed it to gain territory after war with Finland in 1940. In 1945 Eastern Europe was recognised by the pacts of Yalta and Potsdam as in the USSR's sphere of influence. For a couple of years Stalin seems prepared to have allowed the re-establishment of open economies linked to the

West but which would be politically neutral and act as a buffer to the restoration of German imperialism. However, the obvious power that this gave to the dominant US economy and the increasing hostility to the USSR in the USA seems to have altered this policy. Stalin had already looted most of the remaining heavy industry in Eastern Europe. He now installed puppet regimes which were forced to pay further "reparations" to the USSR and were forced to adopt non-convertible currencies which would prevent the more dynamic USA from penetrating their markets. Thus whilst the USA was forcing its allies, France and Britain, to divest themselves of their former empires (so that they could appreciate the benefits of US commodities) the response of the USSR was old-fashioned colonialism.

Thus we have seen that whilst the organic composition of the Western metropolises continued to increase rapidly after 1945 the USSR's increased less rapidly. This raises the problem of how a state with a relatively low organic composition can be a bloc leader, or a super-power. We explained precisely why this was the case in *Revolutionary Perspectives 7* (written in 1977)

*Generally Soviet capital's organic composition is lower than that of the USA (as witnessed by the fact that it looks to the west for credits and technology and not the other way around). As a result Russia could never compete in an open fashion on the world market, for value would move from it towards the USA. Therefore Russia needs its own guaranteed market and this is Comecon. The way in which it dominates the east is a function of its backwardness relative to the USA. The control it exerts is at the open political-military level, as was obvious in 1956 and 1968. It does not allow its satellites a free existence on the world market (c.f. the European satellites of America); if this was allowed then it would lose out to the USA and its power over the east would evaporate. Only **direct and immediate** control can ensure otherwise. Its ability to do this results from the mass of capital within its own borders. Whilst backward relative to the USA it is still sufficiently developed to generate a **mass** of surplus value big enough to sustain the funding of a high level of arms production, a level which gives it the ability to suppress the satellites and face up to America.*

In short, Russian state capitalism was not only a backward form of state capitalism but it also operated a backward form of imperialism - colonialism. It also could make few real economic gains because of this. Those national liberation struggles which were successful brought only further drains on the USSR which had to massively subsidise its new allies. If we look at those states

admitted to Comecon since it was founded in 1955, Mongolia (admitted 1962) costs every USSR citizen 300 roubles a year, Cuba (admitted 1972) cost the USSR 1.6 billion roubles in 1976 alone whilst the admission of Vietnam in 1978 was opposed by Czechoslovakia on grounds of cost.¹³ In fact, as the USA's agents are fond of noting, the USSR has done little to alleviate the economic hardship of Vietnam. The crisis which stole on the Soviet economy at the end of the 70s first led to the panic-measure invasion of Afghanistan in December 1979, then to the collapse of support for almost all the USSR's clients in the periphery (Mozambique, Angola etc).

But what of the Eastern European colonies? The USSR had undoubtedly gained economically from them in the post-war period. Not only were favourable trade terms for Polish coal and Czech uranium agreed but joint-stock companies were also set up where profits were shared between the two countries. The only thing about this was that the USSR's 50% "share" of the investment consisted of plant "confiscated" from Germany. Later, in the 1960s, Cuban sugar, for example, was bought at a fixed price and re-sold at a higher price to Eastern Europe. In fact the same crisis that hit the USSR in 1979 had already hit most of its clients much earlier (especially the spectacular case of Poland which the USSR allowed to run to Western banks and the IMF because it could not find the capital to support it). Indeed by the mid-70s Eastern Europe was no longer the profitable colonial set-up it had once been.

The changes in world market prices from 1973 and in CMEA (or Comecon) pricing rules from 1975 affected the relative attractiveness of CMEA and western trade to the USSR. Intra-CMEA trade, had at least in a short-term and narrowly economic sense, been unattractive to Moscow. The 'costs of empire' may have extended to absolute losses from trade with Eastern Europe, in the sense that a million roubles' worth (in foreign trade prices) of items imported from Eastern Europe may have been capable of being produced in the USSR at a resource cost below that required to produce the exports to pay for them ... the USSR obtained considerably less for a barrel of oil delivered to Poland than for a barrel of oil delivered to the Netherlands.¹⁴

Another U.S. economist put it more baldly but no less accurately:

There is no doubt that as of late 1973 East Europeans did exploit the Soviet Union.¹⁵

Philip Hanson went on to point out that the crisis in the West led to balance of payments problems for Eastern Europe with the West. The result was

that as the satellites had few opportunities for hard currency earnings the USSR was forced to extend credit. Comecon had previously operated on bilateral balances but now there was a growing indebtedness of the satellites to the USSR. His conclusion was that

... increased economic control of Eastern Europe is a mixed blessing for Moscow: at present it still comes at high economic cost, and further increases in such control may be surplus to requirements.

So we can see that Eastern Europe was becoming a burden to the USSR by the late 1970s and yet it constituted 80% of its foreign trade. This only reinforces what we wrote in 1982.

And the USSR IS a weak imperialism. Despite being the world's second largest economic power (though Japan is closing the gap) the USSR economy is about 60% of the size of that of the USA. Without an ally, it is at a grave disadvantage. To keep up in the race to dominate the planet it is forced to spend about 12% of its GNP on arms (i.e. about twice the proportion of the USA) to equal US military might and protect its own bloc. Since arms production is unproductive for capital, this represents another haemorrhage for Russian capital. The recent US decision to step up the arms race in order to bankrupt Russia and maintain arms superiority at the same time has created a situation of enormous menace for the bureaucrats. Their economy cannot sustain such a race without profound social convulsions.¹⁶

War or Collapse?

Since that was written Japan has overtaken the USSR and its economic output has fallen to about half that of the USA but the crisis which we predicted has already been faced by the Kremlin in advance of more serious social convulsions. These are yet to come (though in terms of the national question are already taking place) but the question which is raised is why, after all, did the USSR not go to war in the early 80s when it had become clear that the USA was stepping up the arms race with the deliberate intention of bankrupting the Soviet economy? This was, after all the policy pursued by Imperial Germany in contributing to the start of the first imperialist world war in 1914. The German General Staff had reckoned that by 1916 it would have become inferior militarily to its enemies in the Entente. War, which might have maintained or increased the dominance of German imperialism in Europe was therefore - within the logic of imperialism - a rational step. However, this was not the case for the USSR in the present

epoch. Once it had looted its colonies in Eastern Europe and trapped them into Comecon deals which benefitted the USSR there was little more to be done. When these colonies,¹⁷ to varying degrees began to actually act as a drain on the Soviet Union (e.g. Poland) they had little further economic rationale. They were merely the buffer zones Stalin had intended them to be in 1945. With the crisis in the USSR growing apace the problem was that further annexations would have had to be held down by military force and the economies, once looted, would have been of little further use. They would have had to be policed as strictly as the Eastern bloc countries.

The only war that made any sense was one that eliminated the USA or destroyed the Western bloc. Without allies there was little chance that such a war was winnable. Brezhnev tried to advance the Soviet Union's dominions in Africa and elsewhere but these too were only a further drain for the USSR. By the time Andropov came to power there was clearly a pressing economic need for a new strategy. The "peaceful" road of Gorbachev is the outcome. It is impossible to know at this stage what the deliberations that went on in the Kremlin were but from external signs it seems that the new policy had the following elements:

- 1) Arms reductions and ending of tension with the USA.
- 2) A fundamental economic reform of the USSR economy (the rise of Germany and Japan AFTER military defeat has obviously impressed the Soviet bourgeoisie).
- 3) An attempt to realign the political map of Europe which would unfreeze the Cold War. The price of this has been to abandon Eastern Europe and to make the kind of internal reforms that would make the USSR an acceptable future ally in the "common European home".
- 4) Obtain Western technology to raise the productivity of Russian labour. Only by convincing the Western European states that the USSR posed no threat would the COCOM agreement of 1949 (which prevents hi-tech goods being sold in the Eastern bloc) be scrapped.
- 5) All this was risky but the economic crisis in the West was so severe, particularly in the USA which had to have the dollar supported by its allies, that it was considered worth the gamble.

All of this was seen as a longterm policy which saw perestroika etc as a slow process which could the USSR cohesively together whilst such a realignment could be made. The economic crisis which provoked the policy has however refused to go away. After years of privation, economic failure has undermined the Gorbachev strategy and now Gorbachev has been reduced to a foreign ambassador whilst the new political forces try their hand. But it is no longer any politician which

directs the process of change but that process which is transforming the former USSR. The breakaway movements in the Caucasus, the Baltic provinces and elsewhere, and the insoluble economic crisis have shown that the strategy of gradual change has failed. Today the major task facing the Russian ruling class is to avert the total break up of their empire.

This does not mean that they are not prepared for some more political decolonisation. The present struggle between the nationalists secessionists and Moscow is not over independence of but over the terms of that independence. With the heavy dependence of most of the minority states on the Russia for food and fuel Moscow still has cards to play, especially as the West is in chronic crisis itself. The Russian ruling class are playing for time because at the root of any hopes they might have must be the state of the economy which is worsening rather than improving.

The Working Class

Critical to the immediate future is the attitude of the working class. Every Russian leadership since Stalin has tried to increase productivity without increasing investment. This means that they have proposed attacks on the working class. Kosygin in 1971 said

Raising the efficiency of production, reducing costs and increasing the productivity of labour is the path we must follow in order to increase profits.¹⁹

Whilst Brezhnev five years later spoke of

...faults which are particularly intolerable are those of wastage of labour time, irregularity in the pace of work, lack of discipline in work and large turnover of personnel in enterprises.²⁰

Andropov made the same noises on discovering that labour productivity had halved under the Tenth Five Year Plan.

At the November 1982 Plenum he severely criticised our economic development, talked much of the need to tighten labour discipline, to liquidate disorder and slackness, which had indeed reached terrifying proportions.²¹

And as Gorbachev is fond of repeating "perestroika" did not come from nowhere. It is the latest attempt to restructure the Russian economy on the backs of the workers. The fact that there have been so many calls for increased productivity is testimony to their repeated failure. As we wrote in *Revolutionary Perspectives* 19:

... the problems posed by too large an attack on the working class through increased productivity, especially when consumer

shortages are so persistent, are obvious. Ever since the strikes in 1923, caused by the effects of NEP, the Russian workers have shown an unwillingness to be pushed too far. Even under the severe conditions of the 1930s Stakhanovites were sometimes attacked, and absenteeism was rife. In June 1962 there was a nation-wide strike against piece-work and increased meat and butter prices which reached its peak at Novocherkassk. 11,000 workers at the Budyenny locomotive works struck and marched on the Communist Party headquarters which led to clashes with the police. Order was not restored until the Army had been brought in. In 1972, at Dnepropetrovsk, thousands of workers went on strike and occupied their factories in protest against living and working conditions. Again this led to clashes with the State which led to many casualties. More recently there were strikes in 1977 in Leningrad and Riga over meat shortages. The Soviet rulers will try every option before they confront the massive and undefeated Soviet working class.²²

The latest response of the working class to the most systematic attack yet made on it - the miners strike of 1989 - only underlines what we wrote in 1982. More worrying for the Russian ruling class is that a strike which began for better working conditions ended up with miners taking over whole towns and replacing the police with their own militias. The old call of "All Power to the Soviets" was also voiced in the Ukraine though we have inadequate information so we cannot confirm whether this had the old revolutionary meaning. Clearly a new strategy was needed if the working class could be persuaded to pay for the capitalist crisis in the USSR. The answer is to take a leaf from Western Europe and bring in greater "democracy".

In a fully state capitalist economy where the state owns industrial enterprises directly economic decisions cannot hide behind the excuse that it is the "laws of the market" or "supply and demand" which causes lay-offs, speed-ups and wage cuts since government actions clearly modify or regulate such policies. Therefore to give itself more flexibility to attack the workforce the State needs to find an indirect mechanism for such attacks. The answer for many capitalist states in the face of the crisis is to abandon direct state ownership of (and therefore responsibility for) industry. The workers throughout Eastern Europe have just begun to experience the benefits of "freedom and democracy" with mounting unemployment and inflation. But Gorbachev has seen how the Polish Government of Solidarnosc have been brought in to attack the very workers who once supported them. And despite several strikes, they are still managing to carry out a vicious attack without losing control of the workers.

This is now the road the USSR will go down and the success of Gorbachev, as his spokesmen keep repeating, rests more on whether he can impose greater exploitation on the working class rather than the present struggle with national minorities.

Footnotes

1. The original version of this text entitled *The Collapse of Soviet Imperialism* was presented to a CWO education meeting in London in April 1989. Our views on the terminal nature of the crisis in the USSR have appeared in several articles in *Workers Voice* but the original expression of them was in *Theories of State Capitalism in Revolutionary Perspectives* 19 (£1 from our London address).

2. For an expansion of this argument see CWO Pamphlet No. 1 *The Economic Foundations of Capitalist Decadence* (also £1 from the group address).

3. *Money, Credit and Crisis in Revolutionary Perspectives* 8 p.28, also reprinted in CWO Pamphlet No.1.

4. *Revolutionary Perspectives* 19 p.3

5. May 30, 1988, quoted in *The Gorbachev Phenomenon* Françoise Thom (Pinter Press, 1989).

6. *Wage Labour and Capital* (Marx-Engels Selected Works Vol.1 p.92).

7. For a fuller explanation see *Crisis of Communism or Crisis of Capitalism* in *Communist Review* 8.

8. See Alec Nove *An Economic History of the USSR* (1989) p.372.

9. The reasons for this are explained in Giorgio Paolucci *La crisi dell'URSS e dei paesi dell'Est* in *PROMETEO* 11.

10. See the article by A.Nove in *SOVIET STUDIES* 33 (No.2, April 1981).

11. See Paolucci op cit. We should perhaps point out here that some Trotskyists like Ernest Mandel reveal their real ignorance of Marxist economics when they insist that it is competition which brings into play the law of value and not the other way round.

12. This will be developed in the CWO's forthcoming pamphlet on the decline of the Russian Revolution. In the meantime we would refer those readers who can read Italian to the book *I nodi irrisolti dello Stalinismo alla base della perestrojka* by our comrades in the Internationalist Communist Party (Battaglia Comunista). It is available from them for L.It 18,000 or £9 from our London address.

13. All the above figures from K. Dawisha and P. Hanson (eds) *Soviet - East European Dilemmas* (Heinemann 1981).

14. Philip Hanson in A. Brown and M. Kaser *Soviet policy for the 1980s* (Macmillan 1982) p.73.

15. Marshall Goldman *The USSR in Crisis* (W.W. Norton 1983) p. 149.

16. *Revolutionary Perspectives* 19 pp. 30-1.

17. They were bizarre colonies reflecting the backwardness of Soviet imperialism. Whilst the USSR sent them raw materials they were using them to promote their own industrialisation. Stalinists have naturally pointed to this reversal of the classical capitalist colonial pattern as "proof" of the socialist nature of the USSR!

18. Aganbegyan in *Moving the Mountain* lists all the weaknesses of the US economy which the then dominant faction counted upon (see pp. 229-31).

19. *Pravda* 7.4.71.

20. *Pravda* 2.3.76.

21. Aganbegyan op. cit p.157.

22. loc cit p.29

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Correspondence with Comrades in Asia

Introduction

The following correspondence with two comrades from outside capitalism's traditional centres, whilst of interest in itself, is also a reminder that the process of building the revolutionary party is a global one. Contrary to the impression sometimes given by proletarian groups in the capitalist heartlands, this process is not a one way affair where revolutionaries from Europe simply pass on the lessons of history to others from outside. Whatever benefits European revolutionaries may have from their cultural and historical ties with marxism and past revolutionary movements, the communist programme of tomorrow cannot simply be drawn from that experience. In recent decades the globalisation of capital, and with it the formation and expansion of a new generation of proletarians, has reached unprecedented levels. As productive capital has moved increasingly rapidly around the planet in search of a higher rate of profit, so the working class everywhere has been faced with increasingly similar problems. The permanent army of the unemployed which used to be a feature of the cities of Africa, Asia and Latin America to force down wage rates exists (if in a "more civilised" welfare context) in the old metropolises. Capital is no longer so deeply rooted in this or that productive unit but only rents services and then moves on to the next place where there is either a higher rate of exploitation or some other short-term profit advantage. The velocity of turnover of capital today is the chief means by which capitalism survives but it has the added advantage of creating greater uncertainty and disorientation for workers everywhere. Whatever the local differences, the basic point is that capital has more than ever created an international working class subject to an increasingly similar regime of exploitation and with their own history of class struggle.

The first letter dealing mainly with the national question, is a reply to a correspondent from South Korea. We have taken this opportunity to publish it since the issue is by no means limited to Korea. At a time when the capitalist crisis is leading to the break-up of capitalist states an historical appreciation of how the interests of the working class can in no sense be identified with the 'nation' is more vital than ever. At present the struggle to

form a revolutionary nucleus in S. Korea is faltering as many political militants are diverted into nationalist illusions and preoccupations (reunification with the North) and as the class struggle, though militant, remains divorced from revolutionary politics.

This last is not an unfamiliar problem for revolutionaries in the old heartlands of capital and we have no easy, short-term strategies to recommend - as we tried to point out in our reply to Comrade L in Hong Kong. Some of our readers may recall previous discussions with this comrade in the CWO press and others in Britain. As his letter here shows, disillusion with the spontaneist view of the development of class consciousness has led Comrade L. to reject the German and Dutch Left. Unfortunately the desire to overcome isolation has propelled him into political opportunism. This is a pity, because - as we show in the review of Walter Däum's book - even though the Trotskyists Comrade L. quotes approvingly do understand something of the nature of post-revolutionary Russia they would repeat all the mistakes of that past (they see nationalisation, for example, as a step towards socialism) and thus have nothing to offer today's working class. We believe Comrade L's tactics to be seriously misguided yet who can deny that political isolation is a real problem for revolutionary marxists? While we cannot change the circumstances in which we find ourselves, the comrade's preoccupations cannot be dismissed as irrelevant. On the contrary they demonstrate the urgency of fighting for a really revolutionary programme against all the failed variants of leftism.

With the demise of Stalinism the Trotskyists who also saw Russia as a "workers' state" should also logically expire. But they won't do so of their own accord. The lesson of L's experience is that we have to demonstrate what the communist programme really is and to fight for it even in the most unpromising of circumstances.

Marxism and the National Question

Dear Comrade,

Thanks for your letter. You've certainly asked some crucial questions!

Marx and Lenin on National Liberation

First of all it's important to remember that the views of Marx and Lenin on any issue were not just the product of their own heads but were influenced by, and a response to, the social and historical situations they found themselves in. First, Marx and Engels. For them there was no such thing as a natural "right" for every nation to exist with its own state. As Engels pointed out in 1866, "There is no country in Europe where there are not different nationalities under the same government." (For example, Britain is made up of English, Welsh and Scots and not one single nation.) For Marx and Engels it was absurd to think that **every** nationality, no matter how small, had a right to a separate existence. They opposed, for instance, the breakup of central Europe into small national states (like we are seeing in Yugoslavia today). On the other hand, Marx and Engels did support what they called "the old democratic and working class tenet as to the right of the great European *nations* to separate and independent existence". In practice this meant they supported things like Poland's independence from the Russian Empire; the 1848 attempted democratic revolution in Italy (which until 1861 was still divided up on a feudal basis, partly under the domination of the Austro-Hungarian Empire) and elsewhere; and the independence, or at least federal union of Ireland with Britain. Why? The answer is not so much that these places had an automatic right to independent existence but that certain ways of capitalist development were preferable from the point of view of the long term, historical interest of the working class. Marx thought that the best conditions for proletarian revolution would be established in a bourgeois democratic state where the old reactionary feudal rulers had been overthrown by a democratic revolution (with the working class fighting alongside the revolutionary bourgeoisie). Here capitalism would be able to develop without feudal restrictions (such as customs dues between local

provinces) and create the economic and technological infrastructure for a higher form of society - communism. At the same time the class struggle between the bourgeoisie and the proletariat would be clearer - the best conditions for the development of an independent struggle by the working class. So, Marx and Engels argued inside the First International that the working class should support the struggle for a democratic Poland since Polish democrats had fought on the side of progressive historic movements, including the Paris Commune, and an independent, democratic Poland would weaken the power of reactionary, backward Russia. However, they were less enthusiastic about national unification which happened **without** a completely successful democratic revolution where elements of feudalism and the old aristocratic ruling class remained to distort the 'pure' development of capitalism. Thus Marx's verdict on the final unification of Italy was that the tasks of the democratic revolution had been carried out by the "political reaction" while the unification of Germany "from above" was something that Marx and Engels recognised as a *fait accompli* (something already done) by 1866 and which could not be changed. As Marx said,

...we have to accept the fact, without approving of it, and to use, as far as we can, the greater facilities now bound at any rate to become available for the national organisation and unification of the German proletariat". (Letter to Engels, July 1866)

With Ireland, Marx and Engels' arguments were always a bit different. Here they did not emphasise the progressive nature of a democratic revolution but the need to break down the hatred between the Irish and English proletariat (Irish workers were brought to Britain to break strikes and were also used as even cheaper labour). In fact what they wanted to see was not so much an independent Irish state but a situation where Irish workers would face English workers as equals. This would help them to unify to fight capitalism together.

As for the European colonies which existed in their day, Marx and Engels were not concerned with their 'national liberation'. They saw the first historical task as being the breakdown of the old pre-capitalist economic and social structures so

that capitalism could establish itself (as a necessary step towards the creation of a world proletariat). This **did not** mean that Marx approved of every act of British imperialism - far from it. What he did see was that capitalism's expansion outside of its original home had a historically progressive role to play: it was a force for revolutionary change. In this sense the expansion of capitalism was a historical, not a moral question. Take, for example, an article of 1853 (probably Engels, though signed by Marx) which concludes:

England, it is true, in causing a social revolution in Hindustan was actuated only by the vilest interest, and was stupid in her manner of enforcing them. But that is not the question. The question is, can mankind fulfil its destiny without a fundamental revolution in the social state of Asia? If not, whatever may have been the crimes of England she was the unconscious tool of history in bringing about that revolution. ('The East India Company - Its History and Results' in Surveys From Exile p.307)

Later Marx said that eventually India would become independent but he didn't know and did not speculate about how this would come about.

Lenin. Unlike Marx and Engels, Lenin wrote of the 'right' to self-determination of all nations: a right which need not necessarily be exercised. (He compared it to the right of divorce which all couples have but which only a minority of people actually use.) Just before and during the 1st World War, as part of his study of imperialism, Lenin saw the nationalist anti-colonial movements as essentially the same kind of struggle as the earlier European bourgeois democratic movements. While the imperialist bourgeoisie of Europe had now shown itself to be reactionary, the European proletariat could align itself with the "young democracy of Asia". In 1913, for example, he wrote:

The awakening of Asia and the beginning of the struggle for power by the advanced proletariat of Europe are a symbol of the new phase in world history that began early this century. (Pravda May 7th)

As you know, during the Russian Revolution Lenin argued in the Third International that the proletariat should support anti-colonial struggles for the reason that they would further weaken the European imperialist powers and promote the success of the proletarian revolution in Europe.

What does the CWO think?

First, it's important to recognise the significance of the change in historical circumstances since Marx's day. Today the capitalist mode of

production dominates throughout the world and capitalism's **progressive** role of laying the material foundations for a communist society is over. This has been true since around the beginning of the 20th century and was first confirmed in practice by the 1st World War, an imperialist war which was the extension of the economic rivalry between the 'Great Powers'. Now the working class no longer has any interest in the development of capitalist relations of production but only in their destruction. Gone for ever has the time when the working class in any particular area had anything to gain from fighting alongside the bourgeoisie for an independent democratic republic. These ideas, based on the recognition of two distinct phases in capitalism's history, have not come from nowhere. They are based on a critical analysis of the arguments of previous revolutionaries who found themselves faced with rapidly changing historical circumstances. So we can't make our position clear without looking a bit closer at the debates amongst revolutionary Marxists around the time of the 1st World War and during the revolutionary period.

We have to thank Lenin for being the first to recognise the implications of the 1st World War for the revolution which broke out in Russia in 1917. When he returned to Russia from exile he had to begin the process of persuading the rest of the Bolshevik Party that the revolution underway was not the long-awaited bourgeois democratic revolution to overthrow Tsarism in Russia, but the first step in a European revolution of the proletariat. The Russian Revolution confirmed in practice that it was unnecessary for every state to mechanically go through the phase of a national, bourgeois democratic revolution before progressing to the proletarian communist revolution. Even before 1917 Lenin had begun to reach this conclusion in the case of Russia and his writings on the possibility of a revolution where the bourgeois and the proletarian aspects would be telescoped show this.

However, this did not affect the way he saw the national question. Like Marx and Engels, for instance, he originally supported the cause of Polish independence because he assumed that would weaken the reactionary Russian state. (As a Russian Lenin was very aware of the existence of 'Great Russian chauvinism' towards other nationalities which had been made part of the Russian Empire. This helps to explain his emphasis on self-determination as a right for all nations. Although we can understand how he reached this position, we don't agree with it.) It is possible that even in Marx's time Polish independence would not have led to the democratic republic he expected. By the time of Lenin European capitalism had advanced so much that even if Poland achieved political independence the newly 'liberated' state

would remain **economically dependent** in relation to the more powerful capitalist states. Luxemburg went further and argued (against Kautsky) that since competition between the strongest capitalist states had reached the point of rivalry between **world powers** the impossibility of achieving meaningful national liberation did not just apply to Poland, but to all "petty nations":

The development of world powers, a characteristic feature of our times, growing in importance along with the progress of capitalism, from the very outset condemns all small nations to political impotence. Apart from a few of the most powerful nations, the leaders in capitalist development, which possess the spiritual and material resources necessary to maintain their political and economic dependence, "self-determination", the independent existence of smaller and petty nations, is an illusion, and will become even more so. ...the big-power economy and politics - a condition of survival for the capitalist states - turn the politically independent, formally equal, small European states into mutes on the European stage ... From this point of view, the idea of insuring all "nations" the possibility of self-determination is equivalent to reverting from Great-Capitalist development to the small medieval states, far earlier than the fifteenth and sixteenth centuries. (The Right of Nations to Self-Determination, 1897-98 in The National Question ed. by Horace B. Davis p.129).

Moreover, Luxemburg argued, once an independent proletarian party existed - as it did in the shape of the Social Democratic Party of the Kingdom of Poland and Lithuania (SDKPiL) - then the argument that the proletariat should support bourgeois democratic parties only in the early stages of its own development as a class, before it had its own expression of independent political existence, no longer held water.

Although Lenin accepted Luxemburg's arguments **for Poland** and changed his position, in his pamphlet against Luxemburg (*The Right of Nations to Self-Determination*, 1914) he remained unconvinced of what she and others inside the Bolshevik Party (like Bukharin, Piatakov) were saying as a general guide for framing policy on the national question. Nevertheless, in 1918 Lenin's resolution on self-determination was out-voted at the Bolshevik Party Congress in favour of Bukharin-Piatakov resolution. This denied that every nation had a right to self-determination and stated that the only possible form of self-determination was the self-determination of the working class. (A year later it was overturned and self-determination again became the cornerstone of Bolshevik Party policy.)

Lenin himself had sometimes used similar arguments as Bukharin and Piatakov but he did not fully accept them. (See, for example, *The Working Class and the National Question*, 1913 where Lenin argues

Today the bourgeoisie fears the workers and is seeking an alliance ... with the reactionaries, and is betraying democracy, advocating oppression or unequal rights among nations and corrupting the workers with nationalist slogans. In our time the proletariat alone upholds the real freedom of nations and the unity of workers of all nations. For different nations to live together in peace and freedom or to separate and form different states (if that is more convenient for them), a full democracy, upheld by the working class, is essential.)

Indeed, the term 'self-determination of the proletariat' is confusing because it implies that the working class, by following their **international interests**, can at the same time, secure self-determination (or liberation) for the 'nation' which, by definition is made up of more than one class, including the bourgeoisie.

When it was a question of the Great Powers of Europe, all sides in the debate agreed that the 1st World War proved that the bourgeoisie could only play a reactionary role in the epoch of imperialism and that the working class could no longer align with it. For Luxemburg and her followers,

The World War has shown that the period of building national states in Europe has passed (Theses on the National Question by the editors of Gazeta Robotnicza)

just as for Lenin imperialism and the imperialist war showed,

From the liberator of nations, which it was in the struggle against feudalism, capitalism in its imperialist stage has turned into the greatest oppressor of nations. Formerly progressive, capitalism has become reactionary; (Socialism and the War) .

However, when it came to the International adopting a policy towards colonial revolts against the imperialist powers Lenin reverted to the perspective of the bourgeois democratic revolution as a preliminary step towards proletarian revolution. Against the opposition of M.N. Roy (who drafted the International's theses on the national and colonial question) and Sultan Zade, Lenin still argued, in the words of Roy, that

Every stage of social revolution being historically determined, the colonial countries

must have their bourgeois democratic revolution before they could enter the stage of the proletarian revolution (From MN Roy, *Memoirs* quoted in *Lenin and the Comintern*, Lazitch and Drachkovitch p.387).

The result was that the final *Theses on the Colonial Question* accepted by the 2nd Congress were a compromise where Lenin managed to have scored out from Roy's original draft the suggestion that the Communist International would give no support to *the doctrine of nationalism* or that the International must not support bourgeois national elements in the colonies since *The mass movement there is growing up independently of the nationalist movement*. Lenin simply did not accept this. The resulting compromise was a set of theses on the colonial question (significantly, they were not now presented as appropriate for the national question as a whole) which, despite abandoning the term 'bourgeois democratic movement' (in favour of 'national revolutionary movement'), did not prevent Lenin from seeing colonial revolts as essentially bourgeois liberation movements which would be supported *only when they are genuinely revolutionary*. (See his *Report of the Commission on the National and Colonial Questions* to the Second Congress of the Communist International July 26th, 1920, where he says,

It is beyond doubt that any national movement can only be a bourgeois-democratic movement, since the overwhelming mass of the population in the backward countries consists of peasants who represent bourgeois-capitalist relationships.)

Despite this, during the debate Lenin did accept *that 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.*

This is all very confusing. What are we today to make of it? First, we must not forget that in 1920, the main concern of Lenin was how to save the proletarian revolution in Europe, or more precisely in Russia, where all the imperialist powers had waged a struggle against the proletariat. From this perspective the main criteria for supporting colonial revolts was in order to weaken the imperialist powers and thus **increase the revolutionary crisis in Europe**. Second, despite Lenin's insight that imperialism is a stage in capitalism's development, he tended to look at the colonial question in terms of oppressed and oppressing **nations**, the solution to which was the same as inside Russia itself - national independence, or 'self-determination'. We think Lenin was wrong to emphasise national self-determination as a right. In the imperialist

epoch this is an impossible goal for the weaker states; during the proletarian revolution it is confusing and dangerous to talk about national liberation as if this were compatible with proletarian internationalism and the disappearance of all national boundaries. Though the Bolsheviks could not have prevented the secession of national minorities from the old Russian Empire during the revolution this was no reason for them to condone such moves. Certainly revolutionaries have to fight all forms of racism, tribalism and xenophobia within the world's working class but this cannot be done by stressing nationalism in the weaker capitalist states. To struggle against imperialism can only mean a struggle against capitalism because no state in the world can escape being part of the international network of imperialist relations. For scientific communists the conception of oppressed and oppressing nations is inadequate to describe the relationship between the ex-colonial states and the imperialist metropolises. It is more useful to see the world in terms of strong and weak capitalist powers where the proletariat and semi-proletarian masses on the periphery of the system are exploited by their 'own' bourgeoisie as well as by capitalists from the imperialist heartlands. In such a situation there is only one task for the proletariat in every country and that is to fight capitalism in all its forms, whether it be in the form of the national bourgeoisie, foreign multinationals or whatever. The question of how the proletariat in the periphery can link up with semi and non-proletarian masses remains but this is a problem which cannot be solved by concessions to nationalism.

To sum up:

Marx was writing in a different historical epoch when certain struggles for national self-determination were historically progressive because they implied the revolutionary destruction of backward feudal relations and the freeing of the artificial chains on the development of the productive forces by means of capitalism. It is true that capitalism would have - and did - develop anyway but Marx's argument was that in a bourgeois democratic republic the class struggle between the proletariat and the bourgeoisie would develop most clearly. In any case Marx and Engels, contrary to Bakunin and the Anarchists, never recognised a natural 'right to self-determination'. In practice they viewed each situation according to what they understood to be the best interests of the working class.

Lenin (and Luxemburg) lived through capitalism's transitional period - from being a revolutionary and progressive force in world history to a reactionary, imperialist system. In other words, from the epoch of national bourgeois revolutions to that of the international proletarian revolution.

It is easier for us to see now than it was for revolutionaries at the time to recognise that the era when there might be something for the proletariat to support in national liberation struggles had passed. Although we can understand Lenin's preoccupation with the problem of Great Russian chauvinism, we think he was wrong to see national self-determination as a right. In our view the soviets of the future will be organised on territorial, not specifically national, lines. The problem of integrating non-proletarian elements into the soviet system should be treated as such, not as a national question. Like the Bolsheviks in the Russian Revolution, we will not be able to prevent the secession of national minorities but we will not welcome this. Instead we will call for the local working class in these areas to align with the international proletariat. The important thing is class consciousness, not nationalism. As for imperialism, this cannot be fought on a national basis but only as part of the international class struggle where the tasks of the proletariat are the same everywhere - to fight capitalist exploitation whatever the national origins of the exploiters.

The Russian Revolution

This was a proletarian, not a bourgeois revolution and part of a wider revolutionary movement in Europe. The revolution went further in Russia mainly because the working class in Russia had the clearest political party. The seizure of power in October 1917 was not a coup d'état (revolution from above to replace one set of leaders with another) by the Bolsheviks. The Bolshevik Party had the support of the majority of the working class and the most class conscious workers were Bolshevik Party members. During the early stages of the revolution the working class as a whole were actively involved in the exercise of political power through their own political organisations - the soviets, or workers' councils. In October 1917 the Bolshevik Party had a majority in the soviets.

The revolution was opposed by all the major imperialist powers who sent troops and money to help the counter-revolutionary forces inside Russia. During the civil war hundreds of thousands of proletarians died, the life of the soviets came more or less to an end and the leaders of the Bolshevik Party were left defending state power but **without the soviets**. At the same time the attempts at revolution in Europe had been crushed. Increasingly, Russia became an isolated proletarian bastion (fortress) surrounded on the outside by the imperialist powers and where inside the working class was decimated by the civil war and the population was facing famine. Above all, there was no life left in the proletariat's democratic organs - the soviets. The Bolshevik Party controlled the state but by 1921 this was a state where the

proletariat as a whole no longer exercised political power. The Bolshevik Party leaders thought that by holding on to state power they could defend the revolution until workers elsewhere in Europe tried again to make a revolution. This did not happen. Today we can see that events like NEP, the crushing of the Kronstadt revolt, marked a turning point for the Bolsheviks and are a sign that the Russian revolution had been defeated as a result of the civil war and isolation when the European revolution failed. Instead of defending the revolution the Bolshevik Party began to defend the Russian state: a state which had to survive in a capitalist world. The counter-revolution which turned Russia from a proletarian bastion into a state capitalist society was a process which began during the civil war and was not just the result of the death of Lenin and the rise of Stalinism.

The main lessons we draw from the Russian experience are:

1. Socialism/communism cannot exist in one country.
2. The communist party cannot hold power on behalf of the working class (instead of the working class).

This leads to your last question, the relationship of the party to the class.

This is a question which preoccupied (concerned) the Italian Left throughout the 1920's and 30's as they tried to understand what had happened to the Russian Revolution and the International. Briefly, these are what we consider to be the main points:

1. The party is the expression of the political consciousness of the working class. Its members are mainly workers but individuals from the middle class and intelligentsia can join.
2. At the moment the revolutionary party does not exist. It will have to be formed after debate and discussion with revolutionary elements worldwide. In our view the party will have to be a world party with a single programme, not a federation of national parties.
3. Although the party's task is to lead the working class in their revolutionary struggle, the proletariat as a whole must be involved in the political process of the new society. For the working class in general soviets, or similar organisations, with directly recallable delegates are the means by which the proletariat will exercise power in the revolutionary semi-state.
4. In the next revolution members of the revolutionary party will be elected as delegates to the soviets. This is how the party will hold power - **indirectly, through the soviets**. The role of the

party leadership is to give a programmatic lead to the working class. The party leaders have no automatic right to permanent positions of state power. Party leaders who are given responsibility within the state will be responsible to the soviets

(as well as to their party programme) and if necessary can be recalled by them.

Revolutionary greetings,
CWO (pp IBRP)

Letter from Hong Kong

Dear Comrades,

I have not been in touch for a long time ...

What I have been up to in the past two years is that I've had some major rethinking of the Left-communist tradition. I now totally renounce the German and Dutch Left. What they did and what their heirs today do is simply to impose on themselves self-exile from the class struggle. The LRP (USA) accuses the ICC of centrism (useless to both the bourgeoisie and the proletariat). There is considerable truth in that accusation. As to the Italian Left, I have more sympathy for it but my current thinking is to go even further. Concretely, for instance, I think trade union work is useful and important. Another example, I now think the united front is not by nature counter-revolutionary. It all depends on the concrete situation. Over the past two years I've been involved in what I would previously call leftist activities. And I am now leading what I would previously call a leftist organisation, in which there are Trotskyist participants ... What I and the others are trying to do is to establish a marxist orientation within that movement. I think I can co-operate with the Trotskyists because in our activities clashes of class position (for example, their defence of *degenerated workers' state*) are not yet on the immediate practical agenda. They may express their view that China has a 'socialist' infrastructure in their writings and I may say China is capitalist in mine. But, for now, they remain on the level of analysis and do not have immediate practical consequences for our activities.

Anyway, my thinking is still evolving. But one thing is very important, the answers to these questions can only be found in struggle, which sometimes entails dirtying our hands, and not in self-imposed exile. For example, I've come to understand that political leadership is not established by theoretical arguments but by whether or not you are able to translate your theoretical analysis into correct tactics. I know the

above is vague but maybe we can discuss some other time.

I have written quite a lot over the past year or so but they are all in Chinese. There are two long analyses of the 1989 events in China. I'm planning to revise one of them, the main analysis (the other is a critique of someone else's analysis), later and translate it into English. At the moment I'm working on a long text (book length) on the causes of the changes in Eastern Europe. I've done quite a bit of research into the matter (naturally, unable to read East European languages, I have to rely on second-hand sources, mostly academic journals). My analysis of both the events in China 1989 and Eastern Europe is based upon an understanding of the economic reforms in these countries (in Eastern Europe, basically Hungary and Poland), and on how these reforms lead to changes in the relations of production thereby giving rise to an emergent new class contour. On the basis of that I analyse the inter-relations between the various classes, the balance of class forces, etc. Of course, other factors such as Hungary's deteriorating terms of trade in the mid-1970's and 80's, have to be taken into account. I have now finished writing about half (the first part has already been published) and hope to finish it within a couple of months.

Anyway, I do wish to continue to receive your publications. As I say to some of my comrades, the CWO is highly advanced theoretically and its review and renouncement of many left-communist ideologies, especially with regard to practice, is going in the right direction.

Comradely greetings,
LLM*

* LLM can be contacted by writing to: P.O. Box 72341, Kowloon Central Post Office, HONG KONG.

Bureau Reply

Dear Comrade,

As ever, you have sent us an intriguing letter, not least in your claim to be leading a section of the IVth International. One wonders, where to? More seriously, it seems that your political transformation and renunciation of the German and Dutch Left is the result of a genuine attempt to solve the question all revolutionaries have had to face since the defeat of the Russian Revolution and the Comintern's attendant decline, i.e. the question of how the revolutionary political minority/party can establish an organising and leadership role in the class struggle during historically unfavourable circumstances. Someone of your political experience must know the arguments well. - Enough to have come to realise that the politics of councilism and spontaneism spell permanent isolation from the class struggle while simple lip-service to "the need for the party" without any organisational strategy for linking up or participating in the wider class struggle are equally useless. However, it seems to us that you have not really clarified where you stand on the organisation question.

Does your rejection of the German Left mean that you now recognise the need for a permanent political organisation? An organisation which maintains and defends the international and long-term interests of the working class and which cannot arise fully-formed from the daily class struggle (although politicised elements of such struggle must become part of the political nucleus). If so, this is only the initial stage of a political method which allows the definition of first a strategy and then concrete tactics for bridging the gap between revolutionaries organised as isolated political minorities and the rest of their class. In a letter of 2.2.90 (from Calcutta) we asked the question:

As socialism is to be brought into being fully consciously by the international class, how do you look into the problem, and necessarily the most fundamental one, of transforming the consciousness of the class-in-itself into the consciousness of the class-for-itself? What sort of 'transformers' would you find reasonable to be devised by the vanguards within the process of this transformation..

Our answer, as you know has been to seek to establish a core of 'party' supporters and militants wherever the class finds itself having to struggle - the famous factory or workplace groups, but we would also extend the idea to other areas and aspects of the class struggle. The fact that the CWO has not had great success with this strategy

is enough for groups like the ICC to dismiss the need for any strategy at all. For our part, after a decade of retreat by the working class in Britain, we are more aware than ever of the validity of the famous 'principle' of the Italian Left: That

It is an error to suppose that one can by expedients and manoeuvres expand the party base amongst the masses at any time since relations between the party and the masses depend in great part on the objective conditions of the situation...

This does **NOT** mean that we sit and wait for the "objective situation" to improve. Our overall strategy allows us to see the necessity of participating wherever there is political activity of a class nature. Of course this includes movements outside the workplace terrain - such as the anti-Poll Tax campaign here in Britain. Inevitably the activity of such movements is gradually reduced to that of an ever-smaller minority of political militants of various 'leftist' persuasions (and in fact from the outset it is they who have the political leadership). Yet we have no choice but to participate in them - as legitimate, though confused, expressions of the class struggle and in so doing concretely challenge the divisive and reactionary tactics adopted by the leadership. (In the case of the anti-poll tax movement for example, this included criticising the Trotskyists for limiting it to a campaign for tax reform, unconnected to the workplace struggle; exposing the Trots' co-operation with the official police in order to get protesters outside their control arrested.) At a certain point revolutionaries have to decide whether it is worthlessness continuing their participation once the only thing that is left is a political rump of capitalist left-wingers. This is a tactical consideration and largely a question of organisational strength and priorities. In any event the task of combating leftist ideas and influence is one we have to continue in a wider sense.

Clearly, there's not an exact parallel between the anti-poll tax movement here and the Chinese dissident movement you are working in, but it can serve to illustrate a few points. First, we have to be clear that a milieu of political militants is not the same as working inside a mass class movement. In the latter we have to try and gain the leadership, in the former our task is to fight above all for a clear revolutionary programme and win over the minds of the political dissident by exposing the Trotskyist programme for what it is - a reformist, capitalist programme. In other words, if we were in your position, we would be working to split off elements from this movement, on a clear and principled political basis. You say that you have gained the leadership of a wing of the IVth International through correct tactics rather than political theory. But how can you divorce the two? We cannot

believe, for example, that the "theoretical" differences about the nature of the Chinese state have no bearing for day-to-day tactics. Are not your Trotskyists in favour of defending the statified sectors of Chinese production as gains for the working class? What about the transitional programme - don't they see the bourgeois democracy movement as a step forward for the working class in China rather than a massive political diversion resulting from the needs of Chinese capital? To the extent that the people you are working with are confused Trotskyists, well and good - you **MAY** have that much more possibility of influencing them and getting them to take a different political direction. But to do that it is up to you to spell out the revolutionary programme and present a political platform as the basis for forming a coherent alternative. It's true that revolutionary work beyond the level of a sect involves "dirtying one's hands" but this is no excuse for muddy revolutionary theory or even forgetting about it. Moreover, it is our experience that the closer a leftist group **APPEARS** to be "in theory" the more "tactical" differences make it impossible to work together - e.g. the SWP's vote Labour "tactic" of their initial support for Saddam Hussein and now for a Kurdish homeland. In fact these very immediate "tactical" differences result from a combination of theoretical inconsistencies and implicit assumptions whose consequences are rarely spelled out to the membership as a whole but which just as surely identify the organisation as part of capital. A consistent revolutionary practice is only possible once these inconsistencies and assumptions are rejected: this requires a conscious break with the Trotskyist or pseudo-Trotskyist organisation. Your problem is being able to offer them a viable organisational alternative. Though the question of forming an organised nucleus is daunting it cannot be ducked for ever.

The CWO did not "renounce" left communism when it recognised that only the theoretical heritage of the Italian Left could provide a framework for confronting the organisation question. The International Bureau is not a halfway house between left communist sectarianism and the practical politics of Trotskyism et.al. We stand for a totally different programme and have, therefore, a different strategy and tactics. One of the biggest insights BC provided the CWO with was that strategy and tactics are not the preserve of leftism and opportunism: they are an essential part of organised revolutionary life. However, it is a mistake to assume that the revolutionary organisation can be created solely on the basis of tactics.

Anyway, this dialogue is in danger of becoming too one sided, since you say that your ideas are not fully formed yet. We would certainly like to

pursue the whole thing further though.

Anything you have in English on China would also be welcome and we look forward to seeing your next 'magnum opus' on Eastern Europe. (We agree that a closer look at the economic history of these states - the various attempts at 'perestroika' type reforms in the past which were unable to be fully implemented because of the party's restrictive and conservative social/political role; the build-up of a frustrated 'technocratic' middle-class and intelligentsia outside the narrow ranks of the party, etc. is required.) ...

Revolutionary greetings,
IBRP

Continued from page 36

The Life and Death of Stalinism **(Review)**

Footnotes

1. We have not forgotten that when Trotsky was part of the government in the USSR he actually argued that Russia was still a mixed capitalist economy but that it could be called socialist only in the sense that the political direction of the state was in the hands of the working class. This poses the question as to how this capitalist economy became more socialist under the direction of the Stalinist bureaucracy than it was under the supposed direction of the working class!
2. Actually at first the Fourth International did make a distinction between a socialist USSR and its capitalist East European satrapies. However with the Stalinist takeover of their governments they concluded that a proletarian revolution must have taken place in Eastern Europe so that these colonies now were themselves deformed workers states! This is well explained in Daum's book pp. 310-18.
3. For the subsequent evolution of two of C.L.R. James collaborators Raya Dunayevskaya (Forest) and Paul Cardan (Chaulieu) on the nature of the USSR see *Revolutionary Perspectives 19 Theories of State Capitalism*.
4. See previous footnote and compare it with pp. 15-16 of Walter Daum's book.
5. See *Proletarian Voice* 38 p.10.
6. Walter Daum's book (380 pp., \$15.00) is published by the League for the Revolutionary Party, P.O. Box 3573, Church St. Station, New York, NY 10008-3573, USA.

THE LIFE & DEATH OF STALINISM

A RESURRECTION OF MARXIST THEORY

WALTER DAUM



The Life and Death of Trotskyism

A review of *The Life and Death of Stalinism*
by Walter Daum

The collapse of Stalinism is not the same as the collapse of communism. Nor does its collapse eradicate the vision of a communist future for humanity. But such a declaration can only be made by those who have long recognised that the mode of production in the former USSR was neither communism, nor some absurd hybrid system, but state capitalism. As such it was a regime which was subject, if in a particular way, to all the contradictions of capitalism. But what about all those Trotskyist tendencies which maintained that the USSR, despite all its horrors was still a "workers state"? For these "orthodox" Trotskyist tendencies the death of Stalinism prefigures their own political demise. Walter Daum of the League for the Revolutionary Party, a relatively small Trotskyist group in the USA, is successful in his book in demonstrating the bankruptcy of Trotskyism. But his aim, like that of the Socialist Workers' Party in Britain, is not to give Trotskyism a decent burial; on the contrary, he wants to revive the corpse and give it a facelift.

Trotsky's State Capitalism

Lets go back to the beginning. Trotsky never really understood the decline of the October Revolution. Even in exile his analyses were ambiguous and contradictory. Take, for example his assertion that

... despite monstrous bureaucratic degeneration, the Soviet state still remains the historical instrument of the working class insofar as it assures the development of economy and culture on the basis of nationalised means of production, and by virtue of this, prepares the conditions for a genuine emancipation of the toilers through the liquidation of the

bureaucracy and of social inequality.

The Workers' State, Thermidor and Bonapartism Writings 1934-5 pp. 171

Here lies the basic error. For Trotsky, nationalisation of the means of production equals the same thing as socialisation.¹ Despite being a "degenerated workers' state"

The nationalisation of the land, the means of industrial production, transport and exchange, together with the monopoly of foreign trade, constitute the basis of the Soviet social structure. Through these relations, established by a proletarian state revolution, the nature of the Soviet Union as a proletarian state is for us basically defined.

The Revolution Betrayed 1936 p.235

First of all nationalisation of the means of production was not seen as incompatible with capitalism by socialists from Engels and Bebel through to Trotsky's contemporary, Bukharin. Engels wrote that

the transformation into joint-stock companies, or into state ownership, does not do away with the capitalistic nature of the productive forces ... The modern state, no matter what its form, is essentially a capitalist machine, the ideal personification of total national capital ... The workers remain wage labourers, proletarians. The capitalist relation is not done away with. (Anti-Dühring p. 329)

As well as confusing state ownership of the means of production with socialism, Trotsky also stated that whilst the relations of production in the USSR were socialist, those of distribution were bourgeois, or even fascist. But this is a

nonsense since marxism holds that

The relations and modes of distribution thus merely appear as the obverse of the relations of production. The structure of distribution is completely determined by the structure of production.

Marx Grundrisse (Pelican edn. 1973) p.95

Trotsky tried to escape from these mistakes by arguing that Russian society was "a preparatory regime transitional to socialism" and therefore there were bound to be contradictory developments. Such an explanation might have appeared tenable in the late 1920s or even in 1930 but Trotsky went on expounding this until his murder in 1940. Trotsky also made enormous concessions to Stalinism in relation to the definition of capitalism. Wage labour and the circulation of commodities by means of a universal equivalent (i.e. money) are precisely the defining features of capitalism. Yet Trotsky was prepared to accept as necessary under what was supposedly the lower stage of communism in the USSR that

... the distribution of life's goods is carried out with a capitalistic measure of value and all the consequences ensuing therefrom.

The Revolution Betrayed

Clearly Trotsky never understood all the consequences that ensued from this piece of nonsense. No wonder that he could conclude in 1939 that

We must not lose sight for a single moment of the fact that the question of overthrowing the Soviet bureaucracy is for us subordinate to the question of preserving state property in the means of production in the USSR...

The USSR in the War

In short Trotsky considered that only a political and not a social revolution was necessary in the USSR for socialism to flourish. This was a fatal legacy of confusion which split the Fourth International (founded in 1938) after the war. In 1939 the USSR had fully joined in the imperialist manoeuvres of the major capitalist powers. Stalin signed his notorious pact with Hitler (and sent him a present of German communists in exile in Moscow). The USSR invaded Finland, Poland and the Baltic states. These events confused Trotsky even more. The Red Army's conquest of Eastern Poland would mean the abolition of capitalist private property there and was thus revolutionary in character. This was seized upon by his followers in the Fourth International at the end of the Second Imperialist War. When the USSR, following the agreements with the other victorious imperialist powers at Yalta, Tehran and Potsdam, seized its due share of Eastern Europe the Fourth International saw this as an abolition of

capitalism albeit in deformed workers' states. This was degenerate Trotskyism at its most obtuse. How could socialism be established via an imperialist carve-up of the planet and without a proletarian revolution? ² What Trotsky had always kept in mind, but his epigones forgot, was that socialism had to come about through a conscious struggle of the working class. There had been such a struggle in the USSR in 1917 and this was why he stubbornly held to the view that Stalinist Russia was at the core a transitional society on the way to socialism. The October Revolution was for Trotsky never reversed but usurped by a declassé bureaucracy. Yet, in maintaining the continuity between proletarian October and reactionary, nationalist Stalinism, Trotsky only added grist to the anti-communist mill of the bourgeoisie. His final rupture with marxism was in "The USSR in War". Here he wrote that if the proletariat did not make a revolution as a result of the Second World War then

... the leadership of society could actually lead under these conditions to the growth of a new exploiting class from the Bonapartist fascist bureaucracy ... In that case it would be a question not of slapping a copybook label on the USSR or the Stalinist gang but of re-evaluating the world historical experience for the next decades if not centuries; Have we entered the epoch of social revolution and socialist society, or on the contrary the epoch of the declining society of totalitarian bureaucracy.

This is a complete rupture with the Marxist conception of history. In the present era a mode of production is either capitalist with a bourgeois ruling class or it is socialist under the domination of the working class. There can be no third system. Trotsky therefore leaves us the usual Jeremiad of the failed theorist. "My analysis was not wrong but marxism must be." Thus we get "a new exploiting class" inserted into his scheme of history. The consequences of this break with marxism were not long in coming. Many leading Trotskyists followed the route of James Burnham who tried to find a third system between capitalism and communism and when this failed he joined the US establishment. Others, like Paul Cardan, abandoned hope in the working class altogether. He looked to a declassé notion of "order-takers" for the subject of the next revolution.

The more orthodox, like the present French Trotskyist group Lutte Ouvrière continued to accept that the USSR was fundamentally a workers state whilst the East European satellites were capitalist (a bizarre distinction given the similarity of the class structures and modes of production) whilst a very few, like the Johnson-Forest tendency in the USA now "discovered" that, after all, the USSR was state capitalist. The Johnson-Forest

tendency also concluded that by the end of the Second World War

...Trotsky's theories no longer had any relation to reality.

(C.L.R. James (J.R. Johnson) *State Capitalism and World Revolution* (preface to 1956 edition).³

State Capitalism and the Survival of Trotskyism

But the Johnson-Forest tendency were not the only group which argued that the participation of the USSR in the imperialist world order was definitive proof of its capitalist nature. The predecessors of the British Socialist Workers Party accepted the same idea in the crisis of the Trotskyist movement of 1947-8. Tony Cliff, the SWP guru now produced his "Russia: a marxist analysis" which subsequently became the book "State Capitalism in Russia". In the introduction to the 1956 edition (now not printed) Cliff admitted that he had borrowed the idea of state capitalism from others and "freed it from its ultra-left associations". This is the nearest the SWP has ever come to recognising that the Trotskyists in crisis had to look to the internationalist Communist Left (most notably the Italian Left from which the International Bureau for the Revolutionary Party is descended) for the analysis to bale it out. At this time the Cliff group recognised wars like the Korean War as an imperialist war on both sides and were holding exploratory discussions with the Internationalist Communist Party (Battaglia Comunista). But these advances were not maintained. Subsequently the SWP was to support the state capitalists in Vietnam and any "anti-imperialist" reactionary movement that put in an appearance (from Walesa to Khomeini). In freeing it from its "ultra-left associations" Cliff actually neutered the concept of state capitalism. Cliff insisted that the law of value did not operate in the USSR. He thus had no explanation as to why the USSR was imperialist nor why it has collapsed today. Hence the ad hoc and reactionary positions of the SWP.

All this is well understood by the League for the Revolutionary Party and Walter Daum. In fact there are passages of criticism of Cliff and Mattick in "The Life and Death of Stalinism" which echo the CWO's own "Theories of State Capitalism". It seems Cliff is not the only Trotskyist plagiarist of the Communist Left!⁴ The LRP also share with Cliff the aim of saving as much as they can from the confusion that is the heritage of Trotskyism. On the surface the LRP are the most interesting Trotskyist group. They not only understand that all the categories of capitalism operated under the Stalinist regime in the USSR. They reject the

more ridiculous absurdities of what they call "orthodox Trotskyism" and they even have a conception of the the modern era in that we live in "the epoch of capitalist decay". For them this means, as for us, that support for the nation-state is support for monopoly capitalism and imperialism. Lets give them the benefit of a quote.

But now that the capitalist economy has been internationalised, the nation-state is fundamentally reactionary. Rather than advancing production, it retards it; rather than promoting cultural and economic intercourse, it promotes war. The only solution is internationalism, and the only social force whose basic interest is not tied to the nation-state is the proletariat.

To which we can only add our profound agreement. But before we go out and welcome the LRP into the proletarian camp we must examine their words more carefully. The nation-state might be reactionary but it appears that there are some nation-states that the workers should support - those that are fighting imperialism. This reveals not only the superficiality of the LRP's class analysis (we support class struggle not national struggle) but also shows that they are incapable of escaping from the "support the lesser evil" method of Trotsky. They would thus have supported Kim Il Sung in the Korean War (see *Proletarian Revolution* 38 p.11) as an anti-imperialist, irrespective of the class nature of his regime. It also means that they do not understand that in the era of imperialist domination no nation's struggle is simply anti-imperialist but the product of the support of a rival imperialism. The collapse of the USSR and the withdrawal of its support is definitive empirical evidence of the role of imperialism in bolstering the so-called national struggle. In a way it shows the LRP closer to orthodox Trotskyism than they care to admit since it seems to ignore the imperialist role of the USSR (except in their colonisation of Eastern Europe) altogether.

Indeed their sneaking regard for the "achievements" of the Five Year Plans in the 1930s and their belief that Russia could only be called state capitalist in 1939 indicates a further failure to extricate themselves from the Trotskyist quagmire. This is based on the fact that they see nationalisation of the means of production as something progressive and a step towards the socialisation of the means of production. It shows their failure to recognise the nature of a proletarian revolution and the way in which socialism will be brought about. Socialism, as Lenin frequently noted in the winter of 1917-18, cannot be established by decree. Either it is the result of the living movement of the working class or it is not socialism. The Trotskyist version, however, seems to be that the self-conscious movement of the working class can be replaced solely by the

leadership of a party which dictates or directs the planning process. In short, socialism = nationalisation plus a bit of workers control. But all these are completely compatible with capitalism (and it was no wonder that the leaders of the Fourth International rushed to abase themselves before Tito's Yugoslavia in 1948 since he established both). The LRP try to distance themselves from this by saying that they recognise the dangers of nationalisation (p.240) but fail because they think that nationalised property "is a proletarian form of property". This leads them from error to error.

State Capitalism, Stalinism and the West

The analysis of Stalinism as a "deformed capitalist state" made by Walter Daud is very persuasive. The idea that it was a particular form of state capitalism because of its origins in a defeated workers revolution has much to commend it. It was certainly not an advanced form of capitalism as many "Third World" leaders thought when they adopted its forms to attempt to avoid submission to the international domination of the IMF etc after World War Two. In fact, as many bourgeois commentators have argued, Stalinism's highly centralised economic structure was also a response to the extreme backwardness of Russian capitalism which even before the First World War was dominated by state monopolies and foreign capital. There was no strong free enterprise infrastructure in the Soviet Union for it to follow the same road as earlier capitalist states. Only by cutting itself off from the domination of foreign capital (via the non-convertibility of the rouble) could the USSR achieve the economic independence demanded by Stalin. Stalin's Five Years Plans and the barbaric cost they extracted from the Russian workers were predicated on the expected imperialist war. Stalin's speech about making up 50 to 100 years in a decade to catch up with the advanced capitalist countries of the West ("or else they crush us") is ample testimony to that. In short it was a deformed capitalist state.

But what the LRP specifically deny is that state capitalism arises from a universal tendency operating in every capitalist state in the era of imperialist decay. The increasing domination of the state over civil society is the outcome of the general tendency towards global concentration and centralisation of capital in our epoch.

This centralisation and concentration expresses itself in imperialism, the increase of state attempts to manage the economic cycle and the gradual absorption of trades unions into the management of labour on behalf of capitalist states. They are all part of a decisive shift in the nature of capitalism from the early part of this century. The LRP are

halfway to recognising this but inside their basic attempt to re-surrect Trotskyism they will never get to the final realisation that the USSR was an exception only in its degree of centralisation which was, in turn, a product of its particular history both before and after 1917. Indeed their insistence on the exceptional nature of the USSR is based on the same discredited method of orthodox Trotskyism which they claim to be fighting. If the USSR was not driven by the same underlying forces as the other imperialist powers then Trotsky's prevarications on the issue of the class nature of the USSR can be partially justified. At the same time this allows the LRP still to talk of defending the gains of the October Revolution. Here they mean fighting the revival of the private capitalist sector in the ex-USSR. They try to disguise this defence of nationalised property by arguing that this is synonymous with the defence of workers' living standards but this is a deliberate confusion⁵. The defence of workers' living standards is not related to a particular form of capitalist ownership but to an autonomous fight which develops the consciousness of the proletariat towards creating a new mode of production altogether. The LRP are thus carrying the baggage of Trotskyism just as much as the discredited epigones of Trotskyite orthodoxy.

The Poverty of Trotskyism

Read this book by all means. It is useful in its critique of mainstream Trotskyism and in its historical passage on the nature of Stalin's imperialism in Eastern Europe after World War Two. But heed our "health warning". This book⁶ aims to revive a theoretical project which in its opportunist tactical switches has become synonymous with deceit and cynicism. Trotsky's opposition to Stalinism was never revolutionary (he actively discouraged the idea of revolution against what was, after all, already a "worker's state"). Today Trotskyism is as dead as the degenerated workers' states it defended. The difficult path to the restoration of the revolutionary political doctrine of marxism can only come through the internationalist communist left which began its critique of the degeneration of the Russian Revolution even before Stalin was firmly in power. It was this tendency which produced, half a century ago, the first analysis of the state capitalist nature of the USSR based on the operation of the law of value. This alone guarantees its capacity to articulate the programme of the future communist revolution.