

# The Workers' Advocate

## Supplement



50¢

Vol. 8, #6

VOICE OF THE MARXIST-LENINIST PARTY, USA

July 25, 1992

## The resegregation of Seattle

*The following was one of the speeches at the May Day meeting of the Marxist-Leninist Party in Seattle this year:*

Comrades, the former ascendant world power, the USA, is in a period of decline and decay. This does not appear to be a short-term phenomena.

Whether it's short-term or not, the policies of both major political parties indicate that the bourgeoisie is preparing for the worst. Though not discussed openly, the polarization of incomes, commonly known as the shrinking middle class, the marginalization of a larger portion of the population, and increased racial segregation are assumed to be long-term readjustments of U.S. society. These three trends lay behind the features and development of racial oppression.

The majority of blacks, Asians, Mexicans and other minorities are enduring the largest burden of the processes of income decline and marginalization. To maintain order in the face of growing poverty, police-state tactics are coming down on them more and more. To justify and rationalize all these attacks, demagogical politics are being pushed that blame the poor and the youth themselves for crimes they are the victims of. White supremacy, which is a more extreme form of this scapegoating deception, is being nurtured on the fringe of society for the time being.

But the bourgeoisie isn't completely mean. While working to divide the working people along nationality and racial lines, it also is willing to let them join together and be part of a national unity of all Americans against the Japanese. And what a privilege this is. If we merely sacrifice any desires for decent living standards, equality, education, or reclamation of the environment, then we can join with the big corporations to compete against Japan and what we will get from this is...well, what *will* we get from this?

Tonight I want to briefly note developments in Seattle concerning racial oppression. The topics are: 1) the end of school desegregation and cuts in bilingual funds, 2) the Weed and Seed program, 3) the nazi skinheads.

### The resegregation of the schools

At the school board meeting on May 12, the decade-long Seattle school desegregation plan is to be declared

over. This is directly the result of putting "Kendrick in charge." And behind this ascendancy of the superintendent is the powerful arm of the Boeing company. For a few years the Boeing executives have been sounding off about "education reform," etc. In 1989, Boeing V.P. for education and community, Joe Taller, spearheaded an effort to change the composition of the school board. With other local big bourgeois, the organizations Seattle Education Alliance and Step Forward were formed to find and elect suitable board candidates. Three of the four candidates were eventually elected and now the board apparently meets with Boeing's approval.

In order to eliminate all busing by 1993, the Kendrick plan counts on a change in the state definition of an integrated school. Currently, a school must have no more than 50% of one minority and no more than 76% total minority enrollment. Kendrick wants to be allowed 82% of a single minority. Only an American bourgeois could call a school with 82% of its students belonging to one minority group "integrated."

The Kendrick plan calls for further cuts in bilingual funds. This is a big attack on Asian and other students. English is a second language for 20% of the Seattle students. The current level of bilingual funding is already ridiculously low. The students' needs are not met at all; there is no instruction in the students' original tongue;

Continued on page 5

### Inside

Peru's Fujimori massacres prisoners . . . . .	2
World in Brief . . . . .	3
Bangladesh: 100,000 workers laid off . . . . .	4
Correspondence: Columbus and the 'Wall of Shame' in the Dominican Republic . . . . .	5
More on the material basis for socialism in the modern world (5) . . . . .	8

# Peru: Fujimori massacres leftist prisoners in four-day prison battle

The government of Peru carried out a prison massacre the first week of May. President Alberto Fujimori, who had carried out an "auto-coup" in early April (a "self-coup" by the government itself against the country's parliament), ordered the attack on members of the Sendero Luminoso movement housed in a maximum security prison near Lima. The result was a four-day battle that ended with a brutal massacre.

In the prison, Sendero Luminoso (Shining Path) guerrillas had been separated off from common criminals. Unlike the rest of the prison, their cellblocks were models of organization and cleanliness. This was the case because the prisoners had maintained their own revolutionary organization inside the prison. But reactionaries in the Peruvian establishment had long campaigned for a crackdown.

In April, following his coup, Fujimori sent regular army soldiers into the prison. The troops blocked supplies to the prisoners, cut them off from family and friends, and detained lawyers who tried to visit them.

Then on May 5, Fujimori announced a major new effort to wipe out Sendero. For example, one measure he announced was that any journalist who makes apologies for a guerrilla would be sent to jail for at least six years.

Early the next morning, troops entered the section of the prison reserved for women supporters of Sendero; this held about 180 women. Apparently the troops were trying to move the women guerrillas to another prison, to separate them from the men and put them in with common criminals.

But the women resisted. And they were soon reinforced by the male Sendero activists, 450 of whom were in the prison. The prisoners held off the troops with handguns and homemade acid bombs. Meanwhile, outside, relatives of the prisoners demonstrated against the army, but the soldiers attacked them with tear gas.

A standoff ensued which lasted two days. The prisoners' lawyers tried to arrange a negotiated settlement. But on May 9 the army launched a massive attack on the prison. Soldiers attacked Sendero's cellblock with tons of dynamite, bombs and hand grenades. They blew out the walls, filled the area with tear gas and fired thousands of rounds of machine gun bullets into the prison. (See the May 11 *New York Times*.) The prisoners succumbed, but not until after scores had been killed. The number killed, according to police, is "at least 40," and human rights groups say it was 200.

This prison massacre is another brutal crime against the working and poor people of Peru. Such crimes have become commonplace by the military in the name of the fight against Sendero.

Sendero Luminoso is a Maoist revolutionary movement based among sections of Peru's peasantry. Its guerrilla forces have grown in the face of the ever worsening conditions facing the poor of Peru. Fujimori's coup has among its main aims the strengthening of the military's bloody campaign against the revolutionary movement.

While we support a revolution against the exploiters in Peru and salute the militancy of Sendero fighters, the *Workers' Advocate* does not politically agree with many of Sendero's policies, especially its sectarianism. And we think that Sendero's Maoist conception of post-revolutionary society is quite different from the working class socialism which we hold as our goal. But these are issues for the working people to sort out among themselves. It is important that all who support the toilers and poor of Peru should condemn the war against Sendero, no matter what differences they may have with it.

The U.S. government has issued some criticism of Fujimori's coup. But of course, there was no criticism from them of the massacre of the leftist prisoners. No surprise there. The U.S. government has been helping the war against the armed insurgency, and even though they are somewhat worried about the coup, they hope that Fujimori's gamble will work out in favor of the counter-revolutionary crusade. □

---

## The Workers' Advocate



Theoretical-Political Newspaper of the  
Central Committee of the  
Marxist-Leninist Party, USA

Rates: \$1.00 for single copy; \$6 for 6 months; \$11 for 1 year  
by first class mail (U.S., Canada, Mexico).  
From distributor: 25¢

ISSN 0276-363X

---

## The Workers' Advocate Supplement



Rates: \$1 for single copy; \$12 for one year by 1st class  
mail (U.S., Canada, Mexico).  
From distributor: 50¢

ISSN 0882-6366

LETTERS: The Workers' Advocate or The Supplement  
P.O. Box 11942 Ontario St. Stn. Chicago, IL 60611

ORDERS: Marxist-Leninist Publications  
P.O. Box 11972 Ontario St. Stn. Chicago, IL 60611

---

# World in struggle

## Students demand, Venezuelan president must go!

In late June, students mobilized by the Federation of University Centers took to the streets of Caracas, the capital of Venezuela, to demand the resignation of President Carlos Andres Perez.

The students massed in front of the legislature, and a big battle broke out with police. Masked students threw rocks, breaking windows, and spray-painted anti-government slogans on the building. Police attacked with tear gas.

Month after month, protests continue against Carlos Andres Perez. His neo-liberal economic policies have made the rich even richer, and the conditions of the workers and poor desperate. And to keep the working people down, Perez has stepped up repression against all protests and demonstrations. □

## Thousands of workers arrested during Indian general strike

State governments in south India tried to crush a one-day general strike by arresting thousands of union activists. But the strike was held anyway, on June 16, and it shut down key industries throughout India.

Some 12 million workers took part. Almost all flights of Indian Airlines were canceled. Trains were blocked, and industrial centers were idle. Strikers stopped trains all around Calcutta.

The strike was called as a protest against the economic policies of Prime Minister P.V. Narasimha Rao. Rao wants to scrap government controls, privatize state-owned industries, and relax restrictions on investment in India by multinational corporations. These policies are in line with demands from international lenders like the IMF. But privatization will throw thousands of employees out of work.

Rao's Minister of Labor threatened strikers with fines and other reprisals. But neither this, nor the arrests in Tamil Nadu and Kerala, could prevent the protest from taking place. □

## Spanish workers strike against austerity

Trade union leaders in Spain called for a half-day general strike on May 28. Industry was halted on a wide scale, especially in the Asturias region. In the Basque country, participation was total and the strike was extended for the whole day.

The strike was called to protest the imposition of austerity measures by Prime Minister Felipe Gonzalez. Last month Gonzalez' administration suddenly passed into law a new unemployment bill which cuts benefits by over 40%. At the same time Gonzalez is passing new laws restricting

the right to strike and to demonstrate.

The cut in unemployment benefits comes at a time when unemployment has reached 16%, and the government is planning massive new layoffs. Gonzalez is planning to close many state-owned industrial enterprises in mining, steel, and shipbuilding. So far the trade union leaders have been loath to do more than organize a halfhearted protest against Gonzalez' attacks on the working class. □

## Haitian students protest new prime minister

During June the military installed a new prime minister in Haiti. He is Marc Bazin, a former World Bank official whose close ties to the U.S. earned him the nickname of "Mr. America." In the presidential election of December 1990 Bazin ran a distant second behind Jean-Bertrand Aristide.

Students at the State University in Port-au-Prince protested against the new prime minister on the day he took office, June 20. Police surrounded the school, trapping the students there. Recently the police have invaded the school and beat students, but this time the students escaped. Meanwhile, the regime let high school students out of school two weeks early, because they were unable to quell daily student protests.

Military leaders left the office of president vacant. Bazin says he is willing to negotiate the return of Aristide, who was overthrown last September by the military. But a negotiated return under these conditions would put Aristide under the thumb of the military.

Meanwhile, the U.S. continues to recognize Aristide as president; but State Dept. people are letting it be known they would be happy to see Aristide compromise with Bazin. There is talk in the OAS of a hemispheric force to put Aristide back into office, but for now the U.S. would much rather have Aristide strike a deal with Bazin and the military. □

## Students and workers rebel in Nigeria

Angry protesters took over large sections of Lagos, the capital of Nigeria, on May 13. They smashed doors and windows of banks, shops, and offices downtown. Violence spread across the city as the government tried to recover control with troops using bayonets and tear gas. At least three people were killed in the fighting.

This was the second day of protests during a general strike called by the Nigerian Labor Congress and the banned university students' union. They protested economic hardships and fuel shortages, and demanded the resignation of General Ibrahim Babangida's military government.

The government ordered the closing of the universities of Lagos and Benin, a town 200 miles east of the capital. In recent months, at least six other campuses have been

closed because of mounting protests against economic crisis and military rule.

Working people in Nigeria have been suffering from hyperinflation, falling wages and rising unemployment in recent years. Two months ago the government decreed a 43% devaluation of the currency, and this has had a drastic effect on living conditions. Average income has dropped from more than \$1,200 a decade ago to less than \$300 today.

The one feature of the Nigerian economy that used to give the people some relief was the low price for gasoline

and other petroleum products. In oil-rich Nigeria, gasoline for domestic use costs just 13 cents a gallon. But recently the supply of gasoline to the domestic economy has dried up. In early May this led to a riot of commuting workers who were stranded by a shortage of functioning buses.

Then in mid-May, the government closed all four of Nigeria's refineries at the same time, creating a drastic shortage of gasoline. The Nigerian people are right to be angry about the stupidities of the capitalist economy, which creates a gasoline shortage in a country rich in oil. □

## From 'People's Age' of Bangladesh: We need a movement to block the layoff of 100,000 workers

*In accord with the advice of the World Bank and the International Monetary Fund (IMF), the conservative government of the Bangladesh Nationalist Party has announced a plan to cut 100,000 jobs in the public sector. Workers in Bangladesh have launched a movement to fight this cruel policy. We reported on this struggle in the July 1 issue of the Workers' Advocate. We reprint here an article from the April 21 edition of Janajug (People's Age), a periodical associated with the Democratic Revolutionary Front of Bangladesh.*

Soon 100,000 workers in government-owned establishments will be thrown out of work. Finance Minister Saifur Rahman has announced that the layoffs will take place mainly in agriculture, electricity, gas, jute, textile and the railways, where he says each year losses amount to millions of Takas. Returning from recent talks with the World Bank and the IMF in Washington, the Finance Minister also claimed that the 100,000 workers in these sectors do no work but eat up money from hard-earned foreign loans.

Today there are 20 million unemployed men in the country; counting women, the number of unemployed is over 40 million. Many factories have closed down and many more are regularly being shut down. Because of this, the workers of this country have to sell their labor power at the lowest wages in the world. In this situation the profit-looting institutions of imperialism, the World Bank and IMF, and their flunky government have taken steps to throw another 100,000 families into an uncertain life. To

date the government has not done any investigation to discover the actual reasons for the losses in the various establishments. The government and the Finance Minister have no interest to see how much of the losses are due to the crimes of the bureaucrats or other powerful interests. The entire blame is to be put on the workers and employees.

In these government establishments, some people do indeed collect their pay by sitting on their hands, but those are not the ordinary workers. They are the bureaucrats and the bullies who are trade union leaders, and nearly all these are supporters of the ruling party. In the past they were supporters of other ruling parties in power, and today they support the BNP. Will these parasite thugs be fired? Everyone knows that this won't happen. Because in order to stay in power, to preserve the interests of the capitalist exploiters and imperialists and crush the needs of the workers, the government absolutely needs these leaders.

It is the ordinary workers who will be the target of the job cuts. This must be opposed through united struggle. We have to build a militant movement. We must demand that committees made up of the workers' own representatives seek out how much damage has been done to the government enterprises as a result of the crimes of the bureaucrats and the industrial policy imposed by imperialism. And this calls for a movement organized by an effective leadership. □

## Correspondence:

### The 500th anniversary of Columbus's voyage and the oppression of the Dominican toilers

To: The *Workers Advocate* staff  
Comrades:

This is to present you with three films [unfortunately, we cannot reproduce these photographs here—*Supplement*] which show an interesting contrast between the situation of the masses in the Dominican Republic, on the one hand, and the police of the government regarding the 500th anniversary of Christopher Columbus's to the Americas on

the other. Several years ago, the Dominican government started the construction of a lighthouse to honor Christopher Columbus, the man responsible for the extermination of the indigenous population in Quisqueya (today's Dominican Republic) in the years following his "discovery." The building of this lighthouse shows the bourgeois nature of the Balaguer regime and its disregard for the situation of the masses. The Balaguer regime is building this multi-million dollar lighthouse, while unemployment reaches over 40% (including the "chrisiperos," which are those who lost

Continued on the back page

### The resegregation of Seattle Continued from the front page

many classes have large numbers with only rudimentary grasp of English or no English at all.

During the period of the Seattle busing plan, by all measures, minority education, especially that of blacks and native Americans, fell farther behind whites. Why? Because not all schools were integrated, because tracking systems were intensified including segregated classrooms such as Horizon, because the Eurocentric curriculum and lack of minority staff continued, because overall funding declined and the lack of teachers and materials has a greater effect on students at the lower end, and because poverty increased.

From the initiation of the Seattle plan up until two years ago, twenty-one white elementary schools were arbitrarily exempt from integration (and this portion of segregation carried through the higher grades).

The use of segregated classrooms based on alleged advanced and backward students is a tool that was developed widely throughout the U.S. during the 1980s. A recent study of 1200 schools found that in grades 1 through 6, 65% of math and science classes were divided into slow and fast students, and in grades 7 through 12, 80% were divided. The greater the number of minority students in a school, the larger percentage of "slow" classes and smaller percentage of "fast." The older the students get, the greater the discrepancy. The main features of the divided classes is not fine tuning for individual needs as the apologists of the school system claim, but a difference in the level of teachers and funding. In the slow classes, only 39% of the teachers had a degree or certification in the subject, compared to 84% in the fast classes.

This example shows both the tendency to stratification of the school system and the combination of racial discrimination with this.

The capitalist employment structure is stratified—high

skills are required of some, lower of others, and for many there is no job to be found. The "public" school system thus seeks to separate the students for more, less or virtually no education. It seems driven in this direction both by the peculiar needs of capitalist employment and the aim of cutting educational costs. Perhaps there are other factors as well.

The driving aim to stratify education was touched on in the recent book *Savage Inequalities* by Jonathan Kozol. He noted,

"Investment strategies in education, as we've seen, are often framed in the same terms: 'How much is it worth investing in this child as opposed to that one? Where will we see the best return?' Although respectable newspapers rarely pose the question in these chilling terms, it is clear that certain choices have been made..." [Kozol, p. 117]

And since a fairly large and growing chunk of the population is not needed for the capitalist economy, why invest in their education at all? A striking example of policy based on this reasoning is the Head Start program. All the studies of Head Start show success in advancing the education of inner city youth even from the poorest of backgrounds. Yet it remains sorely underfunded, so that only a small percent of those who qualify are able to get in. The educational funding structure throughout the U.S., partially based on local tax collections, ensures high funding of schools in rich neighborhoods and vice versa. The most extreme division of educational quality is between suburban and city schools.

The record of the Seattle plan shows that even with partial integration of buildings and within a common district, the wealthy exerted enough leverage to always maintain some amount of privilege. This should make it obvious that the resegregation of Seattle schools will increase the discrimination. All the discriminatory features of the past will be maintained. And on top of them will be the convenience of discrimination of funding and educational quality between white and black school buildings.

The decay of public education and its resegregation has

everything to do with the marginalization of a growing portion of society. Whole communities are being discarded—no jobs, no services, and only the shell of education. In our area, it is fitting that Boeing executives should advise the “reform” of the Seattle school district since the great evasion of state taxes by the Boeing company effectively prohibits adequate education for all students. The essence of the Boeing program for the Seattle district is the division into privileged and underprivileged schools, and minorities into the latter. And this can be done without taxing the aerospace billionaires.

A critical role in this resegregation is played by Democratic party politics, particularly as personified by the black bourgeoisie. In the main, the black bigshots either applaud or are silent about the resegregation. This is a strata that has been raised and lives on the begging of crumbs from the dominant bourgeoisie. Part of its livelihood comes from elite posts in school administration. In particular, it values its cushy jobs over the issues of justice for the masses of black students. And generally, it never goes very far in its complaints about racism in any sphere of society. These figures know full well that resegregation will have a negative impact even on their constituency—the black middle class. But they have capitulated to the racist offensive of their bosses, and are resigned to begging for posts and funds for segregated black schools. Of course, they hide this treachery behind false arguments that resegregation will help black students, etc. This is “black nationalism”, Brooker T. Washington-style.

The rubber stamping of resegregation by these hacks is very helpful in disorganizing any opposition among the masses. The black bourgeois politics have carried weight up till the present, but the new situation will bring changes. And with the growth of mass struggle, the school issue will again come back on the agenda.

### Weed and Seed

The next topic is the Weed and Seed program. This is a federal program to increase the police forces for the so-called war on drugs and target them at specific neighborhoods. Seattle is to receive \$1.1 million this year and \$6 to 10 million next year. The targeted area in the Central District is between Union and Dearborn, and between 12th and M.L. King, slightly larger than the original segregated black community set up in the 1940s. Two-thirds of the money is for “weeding”—extra police, more street sweeps, anonymous informants, hidden cameras, more prosecutors and longer prison sentences. FBI and INS agents are also to be brought to the 12th and Pine precinct. One-third is for seeding—social programs.

Weed and seed indicates the continued escalation of police repression of black youth and other residents of the black communities. It follows the drug loitering law of a few years ago and the recent appearance of armored police RVs on the streets. The murderous police raids on homes have not seemed so frequent lately as a few years ago.

However on April 15, raids were carried out to arrest 94 alleged drug dealers who had been photographed in a several-month sting operation. All but five of these persons had a prior conviction and it looks like a fairly competent public relations job so far, “round up the usual suspects.” There have been charges aired of harassment of youth that may have occurred as part of this sting.

A mini-storm of opposition to Weed and Seed has included five or so community meetings of a hundred or more persons. There appears to be two factors behind this opposition.

First of all, Mayor Rice tried to slip it through. The application for the funds described the police measures against youth in lurid and vicious fashion, apparently to please the federal agency. This was not shown to anyone but was leaked to one of the black newspapers. The city council was instead shown a description of social programs to be funded. And Rice claimed that various community organizations supported the application when they in fact knew nothing about it. These tactics, not to mention the name of the program itself, inflamed a section of community groups and figures. Contrary to the creative reporting of the black newspapers however, the principal black bigshots have consistently tried to play down the opposition and find a way to gain some sort of mealy-mouthed support or at least neutrality. The shouting matches at meetings have generally revolved around this division.

The other factor, of course, is the actual opposition of the working masses in the black community to the repression of the youth. This puts a bit of heat on the various community figures and is reflected to some degree in the strata of activists below the bigshots.

American capitalism is discarding whole communities from society. The decline of jobs, wages, and educational opportunity has not left the urban youth in a particularly happy mood. Gang violence, whether associated with crime or “just for the hell of it”, is increasing. Anti-people attitudes, against women, other races and other youth, are out there. All this is a problem for the bourgeoisie in the sense that the poor are not enduring poverty in silence but are a bit of a nuisance. As well, it is known that the lid will blow off sooner or later. The “solution” of the bourgeoisie is to harass and humiliate, torture, jail, and shoot the masses of youth. Of course this occurs in broad strokes, the police are neither capable of, nor concerned to, separate the rich from the poor or the good students from the dropouts.

The bourgeoisie plays on the decaying urban culture and its destructive effects to buy sympathy for police terror. There are ordinary persons who get sucked into the moralistic demagoguery which focuses only on the surface phenomena of gangs, etc. and does not look at the source of the problems. “We must save the black community now” is the cry of despair of some humanitarian-minded persons. But the reality is that no amount of repression, short of genocide, will solve any of the problems that stem from poverty. Without the simultaneous provision of employment

and educational opportunity, the culture will continue to decay and the human cost will grow. This is the reality of American capitalism and the blame for all these social problems must be fixed squarely and solely on the bourgeoisie.

The Rodney King verdict indicates the seriousness which the bourgeoisie attaches to the program of police repression. Even though the courts misjudged the potential reaction, the verdict shows a determined backing of the police, and from the legal standpoint perhaps the fear that the precedent of videotape might restrict police terror.

### **A gang the police protect: the Nazi skinheads**

The next topic is the nazi skinheads. Now here is one gang that the Seattle police get along well with. The protection they afforded them in the Anthony Johnson case and at the January 25 demonstration is well known. [See for example the March 1 *Workers' Advocate* or the February 20 and April 20 issues of the *Supplement*.—WAS] I'll just reiterate the general point that the bourgeoisie wants to cultivate open racist forces in the wings. They are very useful as a counterbalance to any growth of progressive movements. And if a political crisis develops, the fostering of a racist trend would be useful in dividing the working class. The loss of middle-class comfort by large numbers provides a basis for radicalism, as well as for some, racist reaction. Japan-bashing appeals to a similar logic.

### **Communism today**

In conclusion, I want to touch on our communist work in general. Today our numbers are small. But this has frequently been the situation at various times in history. This is not an insurmountable barrier at all. For if we can apply our theory to analyzing the course of developments and put it to use in political agitation, the power of clarifying ideas can rapidly turn the tables in times of upsurge. This shouldn't be seen in a simple way that our revolutionary ideas are cast in stone and we are waiting for upsurge so that the working class can come to see them. No, there is an historical process which underlies the development of socialist consciousness.

The economic systems (and with them all of society) have evolved through history. Largely this has been a "blind" development, that is humans have been thinking and acting on their thoughts, but this has been a false consciousness, not actually realizing the forces and nature of economic change. For most of history, it wasn't even realized that the economic relations were the ultimately decisive factor. But the farther the economic relations have developed, the more they have begun to reveal their actual workings. Economic development creates the material basis for socialism and likewise the possibilities of socialist consciousness among the working class. This process continues and will continue. Thus, the class struggle

includes a learning process grounded in history. This is a learning process both for the working class as a whole and for the communist activists. Change is very evident in today's world and with change comes—generally and over time—greater possibilities of understanding the real workings of economy and society and of putting this theory into action.

The world that emerged from World War II is now decisively changing. The ideas and illusions of progress that came with that world are falling away. Capitalism is bringing increased oppression and the form of this includes a relentless internationalization. Not in the sense of equalization but in the sense of contact, interaction, awareness and interdependence—at the very least workers are being brought closer together to view their respective plights of oppression.

The rise and fall of the communist revolutions in the Soviet Union, China, etc., and the subsequent bourgeois state capitalist systems, which are collapsing today, constitute historical development that provides further insights into the workings of economy and society. There is much to be learned here and the Marxist summation of this experience is important for the strengthening of socialist appeal among the working class.

Marx, Lenin and others made great discoveries which were quite a leap in human knowledge. They began the really communist work of analyzing history, critiquing capitalism and developing the fields of socialist theory and the socialist alternative. It is up to us to continue this work.

I started out talking about our small numbers. This is a big pressure on us, but we can't be tripped out by it. We continue our work of carrying exposure of the crimes of capitalism to the masses and the organization of struggle. In many ways, we aren't able to influence and organize struggle as much as we would like. But in one form or another, this work is still necessary. Similarly with theoretical tasks—they are a necessary basis for our political agitation, but they won't magically increase our influence either. The development of the communist trend requires perseverance in political and theoretical work even though our numbers remain small for a period of time. This is a reality we just have to accept.

We have thrown ourselves into the work of figuring out the major political and ideological questions of today. We have expanded our study on diverse fronts: in reading the daily press and political, scientific, cultural, etc. journals; in study of works of "academic socialism" and other trends of contemporary social analysis; study of Marxist works; study of particular regions, historical periods, and struggles; etc. We have found that seeking truth from facts is a complicated process. No one is running up and congratulating us on these efforts. But these efforts will continue because history must be summed up to advance our theory. These efforts are necessary if we are to be capable of bringing light into the revolutionary struggles of the future. □

# More on the material basis for socialism in the modern world (5)

*Below are remarks from comrade Joseph of Detroit, continued from our May issue. Earlier contributions to this discussion from other comrades appear in our January, February, and April issues.*

## Some notes on theory (2)

I would like to continue with issues raised by comrade Fred's 'Rough Thoughts' in the February Supplement.

### The nature of theory

We are trying to deepen socialist agitation. There are no existing models of socialism, and even history shows only certain steps on the path to socialism. As well, we are naturally preoccupied with differentiating between socialism and state capitalism, and indeed between state capitalism during the transition to socialism and state capitalism as another form of capitalist rule. This preoccupation is due mainly to the predominant identification of revisionism with socialism, and of socialism with state ownership in itself and with state bureaucracy.

Comrade Fred seems to think that this shows the insufficiency of Marxist theory, and "the rudimentary, abstract and general nature of Marx's views of socialism". If there were a usable and concrete Marxist-Leninist theory of socialism, it would presumably answer these questions for us.

But Marxism-Leninism is not a finished theory, and it cannot be a finished theory, not so long as it is a live and useful theory. It is a framework, which we must fill in with our own active thought, and with our study of history. Any serious theoretical work has always come up against this feature of Marxism.

It might be thought that, well, socialism is so basic to revolutionary theory that at least here there should be a definite ABC's given to us beforehand. But also basic to even a single step in revolutionary work are, say, such issues as work in the trade unions or united front tactics or on how to build the party. And on all these issues we have not been able to simply find the suitable text from the past and flaunt it as the answer to our problems. We have been forced to do our own thinking, and it has taken us years of both study and practical effort among the working class to develop our views. And these views themselves only answer certain questions (for example, we do not have a concrete picture of what the trade unions will be when mass revolutionary sentiment grips the American workers and revolutionary organizations develop—our Second Congress resolution specifies different possibilities).

But while developing our views, we have returned time and again to various Marxist works, reread and restudied them, and often found that they were richer and deeper than we first realized.

We are not the only ones to face such problems in developing a theory. In the days of the party crisis before the famed Second Congress of the Russian Social-Democratic Labor Party, the period of the famed struggle against

economism, Lenin wrote that "We take our stand entirely on the Marxist theoretical position". But the Marxist view of theory was quite different than that of dogmatists (and rather closer to that of a number of scientists). So he continued a few paragraphs later:

"We do not regard Marx's theory as something completed and inviolable; on the contrary, we are convinced that it has only laid the foundation stone of the science which socialist **must** develop in all directions if they wish to keep pace with life." (*Our Program* in *Collected Works*, vol. 4, pp. 210, 211-2)

Does such further thought and theoretical work mean that Marxism would be surmounted and replaced by a new theory? It would depend on what such work showed. Does it confirm, or even strengthen and extend, the basic spirit of Marxism-Leninism (the is not the same thing as upholding the letter of every single Marxist view), or does it undermine or replace it?

We have a lot to do in developing theoretical work about socialism. Part of this is the hard work necessary to grasp what Marxism actually is, and such work is of the utmost value to us: To do this properly, we need to realize what theory itself is, what are its limits, and what can we expect from it.

### Private Ownership and the Soviet Union

The "Rough Notes" also discusses the relation of private property to the Soviet experience.

Fred defines private property as "distinct asset-owning property units". I pointed out in part one of these notes that such units existed in the Soviet state economy, since Soviet enterprises were distinct property units that themselves owned assets and probably had legal standing in their own right for most of Soviet history. Indeed, Soviet state capitalism was mainly organized through such units. But that does not solve the problem that Fred is raising. Fred is really concerned with the ownership of these units.

The nature of theory . . . . .	8
Private ownership and the Soviet Union . . . . .	8
The contradiction between social production and private ownership . . . . .	9
Revisionist economy . . . . .	10
The ministry rules! . . . . .	11
The ministry doesn't rule! . . . . .	11
If there were no private ownership . . . . .	12
Where to look . . . . .	13
A digression on what happened during the overthrow of the revisionist system . . . . .	13
Mysteries of the Western economy . . . . .	13
Stock companies as the abolition of capitalist ownership . . . . .	14

In the Soviet state economy, these units were owned by the state, while Western corporations of the "private sector" are not.

Fred seems to identify the dispossession of the old ruling class, the nationalization of industry, and collectivization of agriculture as the abolition of private property in the main. He then talks of "bourgeois ownership", which he regards as embracing both "corporate and Soviet models", i.e. both ownership of private property (in the sense that he uses the term), and state ownership of the Soviet economy.

This raises some important issues about the Soviet Union, socialism, and property. I am mainly *not* going to discuss these issues by comparison to Fred's conclusions, but will try instead to raise some considerations directly.

It seems to me that what is at stake is the common picture of the Soviet economy as essentially a single corporation. This economy is often viewed as a single machine embracing the entire country, with distinct and separate interests representing exceptions or imperfections rather than being an integral part of the economy.

I think this raises several questions, both theoretical and practical:

1) Probably the most basic communist critique of capitalism is that production is social, but ownership is private. If there isn't private ownership according to the proper definition of that term, what does this mean for the analysis of capitalism? This seems related to Fred's concern about the insufficiency of talking about the abolition of private ownership.

2) From the theoretical point of view, if the economy really does run as a single machine, without some form of private interests distinct from overall ownership by the ruling class as a single whole, does it make any sense to talk of value, capital, or even capitalism (even with the adjective "state" in front of it)?

3) From the practical point of view is it really true that the Soviet economy ran as a single machine?

4) If instead various kinds of private interests are actually a central feature of the revisionist economy, their existence might be one of the main facts showing that the state economy is capitalist and exploitative and not socialist.

5) And if such private interests still existed, then the analysis of these interests—how they arise, why the revisionist ruling class could not overcome them (indeed, did not want to overcome them), what conditions are necessary to prevent them from arising or progressively eliminate them—might provide a way to approach some of the deeper problems of socialist transition and revisionist degeneration.

This view of the Soviet economy is tentative. It will either be verified by careful research, or discarded. And if it is verified, it will end up much formulated better and more precisely.

### The contradiction between social production and private ownership

To begin with, one of the reasons for the importance of the issue of ownership in the Soviet Union is its relation to the general critique of capitalism. The most basic description of socialism has been that it replaces private ownership with social ownership of the means of produc-

tion, and that hence it is rendered inevitable by the growing social nature of the means of production. Let's look at several quotations which sketch out the role of this thesis in the general theory of socialism:

Marx described this contradiction in the last two paragraphs of the chapter "Historical Tendency of Capitalist Accumulation" of *Capital*, Vol. 1, as follows:

"The capitalist mode of appropriation, the result of the capitalist mode of production, produces capitalist private property. This is the first negation of individual private property, as founded on the labor of the proprietor. But capitalist production begets, with the inexorability of a law of Nature, its own negation. It is the negation of the negation. This does not re-establish private property for the producer, but gives him individual property based on the acquisitions of the capitalist era: i.e., on co-operation and the possession in common of the land and of the means of production.

"The transformation of scattered private property, arising from individual labor, into capitalist private property, is, naturally, a process, incomparably more protracted, violent, and difficult, than the transformation of capitalistic private property, already practically resting on socialized production, into socialized property. **In the former case, we had the expropriation of the mass of the people by a few usurpers; in the latter, we have the expropriation of a few usurpers by the mass of the people.**" (*Capital*, Vol. I, Chapter XXXII, *emph. added*)

Engels described this issue in *Anti-Dühring*:

"...Then came the concentration of the means of production in large workshops and manufactories, their transformation into means of production that were in fact social. But the social means of production and the social products were treated as if they were still, as they had been before, the means of production and the products of individuals. Hitherto, the owner of the instruments of labor had appropriated the product because it was as a rule his own product, the auxiliary labor of other persons being the exception; now, the owner of the instruments of labor continued to appropriate the product, although it was no longer *his* product, but exclusively the product of *other's labor*. ... Means of production and production itself had in essence become social. But they were subjected to a form of appropriation which has as its presupposition private production by individuals, with each individual owning his own product and bringing it on the market. The mode of production is subjected to this form of appropriation, although it removes the presuppositions on which the latter was based. In this contradiction, which gives the new mode of production its capitalist character, *the whole conflict of today is already present in germ*. The more the new mode of production gained the ascendancy ..., *the more glaring necessarily became the incompatibility of social production with capitalist appropriation.*"

(Part III. 'Socialism', a few pages into Chapter II. 'Theoretical', emph. as in the original)

Later, a few pages from the end of the same chapter, Engels states:

"But neither the conversion into joint-stock companies nor into state property deprives the productive forces of their character as capital. In the case of joint-stock companies this is obvious. And the modern state, too, is only the organization with which bourgeois society provides itself in order to maintain the general external conditions of the capitalist mode of production against encroachments either by the workers or by individual capitalists. The modern state, whatever its form, is an essentially capitalist machine; it is the state of the capitalists, the ideal collective body of all capitalists. The more productive forces it takes over as its property, the more it becomes the real collective body of all the capitalists, the more citizens it exploits. ... The capitalist relation is not abolished; it is rather pushed to an extreme. But at this extreme it is transformed into its opposite. State ownership of the productive forces is not the solution of the conflict, but it contains within itself the formal means, the key to the solution.

"This solution can only consist in the recognition in practice of the social nature of the modern productive forces, in bringing, therefore, the mode of production, appropriation and exchange into accord with the social character of the means of production.

.....  
"*... The proletariat seizes the state power, and transforms the means of production in the first instance into state property.*"

Thus Marx and Engels held that the development of social production not only provided more goods, but also showed the path to a social system run by all. Social production develops under capitalist ownership, but this ownership ensures that the powerful production capacities remain a chain on the workers. The developing social production points the way to the need for social ownership, towards the overthrow of capitalist relations.

As well, we see that the private ownership being referred to isn't simply ownership of a factory by an individual capitalist (private capitalist ownership in the strictest sense of the word). It is also seen in those large corporations ("joint-stock companies" or, as they are called in the U.S., publicly-owned corporations) whose ownership is spread over many capitalists. And there is state property, which is administered on behalf of the ruling class as a whole. These latter two types of property could perhaps be called forms of collective capitalist property.

Private ownership in this broad sense has sometimes been called capitalist ownership, and it probably can be called a number of other names depending on the context. Different words may prove useful in different contexts, and when addressing different audiences, but I don't think this changes the basic issue, which is the contrast between social ownership by all of society and ownership by private interests, whether individual or collective.

With the development of monopoly capitalism, monop-

olization proceeds and individual capitalist ownership is further subordinated. But Lenin thought that this simply intensified the contradiction discussed by Marx and Engels. In "Imperialism; the Highest Stage of Capitalism", he discussed the growing monopolization as follows:

"Competition becomes transformed into monopoly. The result is immense progress in the socialization of production. In particular, the process of technical invention and improvement becomes socialized.

"This is something quite different from the old free competition between manufacturers, scattered and out of touch with one another, and producing for an unknown market. ... Capitalism in its imperialist stage leads directly to the most comprehensive socialization of production; it, so to speak, drags the capitalists, against their will and consciousness, into some sort of a new social order, a transitional one from complete free competition to complete socialization.

"**Production becomes social, but appropriation remains private. The social means of production remain the private property of a few.** The general framework of formally recognized free competition remains and the yoke of a few monopolists on the rest of the population becomes a hundred times heavier, more burdensome and intolerable." (Midway in Chapter 1 or *Collected Works*, vol. 22, p. 205, emph. added)

This contrast between social production and private appropriation or ownership can also be found widespread through other socialist literature and party programs. (1) Of course, this does not put these views above questioning. But these quotations show that a reconsideration of the contrast of social production and private ownership would have major repercussions both for the definition of socialism and for the study of the economic forces driving the world towards socialism. This indicates why the question of private ownership in the revisionist economy is of interest, and what issues are connected to it.

## Revisionist economy

Having established why the question is of burning interest theoretically, now let us turn to the Soviet experience and, in particular, the nature of the revisionist economy that emerged.

It would be quite natural, since we never saw the revisionist system up close, that we should see it in the main as the general embodiment of central control. We didn't see its day-to-day operations, its bureaucrats in action, and the different facets of life which face those living in a revisionist country, and we hadn't until recently begun our detailed study of the revisionist economy through books and articles of others. Under these conditions, what is left but a general picture of state capitalism in the abstract, and a general concept of the ruling class as a state bureaucracy? And the revisionist economy might thus be regarded as a single company running an entire country, perhaps with some subsidiaries or, better yet, different departments.

This picture gives rise to a commonsense contrast between Western and revisionist-style capitalism. The

individual capitalist owns the enterprise in the capitalist West, and the state owns it in the state-capitalist, revisionist countries.

This certainly brings out one aspect of the situation sharply. But, as a full description, it is oversimplified and wrong, certainly with respect to the Western economies and quite possibly with respect to the revisionist economies.

In the West, it has been a long time since the main means of large-scale production were individually owned by private capitalists, rather than collectively by a group or grouping of capitalists. We have already touched briefly on this with respect to the issue of what is meant by terms like private or capitalist ownership, and we shall speak more about this a bit later.

And in the Soviet Union, there is reason to believe that the top bureaucrats do in fact have specific interests in their enterprises or other distinct, limited areas of the revisionist economy. And these interests may well resemble ownership interests, even though they express themselves through a Byzantine bureaucratic maze. Moreover, these private interests may determine a number of central features of the Soviet economy. And if so, the revisionist state economy was determined not just by the overall state ownership, but by the small-group ownership interests of the bureaucracy as well. These interests may well have been a central feature of the revisionist economy, and help explain why it duplicated such features of capitalism as crises, irrationality, etc.

If so, then these small-group or private interests in the Soviet ruling class may justly be regarded as analogous to ownership. And the prevalence and domination of such interests relations would not simply be some bureaucratic overgrowth, but one of the central features showing that revisionist state ownership was indeed capitalist state ownership by an exploiting class. These interests would show that it is a mistake to regard that private property (in the general sense of the word) was eliminated in the Soviet Union; instead the continuation of private property (or the regeneration of private property-style interests in the state bureaucracy) was one of the central features of the revisionist capitalist order.

I stress this does not mean that the particular ways these private interests manifested itself were the same as in the West. The lack of a stock market alone shows a major difference, to say nothing of the vast overgrowth of the party bureaucracy in the revisionist countries. But capitalism can come with major differences. And the point is to find the common underlying features that allow us to group the revisionist and Western economies as different variations on a common economic system, that of capitalism.

### The ministry rules!

Let's look at little closer at the Soviet economy.

The most obvious feature of the revisionist economy was the large Moscow ministries which controlled and directed and interfered in everything. And when one lives thousands of miles away from the Soviet Union, it is tempting to reason about the Soviet Union simply from the idea of overbloated Moscow ministries running everything. Many people and political trends do reason that way about the Soviet economy. The common talk about "command economies" reinforces this picture: the Moscow ministry

commands, and everyone either obeys (or pretends to obey, i.e. slacks off).

This picture becomes reinforced when one sees that the most obvious deviations from it can be dismissed as exceptions.

Our study shows that farming in the USSR is quite different from state industry. Collectivization itself ended in a compromise, both with respect to private plots and with respect to the overall organization of the collective farms. (That's aside from the fact that collectivization in itself is not the same as socialism, any more than state industry is.) But the collective farmers aren't the real rulers of Soviet society.

Khrushchov, when he was the revisionist chief, tried to introduce a number of Western-style practices. But we have found that he really didn't get too far. Besides, we are seeking to explain a state capitalism that already existed prior to Khrushchov.

There are many examples of party and state bureaucrats enriching themselves. But they can be seen simply as widespread corruption.

And so on.

So the Soviet economy ends up looking like a single large firm, and the internal economy of the Soviet Union is just that of the relation between the different subsidiaries (or, better yet, the different departments and buildings) of a single firm.

### The ministry doesn't rule!

The ministries certainly are an important feature of the Soviet economy. But there are major irrationalities in the revisionist economy that are hard to explain if the ministries really can do what they please.

There is the anarchy of production, which we ran across in our study of the First Five Year plan. This was so fierce that the comrade presenting a report on *Some questions of Soviet history* at the Fourth National Conference remarked that

"...what resulted could not really be characterized as the abolition of planlessness. It was not infrequently closer to giving new insight into the term 'anarchy of production.'" (*Supplement*, July 20, 1991, p. 14, col. 1)

This referred to particular features of those years, with a rough planning apparatus dealing with "the very rapid tempo of industrialization", and was not a general comment on revisionist economy. We will see what the study of later years shows. But we may find that, in one form or another, a certain anarchy never, ever, went away. For example, some sources claim that up to the end Soviet enterprises still faced problems in getting raw materials and equipment for production, and still used "expeditors" to scrounge around to make up the gap.

The Soviet Union suffered for decades from a shortage of food, and periodically had the embarrassing need to import wheat to make up for shortages. This was a major drag on the economy, and it was never solved. Yet the revisionists left in place until the end an inadequate transportation network, and a faulty storage network. As a result, large amounts of food rotted in the fields or on the way to the cities. True, it would have taken a huge amount of investment to build up the needed infrastructure, and the

revisionists were short of resources and also inclined to disproportionate military spending instead of investing in the agricultural infrastructure. Nevertheless, the disregard of this crying need lasted so long that I doubt that it can simply be explained away as a scarcity of resources. (And the military spending itself was not only a response to Western encirclement and warmongering; its exaggerated character suggested a Soviet "military-industrial complex".)

The revisionists had an irrational construction policy for decades on end, which lasted up until the very end. They repeatedly made absurd decisions, such as starting many, many construction projects which couldn't be finished; not several fiascos, not a few mistakes, but even the majority of the ongoing projects. Western economists often smugly claimed that Marxism didn't take account of the expense of interest on capital and so couldn't properly calculate the real cost of investments. But it wasn't a fault of Marxism (which the revisionists had long since abandoned), nor was it a fault of having the wrong indices to plan construction. The revisionist economists themselves discussed this problem year after year after year, and the ministries adopted new methods of calculating the real cost of investments. But the problem never changed. Doesn't this suggest that this irrationality sprung from certain economic laws of the revisionist economy, laws that the ministry couldn't change no matter what indices and formulae it used?

It is well-known that Soviet bureaucrats did enrich themselves based on the performance of their enterprise. And it seems a constant war went on between Soviet enterprises and the ministries. Soviet managers routinely sent in reports to the ministries that overestimated their difficulties in order to get a state plan that made low demands on them, and gave high compensation for their goods. Meanwhile the Soviet ministries seemed to have given up any hope of getting accurate figures from the local managers. So instead they routinely demanded that the factories produce more goods than would seem to be possible on the basis of the raw materials and resources that the factory reported to be available. In this way, the ministries thought they would soak up the hoarded or unreported resources.

Even the overbloated ministries may not have been exactly what they seemed at first sight. Various local interests may have had their representatives in the central ministries, inflating their size and playing a Byzantine game of doing the best for their own groupings at the expense of the general interests of the revisionist rulers.

Such deeply-ingrained practices and vices illustrate that class interests, and not wrong indices in the state ministries, were behind the irrationalities of the revisionist economy. And it is apparently not just the revisionist ruling class acting as a class, but a multiplicity of interests of individual managers and groups. It was not in the interest of the ruling class as a whole, for instance, to have unrealistic construction plans decade after decade. But it apparently was in the individual, or small group, interests of enough members of the ruling class to ensure that this continued.

The way the small-group interests of individual members of the revisionist ruling class operated differed dramatically from that of Western capitalists. Yet these interests seem to have existed. The fact that Soviet bureaucrats could be transferred doesn't necessarily disprove that they had a sort

of ownership interest, any more than the fact that many CEOs and executives in the West move around from company to company disproves that they have private property interests.

It might be argued that all the features I have pointed at are simply features of bureaucracy. And of course, that's true. Since the Soviet ruling class was a giant bureaucracy, any feature of their action was an example of how bureaucracies work. But the issue is whether private interests developed in the revisionist bureaucracy and paralleled, in their own way, Western-style ownership interests.

### If there were no private ownership

Whether small-group or private ownership interests really were an important feature in the revisionist economy will have to be tested by investigation, and by careful theoretical thought based on what the investigation shows. My remarks only suggest a possibility, and are only a preliminary suggestion about how to describe them. Whether such interests really exist doesn't follow from theory, but on the contrary theory will have to adapt to the results of careful investigation. Neither generalities about value and capital, nor about what name to give ruling class ownership in a state economy as opposed to a Western economy, will do.

But theory does raise a certain question. If the Soviet economy really ran as a single firm, and small-group interests didn't fundamentally affect it, then it has to be considered whether it could be called capitalist at all (albeit state capitalist). Large-scale production cannot take place without factories, equipment, raw materials, workers, and stocks of goods for the workers to live on, but it can take place without capital and without value. Factories, equipment, raw materials, etc. are only capital and are only measured by value under certain definite economic relations. Without some form of private ownership (private in the sense of not being social ownership by society as a whole), what relevance would there be in such concepts as capital or perhaps even exchange value? A theory of state capitalism based on talking about value and capital, while slurring over the question of ownership, runs the risk of denying private ownership with one hand, while unwittingly flaunting it with the other.

There is no question that the revisionist economy was a system of exploitation, and was certainly not socialism nor the transition to socialism. But what type of exploitative system? It would have to be examined carefully to see whether it was capitalism or another exploiting system with different economic laws.

True, the USSR had to trade with Western capitalist states. But the foreign trade alone couldn't determine the nature of the system, especially not in a country as big as the Soviet Union and with a state monopoly of trade.

Nor does it make any sense to talk about serfdom. The Soviet economy was based on modern, large-scale production, a highly-educated (in a historical sense) work force, with workers moving from factory to factory (despite the draconic laws that sometimes existed), etc.

We have sometimes said that state ownership by the ruling class is itself capitalist ownership. This is a natural way to talk regarding economics in general, and this is how we have dealt with things in the past. Neither we, nor really Marxist theory (we cited Engels above), regarded

state ownership in itself as socialist. We have always declared that the state sector of a Western-style economy is not socialist, and that state ownership in the revisionist economies was not socialism either. The economy is owned by the state, and the state is owned by the bureaucracy, and so the whole country is exploited by the private interests of the bureaucracy as a class.

But in the case of the Western economies, the state sector is surrounded by a private sector; it is run in a way to guarantee profits to the capitalists; and its myriad connections with the other capitalists suffices to illustrate its capitalist nature. In the Soviet economy, the lack of the stock market and the predominant position of the nationalized industry mean that demonstrating the capitalist character of the state sector by showing the connection to the capitalists of the private sector no longer suffices. So this leads to a desire to look more closely into how its capitalist character manifests itself.

When we carry out the necessary investigation, we may find that the private interests of individual bureaucrats, or groupings of bureaucrats, was not just a subsidiary feature of the revisionist system, but quite central to it, and to its economic irrationality, and to the stagnation it fell into. If so, then Soviet experience may well teach new lessons about what private ownership is, how it can spring up even when the old ruling class is overthrown, and what is necessary to destroy it. And if so, to define private interests out of the Soviet economy would mean crippling the scope of the investigation of revisionist economy and removing a key factor for judging whether a state economy is moving towards socialism or consolidating into an exploiting system with a new ruling class.

### Where to look

Before, when we looked at the Soviet economy, we often dealt with the hypotheses of various groups that looked largely in the wrong places for Soviet capitalism. They did not look into the private interests that sprang up from within the system itself. They tacitly accepted that most of the Soviet economy did run as a single machine, and looked to relatively minor spheres not covered by this machine.

But when we look closer, we may find that a type of small-group ownership sprang from the very pores of the Soviet planning itself. And then the relationship of this ownership to the subordinate exceptions, such as in agriculture, will look different. It will put another light at the various, apparent small exceptions to state planning that abounded throughout the Soviet system. Why, it is a centrally planned economy except there was a different property form in the collective farms; there were also private plots; there were certain markets; the local industrial enterprises had their own interests; the professionals were separated more and more from the workers; etc. This will no longer appear as minor and accidental features, none of which affects the basic definition of the state economy. Instead they may all turn out to be linked, to be different sides of a deeper phenomenon.

If so, it will further open up the investigation of how to make the transition to socialism. It will open up more approaches to the study of what went wrong in the Soviet Union and other revisionist economies, how the revisionist

degeneration took place, whether the lack of resources (both material and human) make it inevitable, or what alternative line of struggle was available.

A classless society means the people as a whole run the entire economy. The only way to get there from a capitalist society is through a revolution after which the working people as a whole take over the economy. I don't know how this is possible except through a period of state ownership, as Engels describes. And so long as the economy isn't yet socialist, this is presumably state capitalism, albeit a state capitalism that is in transition towards socialism. The understanding of the forms in which private interests remain would be important to see how they can either grow or are restricted. It would mean tracing not just laws and declarations but the economic forces behind these private interests. And it would provide more concreteness to differentiation between revisionist state capitalism and state capitalism under a revolutionary workers regime.

### A digression on what happened during the overthrow of the revisionist system

And there is a related issue relevant to recent events: If the Soviet economy really were simply one enterprise, effectively directed from the center, then it would have been much closer to socialism than I think it actually was. If the Soviet economy could really function for decades in that way, and accomplish quite a bit in the economic sphere, then the task of having true social ownership and true social direction of the economy would be relatively simple, or so it would seem. Then, in order to have socialism, all that would have to be done is chop off the ruling class head, and substitute a genuine workers' control of the economy and country.

(This would seem the most favorable situation for the Trotskyite formula of "a political, but not a social revolution". Just change the politics of the country, and leave the economic base; that seems to describe chopping off the political head of a unified state capitalist system. But even in this case the formula would still be wrong. To remove an entrenched ruling class which dominates the economy and politics of a country is a social revolution if such a concept has any meaning at all; it is not a mere change of administration which leaves the methods of running the country untouched. The formula reflects an anti-materialist attempt to separate politics from economics. Nevertheless, the formula would at least sound closer to the truth, or to put it better, would be a misleading and theoretically false formulation based on an actual phenomenon.)

In fact, if say the East European or Russian workers had taken power from the revisionists, they would have found that major economic tasks faced them. The existing centralized control did suffice to drown the countries in red tape, but it sat on top of a fractionated system full of anarchy and irrationalities. The workers would have had to undertake transitional measures to transform the economy and provide a real basis for socialism.

### Mysteries of the Western economy

Some of the features of the revisionist economy might not appear so strange if a closer look were given to the Western economy.

We see Western capitalism everyday, and have no doubt that IBM or Ford or Texaco are capitalist enterprises. It normally wouldn't occur to anyone to have to prove that the present-day system is capitalism. (Well, there is the theory that widespread stock ownership has converted capitalism into "people's capitalism". And there is the theory that European "co-determination" schemes, worker representation on boards of directors, or even "employee-owned" ESOPs have civilized capitalism.) We generally don't compare these corporations to the stereotype of capitalism as the individual ownership of factories of classical mid-nineteenth century capitalism.

But when one does detailed work on Western capitalism, it turns out that modern capitalist economy has introduced a number of complexities. There are large corporations with collective capitalist ownership; there is a certain amount of state ownership; there is the overlapping state and corporate and academic bureaucracies; there is the separation of management and ownership, etc. Some of these features are related to corresponding features that are vastly more developed in the revisionist economy. And in fact, some of the left-wing economists who had a hard time seeing the Soviet economy as socialist, also have a hard time analyzing the features of monopoly capitalism. Or so it seemed to me a decade ago when I was looking into the views of some of these theorists on the Soviet economy.

The complexity of capitalist ownership in the American economy is shown by the difficulties of our own work. For example, it took ten years of work to flesh out the general picture of monopoly capitalist groups in this country. (OK, if the work hadn't been interrupted constantly by other work, it would have been finished substantially sooner. But it still would have been a huge project). This isn't because the capitalists try to disguise ownership with the use of holding companies: that's only a secondary obstacle. It is because capitalist ownership has become complex. In some cases, an individual capitalist may own a corporation, or a predominant influence in it, as say Bill Gates does at Microsoft. But it is different for most companies. It takes effort to determine how these firms link together, what groupings they adhere to, and sometimes even which grouping is represented by a particular member of a board of directors. Our comrades were critical of the ways a number of other leftist-oriented economists linked together the various corporate interests, and developed their own methodology on this subject.

Or take another issue: Just who is a capitalist anyway? There is no question that the CEOs (chief executive officers) like Chrysler's Iacocca are capitalists. But he doesn't own a controlling interest in Chrysler. He wasn't appointed head of Chrysler because he bought up all the Chrysler stock. Rather, it seems that the main reason he owns a lot of Chrysler stock is because he is the head of Chrysler: it is a means of personal enrichment; it is a necessary symbol of his membership in the corporate elite; and perhaps it is because the board of directors wants to secure his loyalty this way.

And where is the line in the corporate offices between the faceless "organization man" (to use a 1950's term) and aspiring petty-bourgeois professional on the one hand, and the capitalist on the other? Fifteen years ago or more a then-comrade remarked to me that she used to think her

father was a monopoly capitalist, but she now thought he was only an engineer. He was, in fact, vice-president for research for a multinational corporation. She may perhaps have been mistaken in both estimates of this executive, and in any case her second estimate seems unlikely to me. But the fact that such questions about executives can be, and are, asked, is another sign of the complexity of capitalist ownership.

Also of interest is the discussion among Seattle comrades, of which I have heard only a bit, of the bureaucratic features manifested in Boeing. Boeing is a giant apparatus where the various departments develop their own interests, and this results in various inefficiencies and notable phenomena, such as various parts of the corporation working against each other to a certain extent.

### Stock companies as the abolition of capitalist ownership

Marx himself followed with interest the transformations in ownership that developed under capitalism. At one point, expressing himself sharply, he wrote that the development of stock company represented, in a way, the end of the old private or capitalist ownership. Consider, in Vol. III of *Capital*, a passage which is apparently something in the nature of working notes by Marx. It shows him laying emphasis on the new features arising under capitalism.

Discussing the "the formation of stock companies", he listed various features:

"1) An enormous expansion of the scale of production and of enterprises, that was impossible for individual capitals.

"2) The capital, which in itself rests on a social mode of production and presupposes a social concentration of means of production and labor-power, is here directly endowed with the form of social capital (capital of directly associated individuals) as distinct from private capital, and its undertakings assume the form of social undertakings as distinct from private undertakings. **It is the abolition of capital as private property within the framework of capitalist production itself.**

"3) Transformation of the actually functioning capitalist into a mere manager, administrator of other people's capital, and of the owner of capital into a mere owner, a mere money-capital. Even if the dividends which they receive include the interest and the profit of enterprise,...this total profit is henceforth received only in the form of interest, i.e., as mere compensation for owning capital that now is entirely divorced from the function in the actual process of reproduction, just as the function in the person of the manager is divorced from ownership of capital ....In stock companies the function [management] is divorced from capital ownership, hence also labor is entirely divorced from ownership of means of production and surplus-labor.

.....  
"**This is the abolition of the capitalist mode of production within the capitalist mode of production itself, and hence a self-dissolving**

contradiction, which *prima facie* represents a mere phase of transition to a new form of production. It manifests itself as such a contradiction in its effects. It establishes a monopoly in certain spheres and thereby requires state interference. It reproduces a new financial aristocracy,...a whole system of swindling and cheating by means of corporation promotion, stock issuance, and stock speculation. **It is private production without the control of private property.**" (Ch. XXVII 'The Role of Credit in Capitalist Production', pp. 437-8, emphasis added)

These remarks by Marx are quite striking. The stock company, familiar to us as the very embodiment of capitalism, in the form of the giant domestic or multinational corporation, is called the abolition of capital as private property. The growth and multiplication of giant corporations, the pride and joy of today's "private sector"; is called the abolition of "private industry".

Marx also goes on to examine various features of the credit system, including the tendency to wipe out smaller and medium-sized capitalists. (It can also be noted that the tendency to expropriate smaller enterprises does not mean that all small enterprises will be expropriated. It does mean that big corporations dominate the economy. But other features of the capitalist economy give rise to an ongoing mass generation of small and tiny enterprises, most of whom are eaten, some of which survive for a longer or shorter period, and a few of which grow into big sharks themselves.) He says:

"...Expropriation extends here from the direct producers to the smaller and medium-sized capitalists themselves. ... In the last instance, it aims at the expropriation of the means of production from all individuals. With the development of social production the means of production cease to be means of private production and products of private production, and can thereafter be only means of production in the hands of associated producers, i.e., **the latter's social property**, much as they are their social products." (*Ibid.*, pp. 439-440, emphasis added)

But Marx didn't think this changed the fundamental character of capitalism, nor the contradiction between social production and private ownership. It did, however, develop these contradictions in new forms. He continues:

"...However, this expropriation appears within the capitalist system in a contradictory form, as appropriation of social property by a few; and credit lends the latter more and more the aspect of pure adventurers. Since property here exists in the form of stock, its movement and transfer become purely a result of gambling on the stock exchange, where the little fish are swallowed by the sharks and the lambs by the stock-exchange wolves. There is antagonism against the old form in the stock companies, [the old form being that] in which social means of production appear as private property; but the conversion to the form of stock still remains ensnared in the trammels of capitalism; hence, **instead of overcoming the antithesis between the character of wealth as**

**social and as private wealth, the stock companies merely develop it in a new form.**" (*Ibid.*, emphasis added)

The issues Marx raises, from the collective character of capitalist ownership to the separation of management and ownership, still trip up various economists who try to analyze modern capitalism solely after the pattern of the old individual enterprises. It shows that private ownership, in the general sense of the contradiction between social production and private ownership, includes the various forms of collective capitalist ownership, so to speak. It is private ownership not just in the sense of individual ownership (it is individual capitalist ownership which is supplanted by corporations), but in the sense of being owned by a group which has private interests against the working class and the whole of society.

Engels also was intensely interested in the phenomena that arose from the development of stock companies, etc. In 1894, when vol. III of *Capital* first appeared, Engels added a note to Marx's passage and pointed to the coming transition to monopoly capitalism, and that this was an economic preparation for socialism:

"Since Marx wrote the above, new forms of industrial enterprises have developed, as we know, representing the second and third degree of stock companies. The daily growing speed with which production may be enlarged in all fields of large-scale industry today, is offset by the ever-greater slowness with which the market for these increased products expands. ... The results are a general chronic over-production, depressed prices, falling and even wholly disappearing profits; in short, the old boasted freedom of competition has reached the end of its tether and must itself announce its obvious, scandalous bankruptcy. And in every country this is taking place through the big industrialists of a certain branch joining in a cartel for the regulation of production. ... Occasionally even international cartels were established, ... This led in some branches, where the scale of production permitted, to the concentration of the entire production of that branch of industry in one big joint-stock company under single management. This has been repeatedly effected in America; in Europe the biggest example so far is the United Alkali Trust, ... Thus, in this branch, which forms the basis of the whole chemical industry, competition has been replaced by monopoly in England, and the road as been paved, most gratifyingly, for future expropriation by the whole of society, the nation."

### Engels and the Erfurt Program

A bit earlier, Engels commented on the same issue in his *A Critique of the Draft Social-Democratic Program of 1891* (the final draft of this program was the so-called Erfurt Program of the Social-Democratic Party of Germany, the most prestigious program for the Second International). Some of these remarks are highly suggestive, though unfortunately short and, as a result, somewhat cryptic. At one point, he objects to the sentence "The want of plan

rooted in the nature of capitalist private production". He pointed out, among other things,

"Capitalist production by *joint-stock companies* is no longer private production but production on behalf of many associated people. And when we pass on from joint-stock companies to trusts, which dominate and monopolize whole branches of industry, this puts an end not only to *private production* but also to *planlessness*." (emphasis as in the orig)

However, he concludes that "If the word 'private' were deleted the original sentence could pass. But, by deleting private, the sentence in question now asserts that anarchy or planlessness results not just from companies owned by individual capitalists, but also from joint-stock companies, trusts, etc. So presumably he held that the planning of production in whole branches of industry gives rise to planlessness on a broader scale.

Did Engels think that joint-stock companies meant that one should eliminate as outdated any reference to the capitalist exploiters as having, in general, private ownership? I don't think so. For example, in other remarks in the same article, he discusses a sentence which refers to the exploiters as "individual owners". His concern is that the program should be sure to include landlords as well as capitalists, and as well to separate off such "individual owners" as the peasants and petty-bourgeois from the reference to the ruling exploiters. But he doesn't object that the big capitalists are no longer "individual owners" because of the development of joint-stock companies.

Moreover, the final draft of the Erfurt program used such terms as "private ownership in the means of production". Nowhere did Engels protest against that, not anywhere that I am aware of, and this formulation seems to have become a sort of model. If Engels had been upset, he did have some excellent opportunities to make his view clear, even without directly polemicize against the German social-democrats, because a new edition of his *Anti-Dühring* appeared, with a preface by Engels dated May 1894. And Engels was still quite concerned with the issue of stock companies at that time, as we have seen from his note to the 1894 edition of Vol. III of *Capital*. Yet no such protest

### Columbus: Continued from page 5

their jobs a long time ago or have no hope of finding a job at all and make a living working long hours every day selling bananas, vegetables, shining shoes along the streets, etc.). While Balaguer gets ready for his pompous inauguration of the lighthouse at the end of the year, the cost of living keeps rising at unreachable proportions, and hundreds of families that were displaced from their homes more than four years ago to make way for the luxurious avenues that lead to the lighthouse remain on the streets.

In contrast to the luxury of the lighthouse and the avenues leading to it remain the shantytowns where the poor people live. And since these poor neighborhoods are all over Santo Domingo, Balaguer couldn't avoid them, having to build his lighthouse on an area well known by its poverty. How is Balaguer handling the situation, in the light of the fact that dozens of presidents from different countries and tourists from all over the world are expected

occurs. □

Notes:

(1) In these considerations, I have regarded "appropriation" and "ownership" as closely related. One of the comrades who kindly read a draft of these notes commented on this and disagreed. I think he regarded appropriation as a more general category, while ownership required that the appropriated wealth could, say, be turned into capital. Thus the existence of private interests might only refer to appropriation, rather than something analogous to ownership. And thus some of the references I cited to private appropriation wouldn't be relevant to ownership.

This raises two issues. Did the Marxist works put a wall between appropriation and ownership, and in any case, should we?

To investigate this issue, it might be useful to formulate the difference between appropriation and ownership without using words such as "capital". So we could perhaps roughly formulate the suggested difference as follows: appropriation refers to personal enrichment, while ownership refers to the ability to use that wealth to control or influence production.

But if appropriation in the Marxist sources refers only to wealth in itself, it is hard to see why they refer to the central role of the contradiction between social production and private appropriation. This would still be a contradiction, but a relatively minor one referring simply to whether some people are better off than others. It is only when private appropriation controls production that the contradiction between private appropriation and social production can result in profound effects such as anarchy of production, economic crises, etc. It is when "the mode of production is subjected to this form of appropriation" (Engels), that this contradiction becomes profound.

And in the works I cited about private appropriation or ownership, I haven't seen it suggested that the appropriation is private, but the ownership is not. I think what these works do is deal with a general concept of private ownership, as I state in the article.

Of course, it is still up to us to come to our own theoretical conclusions about this and other issues. □

to attend the inauguration of the infamous lighthouse and are likely to see the misery surrounding it? Well, he is building a wall, "the wall of shame" as is known in Santo Domingo, to block the view of the poor neighborhoods. In other words, Balaguer wants the foreigners to view Santo Domingo as a paradise, while in reality it remains the same cemetery of living dead of old, as shown in some of the films taken by [...], a comrade who recently visited Santo Domingo.

The three films are marked A), B) and C). A) shows the shantytowns around the lighthouse. B) shows the lighthouse itself. ... C) is the same shantytowns from A) except that C) was taken from outside "the wall of shame" and shows how the misery is being covered up by the U.S.-Balaguer regime.

This is the reality of the capitalist system, and this can only be ended by a socialist revolution of the workers and poor.

Ernesto, New York □