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Imperialism, Stalinism + Permanent Revolution

By JOHN ROBENS
The theory of Permanent Revolution is not simply an analysis of one particular part of the world revolution. It is intended as the key to an understanding of the revolutionary process in the entire epoch of the transition from capitalism to socialism. It aims to order and analyse all the political phenomena of the ‘epoch of wars and revolutions’. In order to understand the nature of such a theory it is worth looking at the remarks which Marx himself made of his own method of enquiry.

In making any analysis, Marx always insisted that the aim must be to reveal the ‘inner coherence’ (1) of the object of study as opposed to its ‘external appearance’ (2). For example in his critique of the economics of Adam Smith, Marx notes that “Smith himself moves with great naivety in a perpetual contradiction. On the one hand he traces the intrinsic connection existing between economic categories and the obscure (i.e. hidden) structure of the bourgeois economic system. On the other, he simultaneously sets forth the connection as it appears in the phenomena (i.e. appearance) of the bourgeois economic system... One of these conceptions fathoms the inner connection, the physiology, so to speak, of the bourgeois system, whereas the other takes the external phenomena of life, as they seem and appear and merely describes, catalogues, recounts and arranges them under formal definitions. With Smith both these methods of approach not only merrily run alongside one another, but also intermingle and constantly contradict one another... On the one hand he attempted to penetrate the inner physiology of bourgeois society but on the other he partly tried to describe its externally apparent forms of life... to show its relations as they appear outwardly... the one (method) expresses the intrinsic connections more or less correctly, the other... expresses the apparent connections without any internal relations.” (3) These observations on theory are particularly appropriate when we come to consider the revolutionary developments of the twentieth century. “If” to quote from a later section of this pamphlet, “we consider the world revolutionary process since 1917 then, from the viewpoint of what was once considered ‘orthodox’ Marxism but which was in reality the Marxism of academics, everything which has occurred appears to make no sense. As is well known, the conventional wisdom of Marxism at the beginning of this century was that the proletarian revolution would begin in the advanced capitalist countries while only bourgeois democratic revolutions
could occur elsewhere. (4) All Marx’s strictures on this subject, for
example in his letters on Russia, were forgotten. In fact however the first
workers state in the world was set up in the most backward state in
Europe and since then the revolutionary process has seen Asia and Latin
America convulsed while for twenty years the working class of the imperial-
ist countries suffered defeat after defeat and then lapsed back into another
twenty years of apparent apathy."

There are of course a thousand and one explanations of particular parts
of this process. Theories range from the invincible nature of Mao—Tsetung
thought to Shachtmanite theories of advancing barbarism in the East.
However none of these can explain the real relation of processes as
diverse as the events of May—June 1968 in France, the Tet offensive in
Vietnam and the Russian invasion of Czechoslovakia - to take merely the
events of one year. Only the theory of permanent revolution allows us
to analyse beyond the ‘external appearance’ of these events and analyse their
‘inner coherence’. In short only Trotsky’s concept of the world revolutionary
process satisfies the conditions which Marx laid down for a truly scientific
theory of world revolution.

This pamphlet is the first of several which the IMG is publishing on various aspects of
the theory of Permanent Revolution. The sections in this present publication deal
with those things which, from the point of view of the proletariat, constitute the
objective elements of the working class’s struggle — Stalinism and the role of the
bourgeoisie. Further pamphlets will deal with the development of the struggle of the
industrial working class itself.

This pamphlet is based on a series of educational talks given in London as an intro-
duction to the politics of the Fourth International. Section one is closely based on an
article by Jacques Valier entitled *Imperialisme et Revolution Permanente*, and sections
2 and 3 also incorporate material from this work. The conclusions drawn in the finished
pamphlet are however the responsibility of the present author. Because of the educa-
tional purpose for which the present material was prepared, the pamphlet contains
many direct quotations from Marx, Engels, Lenin and Trotsky, and references to
documents and articles of the Fourth International.

John Robens
Section 1: Theoretical Bases

The World Economy

(1) The theory of Permanent Revolution as developed by Trotsky is the political expression of the fundamental economic realities of capitalism as it exists in the epoch of imperialism. In particular it analyses the operation, within the imperialist epoch, of the law of combined and uneven development.

(2) The basic dynamics of capitalism, based on the social relations of generalised commodity production, create a continual tendency on a world scale to the accumulation of capital. The bourgeoisie can only survive by accumulating and in doing so continually transforming their instruments of production. This transformation continually creates on an ever enlarged scale not merely the development of the division of labour within the national economy but also a division on the international scale.

(3) Forced continually to extend the base of their accumulation the bourgeoisie has internationalised production and by the beginning of the twentieth century had brought every nation within the economic sphere of capitalism. “In the process of its development, and consequently in the struggle with its internal contradictions, every national capital turns in an ever-increasing degree to the reserves of the ‘external market’, that is, the reserves of world economy.”

Capitalism has thus created a productive system characterised by an international division of labour. This division of labour is one of the most powerful instruments in the raising of the level of the productive forces.

(4) The development of world economy based on the international division of labour has not however produced an even development of the individual
national economies. On the contrary it has structured the economic system into dominant and dominated economies. This structure results from the historical conditions of the development of the capitalist mode of production. It is based on the operation of the law of uneven and combined development in which individual parts of the economic system do not develop independently of one another but the development of one part affects the development of all other parts.

Capitalism structures the entire world economy and it "operates by its own methods, that is to say by anarchistic methods which constantly undermine its own work, set one country against another, and one branch of industry against another, developing some parts of the world economy while throwing back the development of others." (6)

(5) The uneven development of the capitalist system produces a combined development within and between the national economies. In particular the constant economic pressure exerted by the advanced capitalist countries forces less developed economies to attempt to progress by leaps, by attempts at once to reach the most advanced techniques and scales of production used in the imperialist economies themselves. "A backward country assimilates the material and intellectual conquests of the advanced countries. But this does not at all mean that it follows them slavishly, reproduces all the stages of their past ... Although compelled to follow after the advanced countries, a backward country does not take things in the same order. The privilege of historic backwardness ... compels the adoption of whatever is ready in advance of any specified date, skipping a whole series of intermediate stages. Savages throw away their bow and arrows for rifles all at once, without travelling the road which lay between these two weapons in the past ... The development of historically backward nations leads to a peculiar combination of different stages in the historic process." (7)

Thus if one takes as an example the case of Russia before the revolution; then "While peasant agriculture often remained at the level of the seventeenth century, Russia's industry, if not in scope at least in type, reached the level of the progressive countries and in some respects rushed ahead of them ... This fact is hard to reconcile with the conventional conception of the economic backwardness of Russia. It does not, however, refute this backwardness but dialectically complements it." (8)

In this situation, "the national peculiarities represent an original combination of the basic features of the world process ... the crystallisation of the unevenness of its formation." (9)

(6) Uneven and combined development acts at all levels: between industries, between agriculture and industry, between national economies. If we consider merely the unevenness between the development of national economic formations then the most immediate fact which strikes the eye is the vast inequality separating the advanced industrialised imperialist countries from the 'under-developed' - in reality 'crushed'-ones. However although this particular uneven development is the most flagrant of all it is by no means the only one. The imperialist economies themselves develop unevenly. In this latter case of course the unevenness is of a different nature, for we are here dealing with countries where capitalism has
transformed all the production relations of society. In the case of the countries dominated by imperialism, on the contrary, uneven development prevents the full development of the capitalist system, and breaks up the old modes of production without being able to develop the capitalist system to the point where it can ensure an organic development of the productive forces. Instead vast sections of the population may be marginalised or entirely thrown out of the productive system. Starvation, unemployment and prostitution on an immense scale are the effects of an imperialist system which can destroy all less developed modes of production, but which is no longer capable on a world scale of ensuring an organic development of the production forces.

(7) The destruction of all pre-capitalist modes of production in the colonial economies proceeds by a whole series of interlinked processes.

a) In the first place capitalism in its development destroyed the old economies of the colonial world. These were capable neither of withstanding the competition of advanced capitalist production nor of adapting themselves to the world economic system created by the bourgeois mode of production. The impact of commodities from developed countries progressively dislocated the organisation of local production. Even where capitalist production developed out of this it could not compete with the productive forces of the advanced capitalist states.

b) In order to compete in the world economy the colonial countries attempt to develop export oriented sectors based on modern methods of production. In such colonial and semi-colonial states a very complex structure of production results with very developed sectors orientated to the external market co-existing with sectors of extreme backwardness orientated to the internal market. This structural dislocation of production, circulation and development impedes still further any attempt to industrialise on a national capitalist basis.

(8) The process of uneven and combined development of the world economy produces an enormously complex class structure in the colonial and semi-colonial countries. The national bourgeoisie is extremely weak and to all intents and purposes it is dependent on foreign imperialism. It has far less interest in breaking with this foreign domination than it has to fear from the effects on the working class and peasantry of any struggle against imperialism. The plight of the peasantry continually worsens with the destruction of old relations of production by capitalist and commodity production. In particular an enormous increase in the landless radicalises the character of peasant upsurges. Simultaneously the existence of developed sectors of the economy creates centers of an organised urban proletariat. In this situation the colonial bourgeoisie vacillates continually between the need to gain some degree of freedom from imperialism and the simultaneous fear of the peasant and proletarian masses. However in the epoch of the full development of capitalism no colonial bourgeoisie can create an economy capable of competing in the world market. All national bourgeois solutions therefore prove utopian and doomed to failure. As Trotsky said of Russia “In the conditions of capitalist decline, backward countries are unable to attain that level which the old centres of capitalism have attained. Having themselves arrived in a blind alley, the
highly civilized nations block the road to those in the process of civilisation. Russia took the road of proletarian revolution not because her economy was the first to become ripe for a socialist change, but because she could not develop further on a capitalist basis.” (10) As the colonial bourgeoisie cannot develop the national economy it always proves incapable of satisfying the needs of the masses. In fact in this epoch “Socialisation of the means of production had become a necessary condition for bringing the country out of barbarism”(11) It is only by this means that any real development of the economy can be begun. The position of the colonial bourgeoisie is therefore an impossible one. If they do not in anyway struggle against imperialism then the colonial economy is crushed by the weight of the productive forces of the advanced counties and the situation of the masses drives them to further and further forms of uprising and protest. On the other hand, however, even a limited struggle launched against imperialism may open the door to a movement of the masses which will get out of control, and in any case even if such a limited struggle were successful it could not create the conditions for the development of the national economy and in consequence would not relieve the danger of mass uprising. In consequence of this situation the colonial bourgeoisie remains a class of historical insignificance. It either remains in dog like passivity before its imperialist master, or it vacillates ever more wildly between the conflicting pressures of fear of revolution and the pressure of the working class and peasant masses. It is a class completely incapable of reconstructing society under its own leadership. At the same time however the advanced economies feed off the colonial economies through mechanisms of unequal exchange, superprofits and other exploitative processes. The very helplessness of the colonial bourgeoisies created the conditions for the further intensification of their crisis.

Uneven and combined development during the imperialist stage of capitalism.

(9) The imperialist stage of capitalism is the epoch of wars, crises and revolutions. As Trotsky noted, “while the European epoch which comprises the years 1871 to 1914, or at least to 1905 was an epoch of the organic accumulation of contradictions, the internal class relations of Europe almost never overstepped the bounds of legal struggle and so far as international relations are concerned, adjusted themselves to the framework of an armed peace. This was the epoch of the origin, the development and the ossification of the Second International whose progressive historical role completely terminated with the outbreak of the imperialist war. Politics, considered as a mass historical force, always lags behind economics. Thus, while the reign of finance capital and trust monopolies already began towards the end of the nineteenth century, the new epoch in international politics, which reflects this fact, first begins in world politics with the imperialist war, with the October revolution, and the founding of the Third International.” (12) It is this appreciation which creates the theoretical basis on which the entire tradition of the Communist International is based. The very first political thesis of the Third International started
with the statement that "The present epoch is the epoch of the
disintegration and collapse of the entire capitalist world system, which
will drag the whole of European civilization down with it if capitalism
with its insoluble contradictions is not destroyed" (13) It is this which
is the objective basis of the statement that "the imperialist epoch is the
epoch of proletarian revolutions" (14) The economic basis of this epoch
is created by the domination of the monopoly sectors of industrial
production, the fusion of industrial and banking capital into finance
capital, the division of the world into groups of great powers and a
tendency to stagnation.

(10) The tendency of capitalism in its imperialist stage to a stagnation
of the productive forces is however precisely a tendency of develop-
ment and not an immediate and universal truth although in certain
periods notably that of the 1920's-30's this tendency did show itself
in a direct and immediate fashion. However even in this extreme case
there is nothing which causes capitalism to automatically collapse
of its own accord. Trotsky dealt with this question in the following
way. "Will the bourgeoisie be able to secure for itself a new epoch of
capitalist growth and power? Merely to deny such a possibility, counting
on the 'hopeless position' in which capitalism finds itself would be merely
revolutionary verbiage. 'There are no absolutely hopeless situations'
(Lenin)' The present unstable class equilibrium in the European
countries cannot continue indefinitely precisely because of its instability" (15).

(11) The most fundamental premise of whether capitalism will be able to
continue or not is of course the degree of class consciousness and
organisation of the revolutionary class itself. 'Independently of the
conscious activity of classes... (no) crisis can be 'by itself' the 'last'
crisis ... if the party of the working class, in spite of favourable
conditions, reveals itself incapable of leading the proletariat to the
seizure of power, the life of society will continue necessarily upon
capitalist foundations - until a new crisis, a new war, perhaps until
the complete destruction of European civilization." (16)

(12) In the 1930's the Comintern's diversion of the revolutionary
energy of the workers into ultra-left sectarianism or into Popular Front
type experiments allowed the bourgeoisie to find in fascism a temporary
political solution to capitalist economic contradictions. Fascism crushed
the workers movement and allowed a new increase in the rate of exploita-
tion which gave the bourgeoisie greater room for manoeuvre
and allowed it to significantly increase the accumulation of capital.

(13) From the Second World War onwards the crisis of the economic
systems inside the imperialist countries appeared to be temporarily over-
come by developments within the capitalist productive system. The
initial basis for this 'boom' was created by the crushing of the workers
parties under fascism and the failure of the Italian and French Communist
Parties to seize power in the immensely favourable political conditions
which existed in 1944-1946.

(14) From 1945 to the 1960's some contradictions in the advanced
capitalist countries appeared with less strength than previously: less
extreme fluctuations, crises that were not catastrophic, a smaller number
of permanent unemployed than between the wars characterised this period. These phenomena had three chief causes:

a) Developments within the forces of production themselves. An accelerated process of technological innovation lead to a relative stabilisation in the organic composition of capital. This process however contained immense internal contradictions in that the minimum size of investments to stay competitive soared unprecedentedly and the increasing scale of production compared with a relatively more slowly expanding market simultaneously intensifies competition, driving down profit rates, and forces the trusts to accumulate ever more rapidly.

b) The intervention of the capitalist state. This has acted to smooth out some of the fluctuations within the capitalist cycle. In particular should be noted the very important role played by military expenditure which has been maintained at a level unprecedented in the history of capitalism. Nevertheless the capitalist state in the last analysis remains precisely what its name states it to be - a capitalist state. It is the social relations of production on which that state apparatus is based which determine the fundamental processes of the economy, and the state can at best act as an important regulator of them. In any real crisis however the economic intervention of the bourgeois state would soon show its helplessness.

c) The construction of a neo-colonial system of exploitation which has helped preserve the pillage of the ‘underdeveloped’ economies. Although the general axis of capitalism has shifted away from these countries nevertheless extremely high profits, particularly in key extractive industries, continue to be gained at the expense of these economies. This process too however is wrought with contradictions. In particularly the long drawn out death agony of capitalism has disintegrated colonial society to the point in which two thirds of the world is in a state of virtual permanent upheaval. The continued existence of imperialist domination has created a colonial revolution which for twenty years has posed a permanent political challenge to capitalism. The political spectre of successful colonial revolution, and the economic spectre of expropriation, now hangs continually over the international bourgeoisie in its dealing with the countries of the ‘third’ world.

(15) Apart from these changes in its way of functioning, however, capitalism has not changed, either in its nature (exploitation of labour by capital, inter-capitalist competition), nor in its logic (contradictions which govern its functioning: crises, concentration, unemployment, imperialism are still present) even if the specific weight of a particular contradiction is not the same as before. Furthermore this new phase in the history of capitalism has added other sources of crisis, new contradictions. In the advanced capitalist countries, one can see that two of the key aspects of the functioning of the system since 1945, the action of the monopolies attempting to increase their rates of profit and the actions of the bourgeois state in attempting to guarantee these increases, have been reflected in the monetary sphere by a permanent increase in prices which because of its permanent nature and unprecedented scale has achieved a qualitatively new significance within capitalism. (17) Moreover in the colonial and semicolonial countries, the domination of imperialism has
resulted in the stagnation of the national economies, the growing concentration of wealth, the creation of large scale unemployment and in general the intensification of the objective bases of the colonial revolution. From the beginning of the 1960’s onwards these contradictions began to systematically intensify until the point at which we can definitively say that the fundamental choice between socialism and barbarism appears once more a clear and open fashion.

(16) The most obvious symptom of this new rise of world revolution and new crisis of imperialism is the way in which, since the early sixties, and after a period of about fifteen years when the high points of the world revolutionary movement had been de facto restricted to the colonial and semi-colonial world, a new period of resurgence of the European workers movement has commenced.

(17) This increase in struggles, this multiplication of revolutionary crises from the sixties on, is a demonstration of the worsening on an international scale of the contradictions of imperialism. In the advanced capitalist countries growing difficulties appear both as regards the creation of additional surplus value (because of the heightened combative of the working class) and at the level of the realization of surplus value. (18) These growing problems have brought about a sharpening of intercapitalist competition and a growing internationalization of capital movements (for example movement of American capital to Western Europe).

(18) This sharpening of intercapitalist competition and the internationalization of capital movements force the bourgeoisie to struggle harder against such symptoms as inflation and to adopt a dual policy of integration and repression towards the workers’ movement. The success of such capitalist policies are an absolute necessity for the bourgeoisie if it is to maintain in any way even a relatively ‘smooth’ development of capitalism. However at the same time these policies bring about the most fierce resistance from the working class. The events of May-June 1968 in France and the ‘creeping May’ of Autumn 1969 in Italy are only the most spectacular manifestations of strike waves and clashes which have broken out in every European country. In three European countries at least - Spain, France and Italy - it is no exaggeration to believe that civil war or insurrection is on the agenda for the 1970’s. In all these states the bourgeoisie has completely failed to stabilise the social crisis and finds itself more and more tightly enmeshed in the contradictions created by its own social system.

(19) The economic and political resistance of the working class impedes the possibilities of the ‘organic’ development of capitalism and exacerbates all the contradictions of capitalism. In particular there is now a definite tendency in all advanced countries to an increase in permanent unemployment. Secondly the increasing competition between the various national bourgeoisies has produced an acute crisis of the world monetary system. This latter crisis which has been a permanent one since the mid 1960’s is just the expression of the contradictions which have developed inside the world productive process and more precisely heightened intercapitalist competition has called into question the existing hierarchy of world currencies and has therefore, brought on an acute monetary crisis.

(19) (20) In the colonial and semi-colonial countries the nature of capitalist
developments since 1945 has broken down the relative autonomy from the pressures of the world market which existed during the 1930's and which, initially designed to provide import substitute, allowed some minor industrialisation. This has further lessened the degree of freedom enjoyed by the colonial bourgeoisies and integrated them more tightly into imperialism. (20)

(21) All these processes make it clear that the process of uneven and combined development has been greatly intensified in the imperialist epoch. As Trotsky said, "Imperialism, thanks to the universality, penetrability, and mobility and the break-neck speed of the formation of finance capital as the driving force of imperialism, lends vigour to both these tendencies (the tendency to invade the world and the tendency to do it in an anarchic fashion, which brings about unequal development-J.V.). Imperialism links up incomparably more rapidly and more deeply the individual national and continental units into a single entity, bringing them into the closest and most vital dependence upon each other and rendering their economic methods, social forms, and levels of development more identical. At the same time, it attains this "goal" by such antagonistic methods, such tiger-leaps, and such raids upon backward countries and areas that the unification and levelling of world economy which it has effected is upset by it even more violently and convulsively than in the preceding epochs." (21) This lack of any organic development of capital on the international level has meant that capitalism could only develop at the cost of a more acute competition between the imperialist countries. This competition was originally concerned with the conquest of colonial markets. Then it was carried back inside the imperialist countries themselves where it brought about a growing interdependence. Since the end of the Second World War, trade between the advanced capitalist countries has increased considerably. The same is true for capital movements. These countries have increasingly limited their exports to the colonial and semi-colonial countries while multiplying trade between themselves. At the same time, a tendency towards the interpenetration of capital in these countries has developed, particularly in Western Europe. (22) These phenomena however do not mean that the colonial and semi-colonial countries are no longer important for the imperialist countries. In fact, if one takes the example of the American bourgeoisie, it is clear that the very large profits that it takes from the underdeveloped countries, particularly from Latin America, which are larger than the mass of capital that it has invested there, are a decisive source of capital to export to Western Europe.

(22) One of the most important effects of these developments within imperialism has been to render ever more acute the contradiction between the development of the productive forces and the barriers of the nation state. This political unit is rendered less and less viable by the growth of the international division of labour and the interpenetration of the parts of the world economy.
(23) The international economic and social processes described in the preceding sections have two great political correlates. They signify the actuality of the proletarian revolution and the impossibility of building socialism in a single country.

(24) The actuality of the proletarian revolution signifies the elimination of "the question of countries that are 'ripe' or 'unripe' for socialism ... insofar as capitalism has created a world market, a world division of labour and world productive forces, it has also prepared world economy as a whole for socialist transformation. Different countries will go through this process at different tempos. Under certain conditions backward countries may arrive at the dictatorship of the proletariat sooner than more advanced countries." (23)

The operation of combined and uneven development has resulted in a situation whereby there is no longer any insurmountable economic barrier to proletarian revolution in any country, backward countries included. Only the dictatorship of the proletariat can bring about, in both backward and advanced countries, a quantitatively and, above all, qualitatively superior growth of the productive forces. This is not to say that every country is equally ready to make that revolution, but simply that there are no historical conditions that must be waited for before setting about the task of preparing the proletariat for its historic tasks. This is one political implication of the law of combined development. The alternative of 'socialism' or 'barbarism' is not a catastrophic vision but the understanding of the fundamental tendency of the epoch. It means that the urgent task of the epoch is the preparation of the proletariat and its vanguard to resolve the contradictions of decaying capitalism, in advanced as well as backward countries.

(25) The impossibility of building socialism in a single country follows precisely from the development of the international division of labour. This division of labour is one of the mightiest tools of the development of the productive forces. Socialism demands a far superior development of the productive forces to that existing under capitalism. It is absolutely impossible to create such a development of the productive forces except on a world scale and ridiculous in the extreme to believe that it can be done within the confines of a single state.

(26) Given the actuality of the proletarian revolution and the impossibility of socialism in a single country, it can readily be seen that internationalism is not an abstract principle but the political expression of the fundamental world economy. "The theory of permanent revolution anticipates the international character of the socialist revolution, which results from the present state of humanity. Internationalism is not an abstract principle, it constitutes the theoretical and political response to the international character of the economy, of the world development of the productive forces and of the world rise of class struggles." (24)
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Section 2: Socialism in One Country

(27) The first essential of Bolshevism's concept of revolutionary practice is the complete refusal to reduce the revolutionary process to any question of automatic economic development. "Politics must take precedence over economics. To argue otherwise is to forget the ABC of Marxism" (25) For Trotsky in the imperialist countries this was more than ever confirmed for although "the objective pre-requisites for the proletarian revolution have not only 'ripened', they have begun to go somewhat rotten" (26) nevertheless the force of the resistance of the bourgeoisie in the old capitalist countries will generally be much greater than in our own country; it will be much more difficult for the proletariat to gain victory."(27) Nevertheless the understanding of the fact that this as an epoch of the overthrow of capitalism, an epoch of 'wars and revolutions' entails that the social content of the epoch is defined in the fact that capitalism can no longer even meet the immediate (historically defined) needs of the masses and that "The revolutionary character of the present epoch consists precisely in this, that the most modest conditions of life for the working masses are incompatible with the existence of capitalist society" (28) The theory of Permanent Revolution is the only theory which takes as its starting point this fact and holds steadfastly to the view that "The struggle for power must begin with the fundamental idea that if opposition to further aggravation of the situation of the masses under capitalism is still possible, no real improvement of their situation is conceivable without a revolutionary invasion of the right of private property" (29) It counterposes this view to Social Democratic and Stalinist belief in the 'gradual extension of democracy', to the role of (classless) 'progressive and democratic forces', to the role of 'Keynesian economics', and to the theory of 'advanced democracy'.

(28) Although the nature of the epoch is one in which in a historical sense capitalism cannot even meet the immediate needs of masses,
nevertheless the entire nature of revolutionary strategy and tactics lies in understanding what is the relation between the day to day struggle on 'bread and butter' issues and the accomplishment of the overthrow of capitalism. Within this problem lie two parallel deviations, both of which are based on the confusion of the character of the entire epoch with character of the objective situation at any given point in time. The first of these deviations is the belief that because the epoch is revolutionary this means that the conditions for revolution exist at any point in time. This is the deviation of 'ultra-leftism' and the 'theory of offensive' of Bukharin. The second of these deviations is the reverse parallel of ultra-leftism. It is the belief that because at any given point in time a situation is not revolutionary therefore the epoch is not revolutionary. This latter viewpoint has of course been the dominant one amongst European centrist and reformism in the period after World War Two. From the fact that for even a considerable period the objective conditions did not exist for revolution they drew conclusions that the epoch was not revolutionary. As these two deviations are so important it is worth examining them in more detail in order to counterpose to them Trotsky's conception.

(29) One of the bases of formal logic is an empiricist conception of the relation of the whole and the parts. Operating with the categories of the 'universal' and the 'particular' it is held that any theoretical statement true of the whole must be true of the parts. Take for example the standard 'refutation' of the labour theory of value. Taking the statement that those commodities exchange equally which are the products of equal amounts of socially necessary labour time, the bourgeois empiricist attempts to refute this theory by taking a particular commodity, or even large groups of commodities, and attempting to show, which is not difficult, that this particular commodity, or commodities, do not in fact exchange in this way. Having done this he then declares that the labour theory of value is refuted.

However such a 'proof' contains within it a particular conception of the nature of theoretical statements which may be referred to as the theory of 'generalisation'. This theory, as we have noted, is one of the bases of empiricism, holds that a theoretical statement true of the whole is true of the parts of that whole, or, put in a different way, that a statement true of the whole can be 'read back' into every part. This conception is the implicit base of these 'refutations' of the labour theory of value, for, if it did not hold, then all the demonstrations in individual instances would be totally irrelevant. Marx however not merely does not accept this method but in dealing with, for example, the relation between value and the phenomenal form of price, notes not merely that value and price do not coincide but that "actual everyday exchange values cannot be directly identical with the magnitudes of value"(30) It is absolutely incorrect to reply to attacks on the udes of value"(30) It is absolutely incorrect to reply to attacks on the labour theory of value, or any other Marxist concept, by actually accepting the methodology of bourgeois empiricism and arguing along the lines that of course 'as a rule' commodities exchange at their values
but that there are ‘in practice’ "exceptions". This latter method in fact accepts the empiricist view that what is true of the whole must be true of, at least the ‘majority’ of the parts, whereas in fact the labour theory of value could be true even if no two commodities had ever exchanged equally which were produced by equal amounts of socially necessary labour time, for the labour theory of value describes an "ideal average" i.e. an average that does not exist" (31)

It does not describe the operation of any part of the whole. The only correct way of proceeding, and the one Marx always used, is to take as starting point not the analysis of an individual commodity but the analysis of all commodities i.e. of the whole. The abstractions of Marxist theory, although they govern the operation of the whole and therefore of the parts, cannot be 'read back' into the individual parts. (30) A typical example of the failure to understand this point is precisely Bukharin's theory of ultra-leftism. Bukharin argued that "Since capitalism had exhausted itself, therefore the victory must be gained through an uninterrupted revolutionary offensive." (32) Of this view Trotsky noted simply that "Bukharin's position always reduces itself to syllogisms of this sort." (35) Here, in a classic case, we have the fallacy of attempting to read back a statement true of an epoch into the situation at any given point in time. Given this theoretical view as a starting point it was natural that Bukharin could in the course of a few years change from being on the ultra-left of the Comintern to being its most right wing representative. If the character of the epoch (the 'whole') can be read back into every point in time (the 'parts') then conversely what is not true of the parts is not true of the whole. Thus for Bukharin and his school the fact sinking through that at a certain period, the mid 1920's, a revolutionary situation did not exist led them to jettison the revolutionary conception of the epoch. On the plane of theory it was precisely against such formalism that Trotsky developed his theory of Permanent Revolution as applied to the advanced imperialist states. His conclusion can be summarised in the statement that "The present epoch is distinguished not for the fact that it frees the revolutionary party from day-to-day work but because it permits this work to be carried on indissolubly with the actual tasks of the revolution." (34)

It has been precisely the rejection of this which has led the communist parties of the world to ultimately play a similar counter-revolutionary role to that previously played by social democracy. However in order to understand this process it is necessary to investigate more closely the central theoretical feature of the various Stalinist parties - that is to say it is necessary to examine the theory of 'socialism in one country'. It is in this concept that is to be found the conceptual rationale for the counter-revolutionary action of the Stalinist parties in the various revolutionary situations with which they have been confronted. (31) The theory of socialism in one country "rose on the yeast of the reaction against the October Revolution, (and) is the only
theory that consistently and to the very end opposes the theory of the permanent revolution.” (35) Socialism in one country “running counter to the entire experience of the Russian revolution, not only sets up the democratic revolution mechanically in contrast to the socialist revolution, but also makes a breach between the national revolution and the international revolution. This theory imposes upon revolutions in backward countries the task of establishing an unrealisable regime of democratic dictatorship, which it counterposes to the dictatorship of the proletariat. Thereby this theory introduces illusions and fictions into politics, paralyses the struggle for power of the proletariat in the East, and hampers the victory of the socialist revolution. The very seizure of power by the proletariat signifies, from the standpoint of the epigones’ theory, the completion of the revolution” (36) “They (the Stalinists) consider that, in essence, the conquest of power within national limits is not the initial act but the final act of the revolution: After that follows the period of reforms that lead to the national socialist society.” (37) Thereby the theory of socialism in one country “separates the national socialist revolution from the international” (38) “leads to “the theory of the neutralisation of the world bourgeoisie” (39) and thus eliminates “Marxist internationalism which is ... inseparable from the permanent character of the world revolution.” (40) The theory of socialism in one country involves a fundamental rejection of Marxism theory in at least two senses. In the first place it analyses an individual economy not in terms of the development of world economy but in terms of consideration of a country taken in isolation, and secondly, as a corollary of its basic method of analysis, it reduces Marxist internationalism to the concept of ‘common features’ or ‘norms and models’ with ‘exceptions’ which paves the way for unbridled opportunism and pragmatism. Because this theory is such a fundamental rejection of Marxism it is necessary to track the theoretical roots of this theory to their origins.

(32) The first theoretical mistake of the theory of socialism in one country is its very taking of the concept of the separate ‘nation’ as its starting point of analysis. In fact, as we noted above, the starting point of any Marxist analysis can only be abstractions which allow us to characterise and analyse the total object of study. In terms of the analysis of society these elements of analysis are not ‘entities’ such as ‘nations’ but social relations.

It is therefore a fundamental methodological thought of Marx that “Society is not merely an aggregate of individuals, it is the sum of the relations in which these individuals stand to one another”. (41) It is to these relations which Trotsky refers when he talks of the “internal mechanism” of the revolution. (42) This essential point of Marx is seen most clearly in his critique of bourgeois economics. Here the very centre of his attack is that the economists of this school fail to see that economic categories refer not to things but to social relations. Thus for example in his critique of Ricardo, Marx states that “Instead
of labour, Ricardo should have discussed labour-power. But had he done ... capital would at once have been revealed as definite social relationship."(43) and, in another instance “In capital-profit, or better still capital-interest, land-rent, labour-wages, in this economic trinity represented as the connection between the component parts of value and wealth in general and its sources, we have the complete mystification of the capitalist mode of production, the conversion of social relations into things”(49) and where even “In the case of the simplest categories of the capitalist mode of production, and even of commodity production, we have ... the mystifying character that transforms the social relations, for which the material elements of wealth serve as bearers in production, into properties of these things themselves”(44) whereas in fact “Economic categories are only the theoretical expressions, the abstractions of the social relations of production.”(46)

(33) The aim of the analysis of social relations is to determine the law of motion, of development, of the object of study. In other words words “The interest lies in the whole movement”(47) and dialectics is “the science of the laws of development” (48) Thus in the case of capitalism Marx noted that “It is the ultimate aim of this work (Das Kapital) to lay bare the economic law of motion of modern society”(49) or, in the words of the only reviewer whom Marx declared understood dialectics “The scientific value of such an enquiry lies in the disclosing of the special laws that regulate the origin, existence, development, death of a given social organism” (50) However this ‘law of motion’ is a process and as such is determined by the interrelation of the totality of social relations for “Every concrete thing, every concrete something, stands in multifarious and often contradictory relations to everything else”(51) and therefore a process can only be defined as “a development considered in the totality of its real connections” (52).

(34) From the basic points about the starting point of any Marxist theory two fundamental points must be noted. The first is that the nature of any particular object of study cannot be understood in terms of its ‘own’ inherent characteristics but only in terms of its determination by the whole and that therefore this total analysis must be the starting point of any inquiry. Also therefore the whole is not a simple addition of its parts but on the contrary defines the nature of its parts. For example in the case of economic analysis, “the definitions of instruments of labour, materials of labour, and product change according to the various roles played by one and the same thing in the process.”(53) and “it depends wholly on the role which the material components play in a particular labour process ... whether they function as instruments of labour, material of labour, or products; so instruments of labour are fixed capital only if the process of production and the means of production are therefore really capital and possess economic definiteness, the social character of capital.” (54) Similarly for
example. "To be a slave or to be a citizen are social determinations, the relationships of Man A and Man B. Mr A is not a slave as such. He is a slave within society and because of it." (55) and in general "A Negro is a Negro. He only becomes a slave in certain relations. A cotton-spinning jenny is a machine for spinning cotton. It becomes capital only in certain relations. Torn from these relationships it is no more capital than gold in itself is money." (56) However, the point that it is the character of the whole social formation which determines the character of its component parts, and even understanding that there are many ways in which this can be understood, does not suffice to define Marx’s view of society. There are many theories which would agree to such a proposition. Marx further proceeds to demonstrate that the society is in fact a whole structure in such a way that the determinant element is the mode of production. It was not sufficient for Marx to find that "legal relationships as well as the form of the state are to be grasped neither from themselves nor from the so-called general development of the human mind, but rather have their roots in the material conditions of life, the sum total of which Hegel ... combines under the name of 'civil society'". (57) It was precisely from this that Marx concluded that "the anatomy of civil society is to be sought in political economy... The sum total of these relations of production constitute the economic structure of society - the real foundation, on which rise the legal and political superstructures." (58) This economic structure is simply the social relations of production or the material conditions of existence and their mutual relation and therefore "the aggregate of these relations, in which the agents of production stand with respect to nature and to one another, and in which they produce is precisely society considered from the viewpoint of its economic structure." (59) The theory of socialism in one country has the dubious honour of breaking with every single one of these fundamental points of Marxism. It does not understand that the basis of analysis must be social relations and not entities such as nations, it does not analyse how the operation of a socialist economy can only be understood from the point of view of world economy and instead of considering development as a process it considers individual states in isolation.

First consequence of socialism in one country - the consideration of Soviet economy is isolation from world economy.

(35) Any particular revolution is, of course, almost certain to start within national boundaries, and there will be delays, even considerable ones, before the revolution occurs in other states. Indeed in a certain sense the entire theory of permanent revolution is an understanding of the way in which the dynamic of the revolutionary process operates in the relation between the individual national societies and the world revolution. However the elementary fact of the discontinuity of the world rev-
olutionary process is in no sense a distinguishing conception of either socialism in one country or of permanent revolution. If it is probable and has been confirmed in practice, that the dictatorship of the proletariat will first be established in one or a few countries it is entirely different with the establishment of socialism in the sense in which Lenin defined the term i.e. "Socialism means the abolition of classes". (69)

(36) The distinguishing basis of the theoretical views of socialism in one country is the belief, purely on the basis of the economy of one country, that it is possible to overcome the economic contradictions which exist in the dictatorship of the proletariat and to reach a socialist society. In reality however, although it is possible to achieve the dictatorship of the proletariat in a single country, it is not possible, on the basis of the resources of one country alone, to proceed to a higher stage, socialism, than the dictatorship of the proletariat. It is only the completely false Stalinist identification of socialism with the suppression of the bourgeoisie that allows any credibility at all to accrue to the theory of socialism in one country. The distinction between the dictatorship of the proletariat and a higher stage of socialism, which signified the suppression of classes, was however made quite explicitly by Lenin. For example "As I was coming through your hall just now, I saw a placard with this inscription: 'The reign of the workers will last forever.' When I read this strange placard... I thought to myself: there you have some of the fundamental and elementary things we are still confused about. Indeed, if the reign of the workers and peasants should last for ever, we should never have socialism, for it implies the abolition of classes." (61)

(37) A socialist society can only be built on the basis of the dictatorship of the proletariat, but the most essential economic fact about this dictatorship is that although generalised commodity production has been suppressed, nevertheless it is still a society not "developed on its own foundations" but one "as it emerges from capitalist society" and in consequence is one "which is... still stamped with the birth marks of the old society from whose womb it emerges." (62) In particular although the bourgeois mode of production no longer exists, nevertheless there still exists inequality and indeed "bourgeois right in regard to the distribution of articles of consumption". (63)

Such a condition is inevitable but is of course not without its effect on the social structure. In particular it produces a tendency towards bureaucratisation of the state. "The basis of bureaucratic rule is the poverty of society in objects of consumption, with the resulting struggle of each against all. When there is enough goods in a store, the purchasers can come whenever they want to. When there is little goods the purchasers are compelled to stand in line. When the lines are very long, it is necessary to appoint a policeman to keep order. Such is the starting point of the power of the Soviet bureaucracy. It 'knows' who is to get something and who is to wait." (64)

Given shortage of goods and the consequent inequality, the bureaucratisation of the state can assume dangerous proportions for "right is nothing without an apparatus capable of enforcing the observance of the stand-
Such tendencies are inevitable in every advanced stage of the productive forces. However, in a society in which isolation from the international division of labour exists, and consequently the potential development of the productive forces is retarded, these tendencies towards bureaucratization may not have to make sacrifices of immediate consumption in order to raise the economic, political and cultural living standards of the workers state. If the economic policy must be to utilise the economic conditions of the working class and its development must be seen not primarily from the point of view of figures but from the point of view of the economic conditions of the working class, the decisive factor in appraising the movement of our country forward along the road of socialist construction must be the growth of our productive forces and the rising productivity of our productive forces.

It is theoretically wrong and politically dangerous to assume that as Ernest Mandel has put it: “the rate of economic growth is a fundamental economic and as discussed below, a function of the productive forces’ consumption.” (66) In fact, “a decline (or an excessive prolongation) in the productivity of labour, and an increase in the productive force of the productive people, together with an immediate task is the raising of wages at least to correspond to the rate of economic growth.” (67) Such points are far from being evident in the material sphere of the working class. The decisive factor in appreciating the movement of our country forward along the road of socialist construction must be the growth of our productive forces and the rising productivity of our productive forces. The decisive factor in appreciating the movement of our country forward along the road of socialist construction must be the growth of our productive forces and the rising productivity of our productive forces.
of the social surplus product.” (69)

(38) All the theoretical mistakes and economically disastrous policies of socialism in one country are based on the theoretical mistakes of taking as a starting point for analysis not the total world economy but instead one of its component parts i.e. a national economy. In consequence the theory totally ignores the fact that even “the productive forces of capitalist society have long ago outgrown the national boundaries” and therefore “To aim at building a nationally isolated socialist society means, in spite of all passing successes, to pull the productive forces backward even as compared with capitalism” (70) and this in fact negates socialism - which is based on a far higher development of the productive forces than capitalism. Therefore from the fact that “The productive forces are incomparable with national boundaries,” follows “the economic impossibility of a self-sufficient socialist society. The productive forces of capitalist countries have long ago broken through the national boundaries. Socialist society, however, can be built only on the most advanced productive forces... how then can socialism drive the productive forces back into the boundaries of a national state which they have violently sought to break through under capitalism.” (71). Far from the development of Soviet economy lessening this law rather “The international division of labour and the supranational character of modern productive forces not only retain but will increase twofold and tenfold their significance for the Soviet Union in proportion to the degree of Soviet economic ascension.” (72) Indeed “To be sure, all other conditions being equal, the more highly developed productive forces of a developed capitalist country are of enormous advantage for the purposes of socialist construction... But the building of socialism on a national basis would imply for these advanced countries a general decline, a wholesale cutting down of productive forces, that is to say, something directly opposed to the tasks of socialism.” (73) and “To attempt ... to realise a shut-off proportionality of all the branches of economy within a national framework, means to pursue a reactionary utopia” (74) whereas in fact “the way out of those contradictions which befell the dictatorship of the proletariat in a backward country (or in a developed one - J.V.) will be found in the arena of world revolution... world socialist economy will not at all be a sum total of national socialist economies. It can take shape in its fundamental aspects only on the soil of the world wide divisions of labour which has been created by the entire preceding development of capitalism.” (75)

(39) Much can of course be done to overcome the dangers of bureaucratisation and to overcome economic problems even within the context of one country. The planned economy and the elimination of vast parasitic strata allow a tremendous increase in the productivity of labour which can be used to improve the conditions of the workers. Trotsky in the USSR was always the most firm advocate of industrialisation carried out in this way. However there is a definite limit to what can be achieved solely by internal means. The chief obstacle to the achievement of a higher stage than the dictatorship of the proletariat in a single country does not reside in internal barriers or, as the ‘left’ Stalinists claim, in the
danger of foreign intervention, but in the fact of international division of labour and its key role in the development of the productive forces. The fundamentally incorrect nature of the theory of socialism in one country in this aspect is that it takes as its starting point not the analysis of the world economic system but instead reduces this totality to merely the sum of its parts and commences its analysis with the *individual* national economy. However the world economy and international division of labour is in no sense simply the sum of national economies, but on the contrary is an entity which determines the operation of national production. The national features while of extreme importance are not something isolated from the world economy but in fact “the national peculiarities present an original *combination* of the basic features of the world process.” Thus any revolutionary analysis cannot start from the features of one country but on the contrary “Marxism takes its point of departure from world economy, not as a sum of national parts but as a mighty and independent reality which has been created by the international division of labour.” (77) It is therefore impossible to approach the fate of one country “in any other way but by taking as starting point the tendencies of world development as a whole in which the individual country, with all its national peculiarities, is included and to which it is subordinated.” (78)

By failing to take as a starting point the fact that that it is the *total* economic system which determines its particular parts the theoreticians of socialism in one country in fact fall back into complete empiricism. In practice this theoretical mistake results in a total inability to grasp that socialism is only possible on the basis of an *international* economy.

(40) Although the bureaucracy may try to ignore the world economy in its theoretical formulations, nevertheless of course in practice it is impossible to ignore the operation of the world economy.

The newly forming bureaucracy finds itself in a vice like grip. The attempt to develop the productive forces purely on the basis of one national economy enormously retards the productive forces with a consequently low productivity of labour. Instead of utilising the development of the productive forces through the international division of labour, what in fact occurs is that ever more bureaucratic means of industrialising the country are resorted to. The introduction of labour pass laws, of Stakanovism, of the *ereadication of safety rights of the workers, all undermine the political role of the working class within the society, A growth of social inequality accompanies the increasing bureaucratic domination of the state apparatus. The familiar pattern of increasing bureaucratic degeneration of the state as can be seen most clearly in Russia, China sets in. Although the elimination of generalised commodity production within the USSR, and thereby the destruction of the social relations of exchange value within the national economy, destroys the operation of the law of value, (79) nevertheless “The seizure of power by the proletariat has not at all excluded the Soviet republic from the system of the international division of labour created by capitalism.” (80) or from the “international market to which we are subordinated with which we are connected, and from which we
cannot isolate ourselves”. (81) In this “it is not so much military intervention as the intervention of cheaper capitalist commodities that constitutes perhaps the greatest menace to Soviet economy.” (82) Through a failure to understand that “internal difficulties, obstacles, and contradictions, ... are fundamentally a reflection of world contradictions” (83) the advocates of socialism in one country stagger further and further into the bureaucratic mire.

(41) The bureaucratisation of the state apparatus however in no way solves even temporarily the problems of the development of the productive forces. The bureaucracy plays an immense role in holding back the economy. We have already seen this in the case of the productivity of labour. Here we may take as an example the first five year plan in the USSR. “In order to achieve the aims of the First Five-Year Plan, an increase in wage-labour force from 11.3 to 14.8 or 15.8 million workers had been envisaged. In reality, this force had to be increased to 22.9 million, that is, the number of workers hired had to be twice what had been envisaged, in order to arrive at the results of 1932. Even so, the aims of the First Five-Year Plan were not realised in most branches of industry, and this despite the fact that employment in industry alone exceeded by 50% in the figure envisaged by the plan (6.3 million as against 4.1 million) The conclusion is self evident; the actual productivity of labour was over 35% less than what had been envisaged.” (84) Similar and consequent contradictions spring up in the field of trade, for example what the low level of the productivity of labour of the isolated country in which the dictatorship of the proletariat exists means is that the workers state is unable to take a full part in the world division of labour. Any workers state would be forced to engage in trade with the capitalisms which still dominate the greater part of the worlds productive resources. If such a state’s productivity of labour is lower than that of its capitalist surroundings however the amount of goods which it can sell to finance its necessary imports is immensely restricted. Therefore the development of trade which is necessary for the full development of its economy is impossible. Cut off from a world division of labour however the movement towards the elimination of scarcity and the shortage of use values is enormously slowed down. The actual justification of this isolation by the theory of socialism in one country therefore aggravates these contradictions.

(42) The particular acuteness of the economic crisis of the workers states today thus springs in great measure from the consequences of the theory of socialism in one country. Although in the last analysis it is the fact that the workers states still comprise only a small section of the world economic system which is the ultimate source of their economic problems they could not in practice use to the full the enormous potentials of the world division of labour even with correct policies as long as the revolution remained restricted in area nevertheless their internal economic difficulties are enormously exacerbated by the theory of building socialism in a single country. The entire experience of fifty years of the theory of socialism in one country only proves that
“The Marxian doctrine, which posits that the socialist revolution can begin only on a national basis, while the building of socialism in one country is impossible has been rendered doubly and trebly true.” (85) Far from the theory of socialism in one country being correct “The only correct formulation of the question should read that ... unevenness ... stretches the proletarian revolution through an entire epoch in the course of which nations will enter the revolutionary flood one after another; while on the other hand, the organic dependence of the several countries, developing towards an international division of labour, excluded the possibility of building socialism in one country.” (86) It is precisely on this formulation that Trotsky based his entire conception of world revolution and the Permanent Revolution is precisely the theoretical analysis of this process. Its starting point is always the fact that “The way out of those contradictions which will befall the proletarian dictatorship ... will be found on the arena of world revolution.” (87)

Second consequence of socialism in one country - the abandonment of proletarian internationalism.

(43) Although the economic consequences of socialism in one country are disastrous they are not, in the last analysis, the worst aspect of the theory. It is at the level of politics, and particularly of world revolution, that the really counter-revolutionary nature of the theory becomes most clearly apparent. This is indeed inevitable once the true significance of the existence of a workers state such as the Soviet Union is grasped. Trotsky expressed it succinctly as follows: Economic construction is of tremendous significance. Without a correct leadership the dictatorship of the proletariat would be weakened; and its downfall would deal a blow to the international revolution from which the latter would not recover for a good many years. But the conclusion of the main historical struggle between the socialist world and the world of capitalism depends on the second lever, The colossal importance of the Soviet Union lies in that it is the disputed base of the world revolution and not at all in the presumption that it is able to build socialism independently of the world revolution.” (88) It is therefore at the level of its effect on the world revolution that socialism in one country must be ultimately judged. (44) It is of course impossible for anyone who even pretends to be a marxist to deny in words proletarian internationalism. No more than it is possible to be a Roman Catholic and to curse the Pope is it possible to be the leader of a world ‘communist’ party and to deny in words support for world revolution. What is involved however is not the question of “pompous declarations” nor of “subjective intentions”
but one of "the objective logic of political thought" and the counter-revolutionary nature of socialism in one country "does not flow from anyone's deliberate intentions ... but ... from the internal logic of the new theoretical position which is a thousand times more dangerous than the worst subjective intentions." (89) However in so far as the exponents of socialism in one country do declare themselves internationalists we may as well examine the internal logic of their ideas and see how they fit into their empiricist theoretical framework.

(45) At a purely theoretical level we have already noted how the empiricist theory of generalisation leads to the theory of 'rules plus exceptions'. One of the most sophisticated variants of this is the theory of models and norms. What occurs here is that some general 'standard' is erected and then read back into each particular instance. Each individual case is then assessed from the point of view of how far it conforms to the 'norm' or model. The theory of socialism in one country, by denying the rule that the whole determines the parts of the process and instead considering world society as the arithmetical sum of its parts in fact reproduces this conception. Stalin spelt out the conception flowing from this perfectly when he declared that "the foundation of the activities of every Communist Party must be the general features of capitalism which are the same for all countries and not specific features in any given country. It is precisely on this that the internationalism of the Communist Parties rests." (90) Here we have a classic example of the 'rule plus exceptions' problematic. A norm, the 'general features', is set up and contrasted to exceptions or deviations, the 'specific features'. In fact however proletarian internationalism is not based on the existence of some general characteristics of the different nationalisms but on the basis of a world economic and social reality. "If, for example, "Trotsky noted," we take Britain and India as two extreme varieties of the capitalist economy, then we are obliged to say that the internationalism of the British and Indian proletariats does not at all rest on an identity of conditions, tasks and methods, but on their indivisible interdependence." (91) "the national peculiarities represent an original combination of the basic feature of the world process." (92)

(46) Once of course the 'rule plus exceptions' theory of socialism in one country is adopted then the way is open for unlimited opportunism and pragmatism. Every national 'communist' party now proclaims that its particular brand of reformism is justified by 'exceptional' national peculiarities. Once a method based on the analysis of a single nation is substituted for one based on an analysis of world development no theoretical barrier any longer exists to the growth of pragmatic opportunism. It is forgotten that the interests of the proletariat in all parts of the world are united by the fact that the extension of the world division of labour is an absolutely necessary instrument for the development of the productive forces. There is therefore no possibility of the development of the productive forces necessary for the creation of socialism on anything less than an international scale. It is this common international interests which is the basis of proletarian internationalism and not either an identity of struggle in different parts of the world or an abstract moral internationalism. Any
theory which does not understand this objective basis of internationalism can produce only an "eclectic mechanical combinations of abstract internationalism with reactionary utopian national socialism" (93) For "If socialism can be realised within the national boundaries of backward Russia, then there is all the more reason to believe that it can be realised in advanced Germany. Tomorrow the leaders of the Communist Party of Germany will undertake to propound this theory. The draft programme empowers them to do so. The day after tomorrow the French party will have its turn. It will be the beginning of the disintegration of the Comintern along the lines of social-patriotism." (94) Since Trotsky wrote those words more than forty years ago, every development in the world 'communist' movement has confirmed his predictions concerning the consequences of the theory of socialism in one country.

(47) It is not of course possible for the advocates of socialism in one country to entirely ignore the existence of the capitalist world. However the question of the connection between the achievement of socialism and the necessity of world revolution is posed at the military level. As Trotsky put it "The new theory (socialism in one country) has made a point of honour of the freakish idea that the USSR can perish from military intervention but never from its economic backwardness." (95) However it is precisely this "reactionary utopia of self-sufficient socialism ... connected with the external world only by its fear of intervention" (96) which contains the greatest dangers for the world revolution. This concept transforms the international communist parties from instruments of world revolution into pacifist organs of foreign policy.

"The new doctrine proclaims that socialism can be built on the basis of a national state if only there is no intervention. From this there can and must follow (notwithstanding all pompous declarations) a collaborationist policy towards the foreign bourgeoisie with the object of averting intervention, as this will guarantee the construction of socialism, that is to say, will solve the main historical question. The task of the parties in the Comintern assumes, therefore, an auxiliary character: their mission is to protect the USSR from intervention and not to fight for the conquest of power." (97) The epigones of socialism in one country were for once correct in something when they thought that "The difference in views lies in the fact, 'says Stalin', that the party considers that these (internal) contradictions and possible conflicts can be entirely overcome on the basis of the inner forces of our revolution, whereas comrade Trotsky and the Opposition think that these contradictions and conflicts can be overcome 'only on an international scale, on the arena of the world-wide proletarian revolution.'" (98) However, "if our internal difficulties, obstacles, and contradictions, which are fundamentally a reflection of world contradictions, can be settled merely by 'the inner forces of our revolution' without entering 'the arena of the world-wide proletarian revolution' then the International is partly a subsidiary and partly a decorative institution, the Congress of which can be convoked once every four years, once every ten years, and perhaps not at all. Even if we were to add that the proletariat of other countries must protect
our construction from military interventions, the International according to this schema must play the role of a pacifist instrument." (99) It is therefore directly from the theory of socialism in one country that flows the pacifist distortion of 'peaceful co-existence'. This degeneration into opportunism was theoretically anticipated and shown as the theoretical end result of socialism in one country even before the time of Stalin however. Indeed the entire fully developed Post war Stalinist theory of peaceful co-existence finds an uncanny forecast, even down to the details in the writings of the German Social Democrat Vollmar. "In his construction Vollmar took as his starting point the proposition that socialist Germany will have lively economic relations with world capitalist economy, having at the same time the advantage of possessing a much more highly developed technology and a much lower cost of production. This construction is based on the perspective of a peaceful co-existence of the socialist and capitalist systems. But inasmuch as socialism must, as it progresses, constantly reveal its colossal productive superiority, the necessity for world revolution will fall away by itself. (100) Here is the very basis of the present Soviet concept of pacifist 'peaceful co-existence.' The basis of all such theories is that "If the ultimate aim (the achieving of socialism) is realisable within national boundaries through the efforts of a national proletariat, then the backbone of internationalism has been broken. The theory of the possibility of realising socialism in one country destroys the inner connection between the patriotism of the victorious proletariat and the defeatism of the proletariat of the bourgeois countries." (101) The entire policy of pacifism and cooperation with the bourgeoisie that characterised the Comintern under Stalin thus flows inexorably from the theory of socialism in one country. From the moment when the Stalinist leadership affirmed that socialism could be built on the base of a national state, on condition that there was no military intervention, the task of the parties of the International was not to struggle for the conquest of power, but to protect the U.S.S.R. The Communist International was reduced to the role of a frontier guard, simply putting pressure on the world bourgeoisie to stop it intervening militarily against the U.S.S.R. The Communist International renounced the task of leading the struggle for the victory of world socialism and became an instrument of the Kremlin bureaucracy's diplomacy. When the Communist Parties were at the head of big struggles, they tried to use that position to ensure that the international policy of bourgeois governments or bourgeois political currents was turned in a direction favourable to the objectives of 'soviet' diplomacy. Their politics were always subordinated to this consideration and not to the interests of the world revolution. (48) It is of course not permissible for the leadership of a workers state to engage in empty 'adventurism. (102) The treaty of Brest-Litovsk was the answer to those who wished to sacrifice the Soviet Union to the pursuit of heroic gestures. Nevertheless the policy of the Bolshevik's never had anything in common with present day Soviet collaboration. The Brest-Litovsk example of enforced compromise was never presented by the Bolshevik's as any-
thing other than a defeat. It was a necessary retreat, one forced by the weakness of the Soviet State, but still a retreat. It was never presented in the slightest as a victory for the working class or as an example of collaboration with sections of the bourgeoisie. At this point in time it was stressed continually by the Bolshevik leaders that the fate of the revolution depended on the world revolution. “When we began working for our cause we counted exclusively on the world revolution ... we staked our chances on the world revolution.” (103) declared Lenin on the third anniversary of the October revolution. Institutionally, the newly founded Communist International was completely independent from the Soviet state and its diplomatic network or maneuvers. If there was a personal union between the leaders of the state and the Russian representatives in the International, it only underlined that, in the last analysis, the Soviet section of the Communist International considered itself as part of the movement for world revolution. “We assert that the interests of socialism, of world socialism are higher than national interests, higher than the interests of the state.” (104) was Lenin’s unequivocal position. This was shown completely at the time of the signing of Brest Litovsk. Not for one moment did the Bolsheviks conceive of putting a brake upon revolutionary propaganda among German soldiers in order to receive less harsh peace conditions from the Central powers. At no time did they propose to the German revolutionists to ‘help’ save the Soviet state by moderating their opposition to the imperialist war machinery and state of their own rulers. The debate over the Brest-Litovsk separate peace treaty did not revolve around the question of whether world revolution should be sacrificed to the self-defense of the Soviet state. It revolved around the problem of whether world revolution would best be served by a desperate ‘revolutionary war’ by the young Soviet republic against the Central powers, which would lead rapidly to the occupation of revolutionary Petrograd and Moscow, or whether by deliberately trading space for time the Bolsheviks would thereby both save Soviet Russia and hasten the outbreak of a revolution in Central Europe. Exactly similar was the response at the time of the threat of French intervention against Soviet Russia during the Polish campaign in 1920. The means suggested for that defense were solely the means of revolutionary class struggle: demonstrations, strikes by specific groups of the working class (dockers, railway workers, workers in munition factories), or general strikes. In this way, the problems of the revolutionary defense of Soviet Russia, although implying certain specific tasks, blended harmoniously with those of preparing favourable conditions for an expansion of international revolution”(105)

Finally, when preparing the Rappallo and Genoa conferences, and trying to create a rift in the front of imperialist states against Soviet Russia, the Bolshevik government did not let this maneuver influence the strategic or tactical tasks of the German Communist Party. The Communist International maintained its course toward a proletarian revolution in Germany: Lenin insisted on the necessity of winning a majority influence among the German workers in order to attain that goal.

(49) This entire revolutionary foreign policy was changed by the advent
of socialism in one country. As Trotsky had predicted Soviet Interna-
tional policy turned to pacifism and active collaboration with bourgeo-
ies. The counter-revolutionary League of Nations was entered and Stil-
lin went so far as to declare it ‘a tragi-comic misunderstanding’ to attribute
to the Soviet Union ‘plans and intentions of world revolution’. (106)
The real depths were plunged however during the period of the Popular
Front in France. The French Communist Party approved the right of
the French capitalist state to possess arms, it refused to allow the
Socialist party to nationalise the banking system, it marched beneath
the tricolour and when 1½ million French workers occupied their
factories its declaration was that ‘One must know when to end a
strike.’ (107) All this because the French bourgeoisie for tactical
reasons was making ‘friendly’ overtures to the U.S.S.R.
(50) If however the Popular Front in France was the clearest form of
class collaboration, that in Spain had the most tragic consequences. In
Spain the revolution of 1936 presented the world with one of the matur-
est examples of revolutionary conditions since those of Russia in 1917.
In answer to a fascist military putsch led by generals Sanjurgo, Mola and
Franco, and notwithstanding the notorious lack of preparation, under-
standing and initiative of their official leaderships, the Spanish workers
and poor peasants rose with an admirable revolutionary ardor, stormed
military barracks and in a few days had crushed the uprising in all the
large cities with the exception of Seville, had seized the factories and
landed estates and started to build their own armed militia, which
drove the fascist armies away from one province after another. With a
minimum of revolutionary audacity and organization, the revolution
could have crushed the uprising in a few months’ time; among other
things by promising the independence of Spanish Morocco to Franco’s
Moorish troops, by starting to divide up the land, by calling upon
Franco’s troops to desert in order to receive their property in the
villages, and generally by consolidating the new socialist order born
from the heroism of the July-August-September 1936 days.

The Communist International, assisted by the social democracy and
by the significant reformist illusions of the main Spanish anarchist
leaders, crushed these prospects within a few months’ time. Under the
pretext of not ‘alienating’ the sympathy of the British and French
bourgeoisie, they prevented the revolution from reaching its climax
in the clear establishment of a socialist federation. They used the
Soviet arms deliveries to Spain in order to impose their ruthless leader-
ship first on the International Brigades, then on the Spanish Govern-
ment itself. One after another, the revolutionary conquests of the sum-
mer of 1936 were torn away from the workers and poor peasants in the
name of re-establishing ‘republican’ (i.e. bourgeois) ‘law and order’.
A regular bourgeois army with a ‘regular’ officer corps, took the place
of the militias. Factories and landed estates were restored to their
former owners. When the Barcelona workers rose in defense of their
conquests they were crushed. (108)

(51) This dismal record of socialism in one country, which was carried
on into the post war period with the complete collaboration of the
French and Italian Communist Parties with the restoration of the cap-
capitalist state in their respective countries in 1944-45, does not of course simply reflect a whim or mere ideas. It is the ideology which embodies the social interests of a privileged caste of a bureaucratically deformed workers state. This bureaucracy is not a new capitalist class, but on the contrary can only maintain its position by preventing the restoration of capitalism. "To safeguard the nationalisation of the means of production and of the land, is the bureaucracy's law of life and death." (109) At the same time however any movement of the masses out of the control of the bureaucracy threatens its position. In this situation the role of the bureaucracy is totally contradictory. It is prepared to destroy capitalism when this can be done entirely without a mass struggle getting out of bureaucratic control - as was possible in Eastern Europe after World War Two for example - but it will support no struggle which might launch struggles with their own independent dynamic. The bureaucracy thus vacillates continually between the need to defend itself against the restoration of capitalism and simultaneous fear of any movement of the masses. It's ultimately counter-revolutionary nature on a world scale lies precisely in the fact that world capitalism cannot in fact be destroyed by movements kept on a bureaucratic leash, and its counter-revolutionary nature even with regard to the maintenance of non-capitalist economy in the USSR lies in the fact that only the extension of the world revolution can ultimately defend the workers states. No matter what temporary aids to the struggle it may give the Stalinist bureaucracy of the USSR remains one of the greatest obstacles to world revolution. Only a successful political revolution in the USSR will remove that obstacle.

(52) If however the policy of the Soviet leadership is fairly obviously not revolutionary, it is also true that, despite all protestations to the contrary and all verbal fireworks, the Chinese bureaucracy also never had a revolutionary policy at the international level. It has verbally condemned the Kremlin's policy of peaceful co-existence without however showing that under a different form it is simply Stalin's policy of the status quo, but at the same time it has never ceased following, in its own manner, a policy of 'socialism in one country', that is power politics in defence of its own national interests even at the expense of revolutionary struggles in the world. In Indonesia at the time of Sukarno that was already clear. As far as Pakistan is concerned, the change is not recent: the Chinese leadership had already supported the reactionary regime of Ayub Khan. Yahya Khan's predecessor, because it suited it that Pakistan should be a counterbalance to India. The reason that the Maoist bureaucracy has committed over the question of Bangla Desh shows how it is still ready to subordinate the interests of the international revolution to its own interests as a privileged layer. At the moment when Yahya Khan's troops moved in to crush the Bengali people, Chou En-Lai declared "Your excellency and leaders of various quarters - in Pakistan have done a lot of useful work to uphold the unification of Pakistan. We believe that through the wise consultations and efforts of your excellency and leaders of various quarters in Pakistan, the situation in Pakistan will certainly be restored to normal." (110) Apart from the unbridled cynic-
ism of this action, not merely did the Chinese bureaucracy openly support the crushing of the Bengali nation but it enormously strengthened the grip of the bourgeois Awami League over the Bengali masses. In so doing not merely did the leadership of the CCP help hold back world revolution, but it also directly threatens the Chinese revolution itself by strengthening all those bourgeois forces in Asia whose sole aim is to 'contain' the revolutionary process started in China and whose greatest victory would be the isolation and crushing of the Chinese workers state.

(53) This policy of collaboration with the bourgeoisie against revolution was carried on too in Chinese relations with Ceylon. At the height of the repression against the JVP rising, the Chinese government granted a loan to the Ceylonese government, while the local "Maoist" party renounced all struggle. To those who declare the Chinese state must 'protect' itself, we point out that it is one thing to attempt to make relationships with other states, which China must do to break the imperialist encirclement, it is quite another to give a loan to a government which is in the process of ferociously repressing a mass uprising.

(54) Whether we take the example of Indonesia, East Bengal or Ceylon, the balance sheet is a heavy one for the Maoist leadership, whose historical responsibility for counter-revolution has already been realised by some of its previously most devoted followers in East Bengal and Ceylon. In fact the Maoist bureaucracy, just like the Kremlin bureaucracy, has turned its back on the principles laid down by the 2nd Congress of the 111th International in July 1920 on the national and colonial questions which declared "A resolute struggle must be waged against the attempts to clothe the liberation movements in the backward countries which are not communist in communist colours. The Communist International has the duty of supporting the revolutionary movement in the colonies and the backward countries only with the object of rallying the constituent elements of the future proletarian parties ... and educating them to a consciousness of their special task, namely, that of fighting against the bourgeois-democratic trend in their own nation." (111) In opposition to this revolutionary line, the Chinese leadership counterposes the petty-bourgeois conceptions of the Bandoeng principles (mutual respect for sovereignty and territorial integrity, mutual non-aggression, mutual non-interference in internal affairs, equality and reciprocal concessions, peaceful coexistence). A party which congratulates a government carrying out a policy of national oppression and massacring thousands of workers and peasants has long abandoned what the communists of the Third International wrote: "Petty bourgeois nationalism restricts internationalism to the recognition of the principle of the equality of nations and ... preserves intact national egoism, while proletarian internationalism demands: the subordination of the workers' struggle in one country to the interest of the worldwide struggle; the agreement of countries which have already overthrown the bourgeoisie to the greatest national sacrifices for the purpose of overthrowing capitalism on a world scale;" and "the aid given to the destruction of the foreign domination in the
colonies is not in reality aid given to the nationalist movement of the indigenous bourgeoisie but the opening of the road to the oppressed proletariat itself.” (112) In the hands of the Chinese bureaucracy the theory of socialism in one country continues to exact the same appalling toll as it did under Stalin. It is only the decisive smashing of this theory that will once again open the door to proletarian internationalism.
Section 3: The Colonial Revolution

1. The experience of the Russian Revolution.

(55) Any consideration of the colonial revolution must take as its starting point a consideration of the Russian Revolution, because it was here both in a theoretical and a practical form that the great issues of the role of the peasantry, of the proletariat, of imperialism and of the national bourgeoisie were first thrashed out. In relation to this we have already noted that Trotsky's elaboration of the question of revolution in the advanced imperialist countries took as its starting point for analysis an abstraction - the concept of the epoch. This point, which is even more fundamental in his analysis of the Russian revolution is in fact based on one of the fundamental theoretical bases of Marxism. This is that any theory of reality must start with abstractions which, while they cannot be 'read back' into the individual parts, are nevertheless the starting points of any concrete analysis. Marx expresses this point in its most general terms as follows: "It would seem that to be the proper thing to start with the real and concrete elements, with the actual real conditions, e.g. to start in the sphere of economy with population, which forms the basis and the subject of the whole social process of production. Closer consideration however shows that this is wrong. Population is an abstraction if one, for instance, disregards the classes of which it is composed. These classes in turn remain empty turns if one does not know the factors on which they depend e.g. wage labour, capital and so on. These presuppose exchange, division of labour, prices etc. If one were to take population as the point of departure, it would be a very vague notion of a complex whole and through closer definition one would arrive analytically at increasingly simple concepts: from imaginary concrete terms one would move to more and more tenuous abstractions until one reached the most simple definitions. From there it would be necessary to make the journey again in the opposite direction until
one arrived once more at the concept of population, which is this time not a vague notion of the whole, but a totality comprising many determinations and relations ... The concrete concept is concrete because it is a synthesis of many definitions thus representing the unity of diverse elements. It appears therefore in reasoning as a summing-up a result and not as the starting point” (113) It was a failure to understand this point, and in particular to understand that an abstraction cannot be read back into the individual parts that was the theoretical, although not of course the social, basis of Menshevik and later Stalinist analysis of the Russian revolution. The strength of Trotsky’s analysis lay precisely in his understanding of this point and how to apply it to a concrete situation.

(56) The Menshevik analysis of the Russian Revolution started from two premises absolutely correct on a world scale. These were firstly that the Russian revolution had bourgeois tasks to perform and the second was that bourgeois revolutions are politically led by the bourgeoisie. From these two facts it derived the conclusion that the Russian Revolution would be led by the bourgeoisie. “The proletariat is fighting for conditions of bourgeois development. The objective historical conditions make it the destiny of our proletariat to inescapably collaborate with the bourgeoisie in the struggle against the common enemy” (114) However from premises that are true on a world historical scale (i.e. of the relevant whole), such as that bourgeois revolutions are led by the bourgeoisie, it does not, in the slightest, as we have seen, follow that any given bourgeois revolution will be led by the bourgeoisie, and from the fact that the world productive forces go through a period of expansion on the basis of a bourgeois democratic revolution, it does not follow in the slightest that in any given country the development of the productive forces must go through such a stage. This was the point of Marx’s famous letter to Vera Zasulich in which he pointed out the theoretical possibility of Russia avoiding the stage of capitalist development (115) As Trotsky put it “The mere characterisation of the Russian Revolution as bourgeois tells us nothing about the type of its internal development” (116) instead “The Marxists are now confronted by a task of quite a different kind: to discover the ‘possibilities’ of the developing revolution by an analysis of its internal mechanism” (117) (56) Lenin naturally had no time for the reasoning of the Mensheviks. He analysed how the development of capitalism in Russia, its late growth and domination by foreign capital, led to the extreme weakness of the bourgeoisie and the strength of the working class. It therefore followed “... the bourgeoisie is more afraid of the movement of the masses than of reaction. Hence the incredible weakness of the liberals in politics, their absolute impotence.” (118) In Russia therefore he concluded the bourgeois revolution would be led by the working class and summarised this in the formula of “the democratic dictatorship of proletariat and peasantry” (57) Lenin however in his reasoning was guilty also of a methodological mistake. This is the theory of “general rule and ‘exceptions.’” It is clearly obvious even to empiricism that not every ‘particular
instance' shows the characteristics of the 'general rule'. Therefore it is declared that there are 'exceptions', or alternately there is a 'general model' with 'variations'. Lacking a Marxist concept of abstraction the empiricist is forced to introduce an 'exceptionalism' which in the field of political theory now manifests itself in the theories of the various Communist Parties of "Italian exceptionalism", "American exceptionalism", "British exceptionalism" etc. What this means of course is that the exceptions are not analyzable under the 'general rule' and therefore in fact activity is carried out purely pragmatically. Lenin would violently have condemned such theories, but unfortunately many of his prior analyses of the Russian revolution before 1917 did not proceed from a general characterisation of the world situation and then proceed to explain the nature of the Russian revolution in those terms, but concentrated on analysing the exceptional characteristics of Russia which would lead to a different pattern of revolution. This mistaken method led to an incorrect political conclusion. In determining the possibility of the dictatorship of the proletariat in Russia Lenin rejected it because in Russia, considered in isolation, the basis for such a social regime did not exist. Lenin reasoned "... the proletariat constitutes a minority ..." and therefore "... anyone who attempts to achieve socialism by any other route without passing through the stage of political democracy will inevitably arrive at the most absurd and reactionary conclusions" (119).

(58) Trotsky was able to reject this mistake precisely because he started from the viewpoint of the whole, in this case the development of the world economy. Firstly he could reject Lenin's view as to the possibility of the development of capitalism in Russia. While Lenin argued that the development of Russian society would produce the development of capitalism, Trotsky demonstrated that world economy would in fact prevent any such full development and therefore for Russia the path of development on the basis of bourgeois social relations was not open. "Russia took the path of proletarian revolution not because her economy was the first to become ripe for a socialist change, but because she could not develop further on a capitalist basis. Socialisation of the means of production had become a necessary condition for bringing the country out of barbarism." (120)

The answer as to the nature of the Russian revolution could not be found by considering Russia in isolation but only by taking as the starting point the totality of the development of world economy. (59) The incorrect formulations of Lenin were corrected after 1917 but unfortunately were put to deadly use by being utilised to justify later the notorious Stalinist distinction between 'those countries ripe for social revolution' and 'those countries not ripe for social revolution'. What is involved here is precisely the mistake of examining each country in isolation to see if it is 'in itself' developed to a point 'necessary' for social revolution. This precisely makes all the mistakes of the Mensheviks in that it fails to take as its starting point the fact that capitalism has prepared "world economy as a whole for socialist transformation" (121) and it is this that must be the starting point of any analysis and
not the examination of each individual instance of a revolutionary process. Naturally we cannot read back into each individual instance this general proposition and conclude that socialist revolution is on the agenda (this depends on a complex of concrete elements) but each individual instance can be understood only by taking the whole development of world economy and politics as its starting point.

Any theory which takes as its starting the development of individual countries is, as we have seen, fundamentally theoretically incorrect and will in practice only repeat all the old mistakes of Menshevism for “In reality the national peculiarities represent an original combination of the basic features of the world process.” (122) and “it is impossible to approach the fate of one country in any other way but by taking as a starting point the tendencies of world development as a whole in which the individual countries, with all its national peculiarities, is included and to which it is subordinated.” (123) Furthermore of course these world processes are not those of a ‘pure’ class struggle with pristine demarcation of revolution and counter-revolution but instead the enormously contradictory process set in train by the 1917 revolution and its aftermath of domination of the world revolutionary movement by Stalinism. It is only with these co-ordinates that the world revolution can be understood.

(60) If we consider the world revolutionary process since 1917 then, from the viewpoint of what was once considered ‘orthodox Marxism’, everything which has happened appears to make no sense. As is well known the ‘conventional wisdom’ of Marxism at the beginning of this century was that the proletarian revolution would begin in the advanced capitalist countries while only bourgeois democratic revolutions could occur elsewhere. (124) All Marx’s strictures against this, in for example his letters on Russia, were forgotten. In fact the first workers state in the world was set up in the most backward country in Europe and since then the revolutionary process has seen Asia and Latin America convulsed, while for twenty years the working class of the imperialist centres suffered defeat after defeat and then lapsed back into another 20 years of apparent apathy. If we are to analyse this complex reality it is necessary to utilise the most precise Marxist theory. In particular, as we noted, in order to understand Trotsky’s reasoning on such complex phenomena as the Russian revolution it is necessary to hold firmly in mind the points we have already made about the relations between the abstractions and reality and about the ‘theory’ of norms and models and that in order to understand any part of a process it is necessary to start from an analysis of the total development. This latter point is particularly important. If we take for example Russia, China, Vietnam and Cuba. If you analyse in isolation the class forces at work in each of these countries, it is clear that the dictatorship of the proletariat would never have emerged from the ‘internal’ dynamics alone. It is only by analysing these countries in terms of world dynamics that the nature of the individual revolutionary process can be understood.

(61) The position of Trotsky on the colonial revolution can be summarised as follows “With regard to countries with a belated bourgeois development, especially in colonial and semi-colonial countries, the theory of the perman-
sent revolution signifies that the complete and genuine solution of their
tasks of achieving democracy and national emancipation is conceivably
only through the dictatorship of the proletariat as leaders of the subjugated
nation, above all of its peasant masses. Not only the agrarian, but also the
national question assigns to the peasantry - the overwhelming majority
of the population in backward countries - an exceptional place in the
democratic revolution. Without an alliance of the proletariat with the
peasantry, the tasks of the democratic revolution cannot be solved, nor
even seriously posed. But the alliance of these two classes can be
realised in no other way than through an irreconcilable struggle against
the influence of the national-liberal bourgeoisie ... Between Kerenskyism
and Bolshevik power, between the Kuomintang and the dictatorship of
the proletariat, there is not and cannot be any intermediate stage.” (125)
The first great historical example of this process was given by Russia
from February to October 1917: as Trotsky said “The February Revolu-
tion showed itself to be powerless to resolve both the agrarian and the
national questions. The peasantry and the oppressed nationalities of
Russia endured, struggling for democratic goals, to support the October
revolution.” (126) We need only note Nasser’s Egypt, the countries of
Latin America, India, Ceylon and the countries of Black Africa. Simply
to state the theses of Permanent Revolution is of course not sufficient to
characterise the particular dynamics of the colonial revolutions. Never-
theless as a starting point it is an absolutely necessary prerequisite for
real analysis, provided that one understands that as an abstract charac-
terisation this statement of Trotsky’s is true of the whole process and not
necessarily of any given part and does not constitute a ‘norm’ in the
empiricist sense. Thus from Trotsky’s general position that the
bourgeoisie cannot make a bourgeois democratic revolution it does not
follow that in every single case the bourgeoisie cannot do so, from the
truth that the proletariat will lead the proletarian revolution it does
not follow that in every single country the proletarian revolution must
be organisationally led by the urban proletariat, it does not follow from
the fact that Stalinism is counter-revolutionary that in every single
country parties of Stalinist origin and of a bureaucratic nature cannot
destroy capitalism, and it does not follow from the fact that this is a
revolutionary epoch that the revolution can be made at any given
point in time. (62) The first concept which must be completely rejected is that of
the norm, model or average. We have already noted, in our analysis of
socialism in one country, the theoretical basis of this idea and its
profoundly anti-Marxist character. In the context of the proletarian
revolution it leads to schemas of development through which the
revolution “must” pass. Thus for example we have the classic model of
economic struggle leading to political clashes leading to general strike
leading to dual power leading to exposure of reformist leaders leading
the winning over of the peasantry leading to the revolutionary party
winning a majority leading to insurrection leading to civil war etc. etc. etc. What however do we know from Marx about such a revolutionary ‘average’, precisely that it “does not really exist.” (127)

Thus the only things we can definitely be sure of is that such a ‘classic’ revolution will never take place. As we noted previously it is not a case of looking at some norm but of looking at the “national peculiarities” in terms of “an original combination of the basic features of the world process.” (128) Let us therefore for example and before going on to detailed analysis, investigate some of the ‘basic features of the world process’ and see their ‘combination’ in the actual revolutions of China and Cuba. In order to apply a Marxist analysis to this phenomena we must not, as we have noted, compare them to some norm but instead starting from the abstractions of the world process see how these features interrelate. The basic question that we must answer is whether on the basis of this investigation we must abandon the theoretical framework and analysis of social groups given by Lenin and Trotsky or whether ‘exceptions’ in fact merely represent an ‘original combination’ of the basic features of the world process.

(63) To give a detailed analysis of all the elements of the ‘world process’ would of course be an entire book. Nevertheless for the present certain aspects will suffice. The first is of course the role of the working class. As Lenin noted even in colonial countries “The strength of the proletariat in any capitalist country is infinitely greater than its proportion in the total population.” (129) It is in particular the proletariat of the urban centres which possesses the cohesion and economic strength to make it the revolutionary force par excellence. Furthermore it is only on the basis of the organic coherence of this proletariat that the basis of the ending of bureaucracy and the fading away of the state can be based. As regards that mass which goes under the name of the peasantry this is completely riven along class lines. As Lenin put it “In the peasant mass ... one must distinguish three main groups: the bottom group - the proletarian and semi-proletarian strata of the population; the middle group - the poor small peasant farmers; and the top group - the well to do small peasant farmers. We have analysed above the main economic features of these groups as distinct class interests.” (130)

As regards the national bourgeoisie as we saw in part one, it continues to waver between imperialism and fear of the peasant and proletarian masses although coming down ultimately, provided this is understood in a historical sense, on the side of imperialism. Finally as regards the political organisations of the working class (although not all workers parties in the political sense ) there are three great groups. Those, broadly speaking Social Democratic, whose ideology represents the interests of a privileged layer of the working class tied to the bourgeoisie; those, the Stalinist parties, whose ideology corresponds to the interests of a bureaucracy attempting to defend its interests both against capitalism and against the independent movement of the masses; and those, the Trotskyist, whose ideology expressed most clearly the political interests of the working class. Between these three poles exists of course every conceivable brand of centrist. It is important to note that of course the
correlation between class politics and social base is an extremely indirect one. The Social Democratic parties clearly are not confined to a labour aristocracy. Stalinism is not the prerogative of bureaucrats and alas Trotskyism is not the exclusive ideology of the proletariat. Nevertheless the crude classification will suffice for an initial analysis. Finally each of these forces exists in an epoch in which imperialism no longer makes possible the development of a colonial economy along capitalist lines. We can now consider how these common elements of the revolutionary process in every colonial country come together in concrete cases.

(64) The Chinese revolution had its origin in what would be described in terms of vulgar Marxism as a ‘classic’ way. In 1925-27 an enormous proletarian uprising swept China dragging behind it the peasantry. However, due to the policy of Stalin the movement in the cities was crushed. Only the class struggle in the rural areas continued, for here the movement was too vast for the relatively weak bourgeoisie state apparatus to control it. In another epoch a classic peasant war would have resulted. However, as we noted, the present epoch the development of capitalism in agriculture has enormously accentuated the class struggle within the peasantry. The development of capitalist agriculture transforms the old land system into capitalist social relations with clear divisions between rural bourgeoisie and proletariat. Isaacs calculates that 65% of the peasantry was deprived of all land. (131) It was into this seething class struggle that the cadres of the Chinese Communist Party who had escaped the massacres in the city were plunged. The consequences of this were profound. In the first place it meant the ideology of the peasant movement was radically changed from being a simple defender of small property. Secondly the rural strata do not have the same social cohesion as the urban proletariat and for this reason profound tendencies to bureaucratisation were produced in the CCP. The army replaced the ‘classic’ party as the form of organisation. Once established in this way it was necessary for the leadership of the CCP to protect itself. This meant two things: firstly maintaining its armed apparatus independently of the bourgeois Kuomintang, and secondly ensuring that no movement developed which might get out of its control. This situation however meant two things. Firstly that the much vaunted ‘bloc of four classes’ remained on a piece of paper and not in the realm of reality because it is not possible to collaborate with the bourgeoisie while still maintaining an independent armed apparatus, and secondly it meant the breaking of the link with Moscow. If it were not possible for the CCP to safeguard its position while in an alliance with the Kuomintang then neither was it possible to carry out the line of Moscow which precisely called for such collaboration. Thus, despite the continual professions of loyalty to the Kremlin, the Chinese leadership in fact systematically ignored the line of the Comintern. When eventually the CCP had crushed the Kuomintang it however found itself in no better situation to co-operate with either the bourgeoisie or the Soviet bureaucracy than it had previously. It was not possible to develop the economy on capitalist foundations even if the Chinese party could have shared power, which it could not, with a bourgeoisie. The economic crisis of 1950 and the Korean war settled this
issue in the way the famine, crisis, and civil war had settled it in the USSR, in 1918. From 1952 onwards the state controlled 80% of heavy industry and 50% of all other industry. The Soviet leadership however demanded the subordination of Chinese policy to the interests of the Kremlin bureaucracy. As the interests of the two bureaucracies did not co-incide the Chinese party split from Moscow. The policy of the Chinese Communist Party is now dominated by its own interests and not those of the Soviet bureaucracy just as it has been since the 1930’s. However, as we analysed in the previous section on socialism in one country, the maintainance of these bureaucratic interests does not simply mean the suppression of capitalism, but also the prevention of any workers and peasants movement which might get out of bureaucratic control and thus threaten to give an example which would ignite revolutionary processes in China. It is from this that the counter-revolutionary nature on a world scale of the Chinese bureaucracy flows. This bureaucracy will always choose, just as it did when it crushed the left wing oppositions emerging in the cultural revolution, to place the defence of its own interests above any other considerations.

(65) We can best analyse the case of Cuba by considering it in conjunction with the Bolivian revolution of five years earlier. (132) Both Bolivia and Cuba are typical semi-colonies with a one product economy. The land holding was extremely concentrated with a particularly large rural proletariat in Cuba. All principal industry and finance was controlled by imperialism. In 1952 in Bolivia a movement on the part of the national bourgeoisie provided a spark for an upsurge of the peasant and proletarian masses. In this uprising the clash of political lines was straightforward. The Trotskyist POR called for a workers and peasants government and the petty-bourgeois MNR said the revolution must stay within bourgeois limits. The MNR was the dominant element and it prevented the carrying out of a real land reform and compensated owners for nationalisations. Eventually, after twelve years of unrest, a military coup was carried out. Although the Bolivian masses had gained great control in the economy and elsewhere the state apparatus remained intact and eventually crushed the workers. Ultimately the bourgeois MNR had been unable, as is always the case in the epoch of imperialism, to develop the country on a capitalist footing and the demoralisation produced in the masses led to the conditions for an imperialist coup being created. In Cuba the declarations of Fidel Castro’s movement were if anything even more moderate than those of the MNR. The difference however was that when Castro seized power the armed forces of the bourgeois state had been disintegrated. In these conditions a thorough agrarian reform and statisation of the economy was carried out. Here again we see different elements of the “world process” come together. In Bolivia the dominant element in the organisational sense was an industrial proletariat. In this case however what was lacking was an organised vanguard capable of launching an armed struggle with the full involvement of the masses and which could have unleashed class struggle in the countryside. In Cuba the disintegration of the old regime made it possible for a movement based on rural struggle to come to power via the destruction of the armed forces of the bourgeois state and
rural discontent made it impossible for the bourgeois regime to stabilise itself.

(66) If we look at the examples of China, Cuba and Bolivia we can see different combinations of the same elements. In China the rural struggle is led, after the crushing of the urban uprising, by a party of proletarian origin which gives to the class struggle in the peasantry a dynamic which precludes the bourgeois Kuomintang co-opting the movement. In Bolivia an uprising led by an industrial proletariat, the same elements as in China in the 1920's, develops but no leadership is capable of igniting the movement of the landless and poor peasants and the bourgeoisie can base itself on the peasantry in order to contain the uprising. In Cuba the rural question is at the forefront from the beginning and only elements of the urban proletariat, which is dominated as a whole by a reformist communist party, play a supportive role and even then in a minor way.

Once in power however the particular way in which the elements of the process have combined continue to exert a decisive effect. In China for example the bureaucratisation of the party produced by the conditions of peasant struggle and the influence of Stalinist ideology, means that right from the outset the foreign policy is not one based on the internationalism of the proletariat, but on the interests, expressed in the theory of socialism in one country, of a ruling bureaucracy. In Cuba, although although here the line of the Castroite leadership was more 'left' than that of the CCP ever was, nevertheless the leaders of the revolution expressed the particular brand of guerilla theory formed on the basis of the way in which they had come to power. In addition, while there was at least in the early stages of the revolution, not a privileged bureaucratic layer in the sense in which one developed in the USSR, nevertheless the predominance of the army in the state structure, itself a product of the way in which Castro had come to power, and the lack of proletarian democracy, produced inevitably not merely the guerillanism of the early period but also the openly right wing shift of the recent past. Only the introduction of proletarian democracy into Cuba can halt this process. In every case we have examined however the same elements appear although in different combinations and tempos. This last point should however surprise only the hopeless empiricist. As Lenin put it, although "history as a whole follows general laws it is by no means precluded, but, on the contrary presumed, that certain periods of development display peculiarities in either the form or the sequence of this development." (133) The question that must therefore be asked is whether the elements of the process are still those analysed by Lenin and Trotsky and the "law of motion" of the revolutionary process can still be derived from them, or whether different elements, which are not explicable in terms of 'original combinations' of the basic forces analysed in theoretical concepts by Trotsky are required for explanation. Can the 'law of motion' of these developments be analysed in terms of the combinations of the basic forces analysed in theoretical concepts by Trotsky, or is it necessary to introduce new concepts. So far as the theoreticians of for example the Chinese and Cuban revolutions are concerned they apply the method of generalisation and not the Marxist method of abstraction. In the theories of Lin Piao the explicit theory, although not the actual practice, of the CCP is generalised so as
to replace the concepts of peasantry, working class, national bourgeoisie etc with the concept of the world wide ‘cities and countryside’. Similarly in the ‘focoist’ theories of Debray the particular experience of Cuba is generalised. (In fact this generalisation is again inaccurate but that is not the main point here) Similar examples can be found in the theory of Pablo, Marcuse, Gorz and many others. In each case a conceptual system based on an apparent analysis of a particular situation is generalised into a ‘rule’. In reality however none of these ideas can satisfy the basic scientific requirements of a Marxist theory, that is to say they cannot give an analysis of the ‘inner mechanism’ of the *entire* process—from the cases of the Cuban, Chinese and Bolivian revolutions to the internal crisis of the workers states to the revolutionary events of May 1968 in France. In every one of these theories we merely have the empiricist concept of the ‘rule plus exceptions’. In fact nothing that has occurred in the revolutionary process defies analysis in terms of the basic concepts of Trotsky and Lenin, and indeed it is only these concepts which can explain them. Does the fact that in certain countries the class struggle has emerged first in the countryside and not in the cities in any way contradict the primary revolutionary role of the urban working class? Not at all. Within the capitalist system it is inconceivable that the industrial working class remains anything other than the decisive revolutionary force. The numbers, concentration, organisations of the industrial proletariat make it on a *world* scale the revolutionary class par excellence. It is only those who substitute empiricism for Marxism who can believe that because of the particular role played by the rural class struggle in certain parts of the revolutionary process this means that elements of the (usually unanalysed) ‘peasantry’ have now replaced the proletariat as the key revolutionary force. Similarly does it in anyway alter the Marxist analysis of Stalinism that in certain circumstances bureaucratic parties have been able to destroy capitalism, does this mean Stalinism is now no longer counter-revolutionary on a *world* scale? On the contrary the entire experience of events such as the Chinese revolution shows clearly how a bureaucratised party such as the CCP acts classically to defend its interests. The fact that such a process has allowed the destruction of capitalism in part of the world indicates not at all that we must now alter our conceptions to believe that bureaucratised parties will carry through the world revolution. It is only those who hold the empiricist formula that statements true of the whole can be read back into the parts who can accept this. In terms of the world process the Chinese bureaucracy for example, as we have seen, plays a profoundly counter-revolutionary role.

67) If however it is necessary to reject the theories developed by the generalisers of the Cuban, Chinese and other experiences, nevertheless does this mean that Marxism has nothing to learn from the experiences and theories of these revolutions? Are we to conclude, as do the epigones, that a man like Guevara has contributed nothing which is of interest. On the contrary we think that Trotskyism has much to learn from the Chinese, Cuban and Vietnamese revolutions just as it has from the unsuccessful revolutions of Spain 1936, France in 1968, Bolivia in 1971 etc.

On the questions of the analysis of the peasantry, of the role of the armed
struggle and so on the theoretical development of Trotskyism has been extremely slow. Great disasters have occurred, such as in Vietnam at the beginning of the second world war, because of a failure to develop theoretical analysis of these questions. The point however, as always in Marxist theory, is that it is the total theory which defines its parts. The contributions of Guevara and others are of great value if redefined in terms of Trotskyism. Take, for example the declarations of the OLAS conference. Here there existed many individually correct formulations on such questions as armed struggle, the role of the national bourgeoisie and so forth. For example the following is an absolutely correct characterisation of the situation in Latin America and the colonial world in general: "The organic weakness of the Latin American bourgeoisie is shown in its inability to crush the large Latifundia and thus open the way to agricultural development and the growth of an internal market. This weakness is a result of the interlocking of interests of the bourgeoisie with large financial interests which bind together finance capital, industrial bourgeoisie and landowners into a compact bloc which is directly tied to the army and which thus holds all the decisive levers of political power. It is absurd in these conditions to believe that the bourgeoisie will lead any movement against the old oligarchy or against imperialism." (134) However the theoretical problematic within which these ideas were situated helped lead sections a whole political generation of Latin American revolutionaries into putchist and fociest dead ends. Trotskyism readily learns from revolutionary experience but it does so by integrating that new knowledge into its own theoretical framework. Nothing which has so far occurred in the world revolution indicates that what is required is a changing of the basic theoretical concepts of Trotskyism although we can expect to see many 'original combinations' of the basic elements of the process in the future colonial revolution for as Lenin noted "the subsequent revolutions in Oriental countries, which possess much vast populations and a much greater variety of social conditions, will undoubtedly display even greater distinctions than the Russian Revolution." (135) However these 'greater distinctions' will of course not be arbitrary to be analysed on the basis of pragmatism. They too will represent 'an original combination of the elements of the world process.'

(68) In conclusion it must of course be said that the way in which the elements of the revolutionary process interact is not immaterial to the eventual outcome of the struggle. Unfortunately it is not the case that the only outcome of the world revolutionary struggle is the transition to socialism. There have been epochs previously in which the result has been the mutual ruin of the contending classes and an immense historical retrogression. The revolutionaries therefore cannot sit back and contemplate development. Fatalism has nothing in common with Marxism. Time is not unlimited. Take for example the Chinese revolution. With a correct policy from the Comintern the proletariat could have seized power in China in 1927. If they had done so the developments of the last forty years would have been entirely different. In particular in the midst of an international upsurge the Stalinist wing of the Bureaucracy in the USSR would
probably not have been able to consolidate its hold, with all that that would have entailed for the world revolution. Instead however not until 22 years later did a Chinese Communist Party, profoundly bureaucratized through being based on rural and not urban class struggle, come to power. Even then it had an enormous impact in stimulating revolutionary struggle, but by the time this occurred the uneven development of the world revolutionary process had produced a new combination of the elements which had been present in 1927. The world communist movement was fully Stalinised and the very bureaucratic deformations of the CCP lead it to become one of the main obstacles to world, and particularly Asian, revolution. Trotskyism is not voluntarism. It does not believe social forces can be changed at will, it does not believe world history is formed on the basis of ideas. However it does recognise that so far as the action of revolutionaries is concerned it is not possible to sit back and expect social forces to 'automatically' produce socialism. Without conscious intervention based on an analysis of the elements of the world social process and how they combine in any conjuncture, the development of capitalism is just as likely to lead to barbarism as it is to socialism.

The role of the national bourgeoisie.

69) So far we have analysed how the basic elements of the Theory of Permanent Revolution knit together to allow an analysis of the law of motion of the world revolution as it appears in the colonial states. To develop the theory to the point were it can be used as a tool of intervention however it is necessary to examine in greater detail some of the forces conceptualised in the ideas of Trotsky and Lenin. The first element which must be analysed is the role of the colonial bourgeoisie, for it is precisely in this area that the distinctive features of Permanent Revolution, and their opposition to all Social Democratic and Stalinist variants of Menshevism, are most apparent. In particular it is necessary to analyse how the development of imperialism does not strengthen the contradictions between the native bourgeoisie and the imperialist ruling class, but on the contrary ties the colonial bourgeoisie ever more tightly into the imperialist vice. In Latin America, for example the reintegration of the underdeveloped economies into the world productive process, after the world crisis of capitalism of the 30's, signified a subordination of capital accumulation there to the world laws of accumulation. (136) The embryonic bourgeoisies were forced to attempt to invest on a scale of production dictated by the need to compete on the world market. This created units of a far greater productive potential than could possibly be absorbed by the internal market given the concentration of incomes and the slow development of productive employment. To compensate for this inadequacy the national capitalists were forced to cut back production and raise the price of goods, . But doing this brought them into sharper competition with foreign firms. Little by little the strangehold of foreign capital intensified. The bourgeoisie is crushed ever more firmly between the foreign capital and fear of the peasant and proletarian masses.
(70) Another classic example of the vacillating and helpless colonial bourgeoisie can be seen in the present struggle taking place in Bengal. The bourgeois Awami League of East Bengal led no real liberation struggle against the invading forces of Yahya Khan. It rightly feared that any struggle would rapidly tend to develop a dynamic taking it outside bourgeoisie control. This is why the East Bengal bourgeoisie was incapable of any action. Instead of preparing the workers and peasants for a prolonged and determined struggle for independence, the Awami League did everything in its power to reach a compromise with Yahya Khan. It was opposed to independence, struggling only for autonomy. It based its hopes on help from the United Nations and from the international bourgeoisie, beginning with the Indian capitalists. It chose the pro-imperialist Indian bourgeoisie in preference to the arming of the Bengali masses. Finally this Indian bourgeoisie did step in - with the aim of crushing any left wing independence fighters just as much as with the aim of destroying the rival capitalism of Pakistan. Even then the Bengali bourgeoisie, with 'independence' handed to them on a plate, were completely incapable of stabilising the situation. They cannot develop a national capitalist economy and in consequence cannot meet any of even the elementary needs of the masses. Bengal will remain in turmoil with a historically helpless bourgeoisie until a leadership arises capable of rising up and showing the way to crush the native bourgeoisie simultaneously with, and as the precondition for, destroying imperialist domination.

(71) For the colonial and semi-colonial countries, therefore, the theory of permanent revolution signifies "that the complete and genuine solution of their tasks of achieving democracy and national emancipation is conceivable only through the dictatorship of the proletariat as the leader of the subjugated nation, above all of its peasant masses" (137)

As the bourgeois democratic tasks can only be accomplished by the dictatorship of the proletariat, it follows that the possibility exists, that the proletariat of the oppressed countries, if it carries behind it the peasant masses, may take power more rapidly than in the advanced capitalist countries. One of the key ideas of the theory of permanent revolution, as Trotsky applied it to Russia, was that uneven and combined development would force the proletariat of this backward capitalist country to seize power first: "We have in the final analysis explained the October revolution not at all through the backward state of Russia but through the law of combined development. The dialectic of history does not admit states that are purely and simply backward ... Everything consists of concrete reciprocities ... It was only because the democratic Russian petty bourgeoisie could not fulfill the historical tasks, which had been carried out by their counterparts in the West) that the Russian proletariat achieved power before the workers of the West." (138)

(72) The importance of the agrarian and national questions gives the peasantry, which generally makes up a majority of the population of backward countries, an extremely important role: "Without an alliance
of the proletariat with the peasantry, the tasks of the democratic revolution cannot be solved, nor even seriously posed. But the alliance of these two classes can be realized in no other way than through an irreconcilable struggle against the influence of the national liberal bourgeoisie.” (139) This thesis was accepted by the revolutionary first four congresses of the 3rd International when it rejected the Menshevik (and later Stalinist) theory of revolution by ‘stages’ Lenin stated that “are we to consider as correct the assertion that the capitalist stage of economic development is inevitable for backward nations now on the road to emancipation ... We replied in the negative.” (140)

It is only the Stalinists, who have in latter days resurrected the Menshevik theory of inevitable stages through which the revolution must pass and have in consequence re-introduced the concept that the task of the communist parties in the colonial world is to form a bloc with the national bourgeoisie whereas in fact, as Lenin noted, the “bourgeoisie of the oppressed countries, while it does support the national movement, is in full accord with the imperialist bourgeoisie i.e. joins forces with it against all revolutionary movements and revolutionary classes.” (141)

(73) The most characteristic example of Stalinist practice and theory is provided by the Chinese Revolutions of 1925-27. In this period the Stalinist leadership of the Communist International declared that for the colonial and semi-colonial countries, the objective could not be the destruction of capitalism and the establishment of the dictatorship of the proletariat supported by the peasantry. The objective could be achieved by a coalition of classes, including not only the working class and the peasantry but also the national bourgeoisie. Such a solution had nothing in common with that envisaged by Lenin for Russia in the course of discussions before the 1905 revolution and which he had finally abandoned in April 1917. Lenin never envisaged collaboration with a section of the bourgeoisie. Further, during the Chinese revolution of 1925, the leadership of the Communist International presented the Kuomintang as a ‘bloc of classes’ inside which the members of the Chinese Communist party must dissolve and integrate themselves. The result of this policy was the massacre of tens of thousands of Chinese Communists.

(74) The example of China has been repeated with monotonous, and horrifying, regularity by Stalin and his successors. To give only a few examples there is the case of Nasser’s Egypt, the Indian Bourgeoisie, the Peruvian military junta, the Ceylonese clique and the support given to numerous military reactionary dictatorships in Africa. Fundamentally, behind all these examples, there is the Menshevik theory of revolution by stages, with the thesis that the proletariat must, in the first ‘stage’ support that section of the “national bourgeoisie” which is thought to be capable of accomplishing the tasks of national liberation. Little or no difference from this theory has been shown by the Chinese leadership which bears, to say the least, the heavy mark of Stalinism. At the level of theory, the concept of the “block of four classes” remains typically Stalinist. Of course, in 1959, 10 years after the victory of their revolution, the Chinese leaders came forward with a theory, which they called “uninterrupted revolution by stages” attempting to theorise their
practise and accidentally even came nearer to the theory of permanent revolution through that. But they tried through this theory to justify their own political past by artifices which attempt to save the Stalinist theory of a "bloc of classes." Secondly at the level of practice, a typical example is the attitude of the Maoist leadership towards the Sukarno government in Indonesia. Here, Aidit, leader of the Indonesian Communist Party, was congratulated for his participation in the government of a state which the CCP chose to call 'semi-bourgeois' and 'semi-proletarian'.

This preceded by only a short period the massacre of hundreds of thousands of workers and peasants by the bourgeoisie with whom the Indonesian Communist Party was supposedly in alliance. Mao Tse Tung incidentally declared that, under the leadership of the Communist Party, the Indonesian people would go forward from victory to victory.

The line of the Chinese bureaucracy remains firmly within that of the theoretical framework of Stalinism and, like the Soviet bureaucracy, it has only succeeded in leading its followers from one disaster to another. Given the present line indicated by the visit of Nixon to Peking the preparation of further defeats will be the main result of the activity of the Chinese Communist Party.

(75) In opposition to the theory of stages Lenin and Trotsky always insisted that the basis of the revolutionary movement is the alliance of proletariat and peasantry (as opposed to that of proletariat and bourgeoisie.) It is this which united them against Menshevism. Lenin rejected the theory of stages and alliance with the bourgeoisie as follows in discussing the 1917 revolution. "The Russian Revolution is a bourgeois revolution, said all the Marxists of Russia before 1905. The Mensheviks, substituting liberalism for Marxism, drew the following conclusion from this: the proletariat must not go beyond what is acceptable to the bourgeoisie and must pursue a policy of compromise with them. The Bolshevik's said this was a bourgeois-liberal theory... The proletariat must carry through the bourgeois-democratic revolution to the end not allowing itself to be 'bound' by the reformism of the bourgeoisie."

However, in an epoch of imperialism the problems of the bourgeois revolution can no longer be solved on the basis of the capitalist mode of production and hence cannot be solved by the bourgeoisie. Capitalism cannot even solve the immediate problems facing the working class. Trotsky had outlined this even in 1905 when he had described the effect that would be produced by the attempt of a revolutionary workers and peasants government to actually introduce the democratic programme of the Bolsheviks and their slogan of the "democratic dictatorship of the proletariat and peasantry". Take for example the eight hour day, Trotsky says "As is known, this by no means contradicts capitalist relations, and therefore it forms an item in the minimum programme of Social Democracy. But let us imagine that actual introduction of this measure during a period of revolution... there is no doubt but that this measure would meet the organised and determined resistance of the capitalists in the form, let us say, of lockouts and the closing down of factories... What should the government do? A bourgeois government, however radical it might be, would never allow affairs to reach this stage because, confronted with
the closing down of factories, it would be left powerless ... For a workers government there could only be one way out: expropriation of the closed factories and organisation of production in them on a socialised basis ... The very fact of the proletariats representatives entering the government, not as powerless hostages, but as the leading force, destroys the border line between minimum and maximum programme: that is to say, it places collectivism on the order of the day." (143) These prophetic words could have been written as a script for the Russian revolution. Lenin later echoed them precisely when he described what had actually occurred in the 1917 revolution.

"Beginning with April 1917, however, long before the October revolution, that is, long before we assumed power, we publicly declared and explained to the people: the revolution cannot now stop at this stage, for the country has marched forward, capitalism has advanced, ruin has reached fantastic dimensions, which (whether one likes it or not) will demand steps forward, to socialism ... To attempt to raise an artificial Chinese Wall between the first and second (stages), to separate them by anything else than the degree of preparedness of the proletariat and the degree of unity with the poor peasantry, means to distract Marxism dreadfully." (144) These words should be engraved in the mind of every revolutionary in the colonial world, for this is precisely the central concept of the Permanent Revolution.

The role of the peasantry in the colonial revolution.

(76) We analysed in a previous section how it is the relation of the urban proletariat to the class struggle within the peasantry that is the key to the process of Permanent Revolution. However, this alliance is a non-symmetrical one in that while the peasantry may supply a major part of, or even the main, physical force in the revolutionary process, nevertheless as a political force its influence is relatively zero. The only aim it can pose 'as a whole' is the division of the land, and this is utopian under conditions of capitalist production. The peasantry is too divided along class lines to provide a political programme for the reconstruction of society. Like elements such as the 'middle'classes, it falls always under the political domination of either the proletariat or the bourgeoisie. However, the dynamic of revolution created by the process of uneven and combined development is enormously complicated by the fact that the different modes of production represented by feudal and capitalist social relations do not exist in two separate and autonomous spheres. The 'peasantry' is not a monolithic bloc. On the contrary, development of capitalism continually breaks up the old relations of production within the countryside, and shows up the hollowness of the idea of a 'peasant' class interest while creating the basis for class struggle within the peasantry. There are therefore at least two elements in the situation in the colonial states: firstly the struggle of all the peasantry against the landlords and secondly the class struggle within the peasantry. It is this latter which provides one of the keys to the whole situation in the colonial revolution. If the proletariat cannot divide the peasantry along class lines and the peasantry acts 'as a whole' then the proletariat will find itself...
Thus as Trotsky pointed out "the distribution of the landlord’s land amongst the peasantry ... made impossible a feudal-monarchical restoration" but was "not in itself a guarantee against bourgeois counter-revolution." (145) The entire process of the revolution developing through the bourgeois democratic to the proletarian stages in fact as Trotsky noted, depended on the ability of the proletariat to utilise the class contradictions within the countryside. It was key to "carry the class struggle into the villages" and to open up "the antagonisms between the village poor and the village rich, between the agricultural proletariat and the agricultural bourgeoisie." (146)

(77) The basis for this class struggle is of course the way in which the development of capitalism creates within the countryside the division of the peasantry along capitalist lines and the way in which even before this social differentiation fully develops a complex structure of renting, usury etc. is established. The poor peasants are less and less able to maintain any status as independent producers. Thus for example in East Bengal a situation exists whereby even ten years ago over 26% of the rural population were landless labourers and by now this figure exceeds a third of all cultivators. Over half the farms of these peasants who do have land to till have less than 2.5 acres of land. (147) The development of this class differentiation within the peasantry has been enormously speeded up in this century and explains the almost continual peasant upsurges in S.Asia. It is precisely this most intense breaking up of classic peasant forms which also lies at the social base of, the success of the Vietnamese revolution. Here 60% of the rural population is landless and middle and poor peasants having just sufficient or less than sufficient land to live on comprise 36% of the rural population. (148)

The task of the political organisation is therefore precisely to accent the class contradictions within the countryside and to march "with the poor peasants, with the semi-proletarians, with all the exploited, against capitalism, including the rural rich, the kulaks, the profiteers." (149)

(78) The dynamic created by the process of Permanent Revolution is immensely complicated by the interrelation of landlords, bourgeoisie, proletariat as it determines the class struggle within the peasantry. Against the landlords the entire peasantry is united. Similarly the contradiction between the bourgeoisie and the proletariat is irreconcilable. However between the bourgeoisie and the landlords, between the proletariat and the peasantry, between bourgeoisie and peasantry etc an enormous number of variants of relation and dynamics of struggle are conceivable. Thus if we take again as an example the case of the two parts of the now defunct country of Pakistan we find that in the West the bourgeoisie and the landlords are completely interlinked and massive scale landholding relations exist with 1.25% of landowners holding 31.2% of all land under private ownership. There also exists a massive rich peasant section which owns another 21% of land. In East Bengal on the other hand (once 'East Pakistan' and now 'Bangla Desh') the great landlord element was removed by a land reform aimed at getting rid of Hindus. (150) The exact way in which the political party has to act to unlock all these contradictions of course depends on the way in which the
precise dynamic of struggle opens out. In areas of Asia, such as India for example, the class struggle within the countryside may be at any point in time at a far higher level than the struggle of the urban proletariat. In this situation the proletariat right form the beginning may have to bring to the forefront the question of the class struggle within the countryside. This variant is increasingly likely as the differentiation of the peasantry continues. In other situations however the proletarian party may on the contrary have to bring to the forefront those demands which unite all the peasants against the landlords as opposed to those which divide the peasantry amongst themselves. This latter variant was what occurred in Russia for example. Here Lenin notes of the victory of the Bolsheviks that “We carried the bourgeois revolution to its conclusion. The peasants supported us as a whole... The Soviets united the peasants in general. The class divisions amongst the peasants had not yet come into the open.” (151) In that situation the tactics of the Bolsheviks were “First, with the ‘whole’ of the peasants against the monarchy, against the landowners... Then, with the poor peasants, with the semi-proletarians, with all the exploited against capitalism.” (152) These differences of rhythms of struggle means that the way in which the precise forms of the transition to to the crushing of capitalism take place can be enormously complex. If the class differentiation of the peasantry starts only after the urban working class has seized, or is on the brink of seizing, power then it may be impossible to install “at one blow” the dictatorship of the proletariat for “A government resting directly on the proletariat, and through it on the revolutionary peasantry, does not yet signify the socialist dictatorship” (153) Thus in Russia in 1917 nothing could be more crude to believe that the February revolution was a pure ‘proletarian’ one. In February the chief task of bourgeois democratic revolution, the solution of the agrarian problem, had not even been started let alone completed. Similarly in October the revolution instituted a regime as Lenin noted that in many respects far more bourgeois than it was ‘proletarian’. In particular “The class divisions amongst the peasants ... took place in the summer and autumn of 1918” (154) Far from the revolution of October 1917 being a pure ‘proletarian’ revolution, Lenin notes that “down to the summer and even autumn of 1918, our revolution was to a large extent a bourgeois revolution.” (155) However of course it was a ‘bourgeois revolution’ with the ‘exceptional’ quality that the apparatus of the bourgeois state had been smashed. Nothing could be more formal however than to make a ‘rule’, as do the Stalinists, that always there will be a stage in which the proletariat matches with the peasantry ‘as a whole’. On the contrary in the present period the analysis we have given, and the actual experience of China and India in particular indicates, the process of class division within the peasantry will start at the beginning of the revolutionary process, and not, as it did in Russia, only emerge towards the end. As Trotsky noted in the case of China “There will be practically no such stage as the first stage of our October revolution in which the kulak marched with the middle and
that the class struggle within the peasantry does not of necessity ‘wait’ for the completion of ‘stages’ of the revolution that the dynamic of revolution in the colonial world can be understood today. By a failure to understand this the various varieties of Menshevism and Stalinism condemn themselves to eternal failures.

(79) It is clear from the analyses which we have just made that the actual process of Permanent-Revolution is immensely complex. In Russia, even before the revolution, Trotsky could analyse that the most likely variant was that the nature of the old regime would mean that “The abolition of feudalism will meet with support from the entire peasantry” (157) whereas in China, as we noted, the class division of the peasantry would appear immediately and prevent any such move of the peasantry ‘as a whole’. However no matter what the particular interrelations between the various layers of the peasantry there is no justification whatsoever for holding, as do the Maoist bureaucracy, that in the colonial world the peasantry is able to replace the proletariat in either the political sense as we have seen the very nature of the peasantry makes it incapable of formulating programmes for reconstructing society under its leadership or in the organisational sense, for, if the increased class differentiation within the peasantry makes it now easier for the proletariat to win over decisive sections of the peasantry, then nevertheless it should never be forgotten that “The strength of the proletariat in any capitalist country is infinitely greater than its proportion in the total population. This is due to the fact that the proletariat is in economic command of the central points and nerve centres of the entire capitalist system of economy and also because the proletariat expresses politically and economically the real interests of the vast majority of the toilers under capitalism.” (158) Nothing which has occurred since 1919 which refutes this. The immense struggles, even in this year, of, for example the proletariat of Argentina, shows that the industrial proletariat remains the decisive organised force within the colonial world. If in the recent past period it has remained relatively quiescent in certain countries this is largely due to those very Stalinist and neo-Stalinist parties which seek to tie the proletariat to sections of the bourgeoisie.
(80) In previous sections we have considered the politics of the Stalinist bureaucracy, the role of peasantry and the nature of the national bourgeoisie. None of these groups, however, can be considered as providing the main protagonists in the transition to socialism. No matter how the different elements of the world revolutionary process combine in certain countries, on a world scale the decisive struggle is still between the bourgeoisie of the various capitalist states and the world proletariat. It is therefore on this fundamental contest that the strategy of the revolutionary organisations must be based, and it is therefore around this struggle that the construction of the Fourth International will be carried out. The first principle of this struggle in the epoch of imperialism is, as Trotsky wrote in his criticism of the draft programme of the Stalinised Comintern, “In our epoch, which is the epoch of imperialism, i.e. of world economy and world politics... not a single communist party can establish its programme by proceeding solely or mainly from conditions and tendencies of development in its own country.”

The Background to the Boom.

(81) Trotsky never for one moment doubted the correctness of the fundamental principle of Bolshevism. However he also realised that the Fourth International rose out of “the greatest defeat of the proletariat in history”. (159) In fact as Trotsky had noted, “The revolutionary ebb-tide that had begun in 1923, that is, after the defeat of the revolutionary movement in Germany, had assumed international proportions... ‘We must aim far ahead’ I repeated dozens of times: ‘We must prepare for a long and serious struggle’.” (160) Trotsky also knew that simply to have the correct programme was no panacea. On the contrary that programme could only possibly become an instrument of mass struggle in a period of rise of world revolution and not
of its defeat. For example he wrote the following at the time of the crushing of the Chinese revolution in 1927. “Many younger comrades thought the patent bankruptcy of Stalin’s policy was bound to bring the triumph of the opposition nearer. During the first days after the coup d’etat of Chiang Kai-shek, I was obliged to pour many a bucket of cold water over the hot heads of my young friends ... I tried to show that the opposition could not rise on the defeat of the Chinese revolution. The fact that our forecast had proved correct might attract one thousand, five thousand, or even ten thousand new supporters to us. But for the millions, the significant thing was not our forecast, but the fact of the crushing of the Chinese proletariat.” (161) In general Trotsky pointed out that “Since 1927 we have had a long series of defeats - we are similar to a group who attempt to climb a mountain and who must suffer again and again a downfall of stone, snow, etc. In Asia and Europe is created a new desperate mood of the masses. They heard something analogous to what we say ten or fifteen years ago from the Communist Party, and they are pessimistic. This is the general mood of the workers. It is the most general reason. We cannot withdraw from the general historic current - from the general constellation of forces... We are a small boat in a tremendous current. There are five or ten boats and one goes down and we say it was due to bad helmsmanship. But that was not the reason - it was because the current was too strong ... the defeat of the Popular Front was the proof of the correctness of our conceptions just as was the extermination of the Chinese workers. But the defeat was a defeat and it is directed against revolutionary tendencies until a new tide on a higher level will appear in the new time.” (162)

(82) However the very weakness produced by this historical situation made the question of the Fourth International for Trotsky more vital than ever for “The Fourth International as a whole is undoubtedly much better equipped theoretically and to a much greater degree assured against vacillations than any of the national sections separately” (163) Furthermore the necessity of revolutionary International arises from exactly the same theoretical roots as the need for a democratic centralist revolutionary party in a single country. That is to say it signifies the necessity of centralising the experience of the intervention in the class struggle for the task of theoretically working on this experience for its elaboration as part of the programme of the organisation. This programme is of course not an academic commentary on world reality but is the basis for an attempt to change that reality. As such it can be tested only on a world scale. (164) The entire last years of Trotsky’s life was therefore devoted to creating an international party based on a cadre which had assimilated the fundamental concepts of Bolshevism.

(83) When Trotsky, after 1933, set about building the Fourth International, he built into its theoretical foundations the basic principles of Bolshevism. In particular, to summarise previous discussion at this point, he insisted on the world nature of the revolutionary process, the need for a revolutionary party and therefore for a revolutionary international, the inability of capitalism in the imperialist epoch to meet even the immed-
ate needs of the masses—with all the consequences of this for revolutionary strategy, the leading role of the urban proletariat in the world revolution, the class struggle within the peasantry, but the impossibility of a peasant party, the inability on a world scale of the national bourgeoisie to solve the problem of the bourgeois democratic revolution in the colonial states, the impossibility of Socialism in one country, the fact that the USSR was a workers state but one politically governed by a bureaucracy which could not be removed peacefully and which, although it was impossible for it to share power with a bourgeoisie and it was therefore in its own way forced to defend the social base of the USSR, was interested in defending its own position and, because that position was threatened by any movement out of its control, was a counter-revolutionary force on a world scale.

(84) However although Trotsky, basing himself on and extending Lenin, analysed the basic elements of the world revolutionary process, he was incorrect as regards his concrete assessment of how these elements would precisely combine in the conjuncture of the Second World War. He held that capitalism could not escape from the slump and that Stalinism could not survive the wars. Such errors of conjunctural analysis are of course common among Marxist (Marx for example foresaw proletarian revolution in the 1840’s, Lenin at one time remarked that he would probably never live to see the revolution) and do not in any way, as we have seen, lead us to modify Trotsky’s and Lenin’s analytical categories. All that has occurred is that the process of uneven and combined development has caused the different elements of the process to work themselves out in different concrete ways. Thus for example the crisis of Stalinism has not been a sharp cataclysmic one but a prolonged one, the crisis of capitalism has not worked itself out in the form of a sharp slump but in the exacerbation of contradictions during a long boom etc. However it is not, of course, the test of Trotsky’s theory, as we have noted in the case of the colonial revolution, whether he made a precisely correct analysis of a given conjuncture. It is a question of whether the concepts of the theory of Permanent Revolution are capable of revealing the laws of motion of the process, or whether they must be replaced with a different problematic.

85) The first challenge to Trotsky’s views, and indeed to the whole of Marxism, came from those who held that an absence of a slump after World War Two invalidated the economic analysis of Marx. Certainly there is no doubt that Trotsky quite frequently made the serious theoretical mistake of deducing from a statement true of the epoch, that capitalism is in a period in which it holds back the productive forces and has a tendency to stagnation, that capitalism must, at any given point in time, be stagnant. It is this fact which explains some of the more bizarre ideas of some of his ‘followers’. (165) However, as we noted in part one, this conclusion was in sharp contradiction to Trotsky’s general theoretical framework which insisted categorically that there could be no automatic collapse of capitalism, and that if the proletariat did not seize power then capitalism would have created the possibility of a new, temporary, lease of life. As we noted before he posed and answered the question as follows “Will the bourgeoisie be able to secure for itself a new epoch
of capitalist growth and power? Merely to deny such a possibility, counting on the 'hopeless' position in which capitalism finds itself would be revolutionary verbiage.” (166) It was precisely the failure, due to the policy of the Stalinist parties, of the European proletariat to seize power in the period during and after the Second World war, that created the conditions for a new expansion of capitalism. Trotsky had again specifically foreshadowed such developments when he wrote “Independently of the conscious activity of classes ... (no) crisis can be by itself the 'last crisis' ... If the party of the working class, in spite of favourable conditions, reveals itself incapable of leading the proletariat to the seizure of power, the life of society will continue necessarily upon capitalist foundations” (167) However, the ability of capitalism to enter a period of boom since 1945 in no way alters the character of the epoch — not merely has capitalism definitively not stabilised itself in the half of the world dominated by colonialism and neo-colonialism, but it is also clear that the stabilisation of capitalism had not in any way altered any of that system fundamental contradictions, and that imperialism has already entered a new period of crisis. (86) It is worth noting that Trotsky's mistaken conjunctural predictions that capitalism would be incapable of stabilising itself in the imperialist centres was shared by almost all Marxist economists. Far too much influenced by the particular circumstances of the 1930's, one particular form of crisis, slump, had become identified as the distinguishing, or even defining, feature of capitalism. In consequence the fact that capitalism entered a period of boom was taken by vulgar Marxists, for example Strachey, as an indication that capitalism had disappeared and been replaced by 'post-industrial society', 'post-capitalist society' etc., and was greeted by bourgeois economists as a definite rejection of Marxism. Thus for example Plamenatz states that while “we are still commonly speak of England and France as capitalist countries, they are no longer capitalist in the sense understood by Marx and his contemporaries.” (168) However this view is precisely another example of the theoretical mistake of reading back a general law into a given point in time. It does not follow, in the slightest, as we noted in Part One, that because the imperialist epoch is characterised by a tendency to stagnation that this tendency actually shows itself at any given point in time and therefore the fact that stagnation is not apparent in any point of time does not mean that capitalism has disappeared. Furthermore the fundamental economic formulae of Marx deal with (contradictory) relationships and not directions of change, and Marx himself saw many possibilities in the lines of development of capitalism, and noted that extreme contradictory tendencies were at work. Marx was for example in no sense contradicting himself when, in discussing the central productive force, he talked simultaneously about the grinding down of the proletariat, the raising of its cultural level, its atomisation, its concentration in huge numbers, its relative immiserisation, its absolute immiserisation, etc. All these are different aspects of the same process. The task of analysis is not to attempt to see these elements as mutually exclusive,
but to see the relation between the different aspects, and from the analysis of the underlying social relations to derive the law of motion of the system of differing periods of time. An excellent sample of the type of contradictory effects involved is illustrated in the following passage from the Grundrisse. "Although every capitalist demands that his workers should save, he means only his own workers, because they relate to him as workers, and by no means does this apply to the remainder of the workers, because they relate to him as consumers. In spite of all the stimulating them to consume" (169) It is in fact impossible for capitalism to develop in one direction only. For example with relation to the question of slump, Marx noted that "The periodic depreciation of existing capital - one of the means imminent in the capitalist rate of production to check the fall of the rate of profit and hasten capital accumulation - disturbs the given conditions within which the process of circulation and reproduction takes place, and is therefore accompanied by sudden shortages and crises in the production process... The ensuing stagnation of production would have prepared - within capitalist limits - a subsequent expansion of production" (170) The question, as always in Marxism and as we analysed in the case of the colonial revolution, is whether the laws of motion of the situation can be derived from the concepts developed by Marx, or whether a new set of concepts of 'post-industrial' or 'post-capitalist', or 'post-imperialist' society must be introduced. In reality however everything which has occurred since 1945 is analysable in Marxist terms and still testifies to the complete contradiction between the forces of production and the relations of production, or, as Marx puts it, "capitalist production meets in the development of its productive forces a barrier which he has nothing to do with the production of wealth as such; and this particular barrier testifies to the limitations, and to the merely historical, transitory character of the capitalist mode of production: testifies that for the production of wealth it is not an absolute mode, moreover, that at a certain stage it rather conflicts with its development" and "Capitalist production seeks continually to overcome these imminent barriers, but overcomes them only by means which again place these barriers in its way and on a more formidable scale. The real barrier of capitalist production is capital itself." (171) Since 1945 the basic operations of capitalist production have produced many new combinations of effects but the basic structure remains entirely the same.

(87) The most generally held thesis concerning the 'invalidation' of Marxist economic analysis is the Keynesian one which admits that capitalism suffers from 'defects' but that these can be overcome through the intervention of the state. Marx is therefore said to have ignored the 'factor' of the state. This has even influenced certain Marxist who have attempted to 'synthesize' Marxism and Keynesianism. (172) On these theories Marxism is essentially a theory of underconsumptionism and the role of the state is to increase 'effective demand'. Such concepts of course lead to the rejection of the type of economic analysis used by Lenin and Trotsky, and in particular Lenin,
which, while admitting of course the phenomena of underconsumption, nevertheless sought the motor of the decay of capitalism not in terms of this, which could be overcome by the state, but in the law of the falling rate of profit which Marx described as "The most important law of modern economics and the most essential one for understanding the most intricate relationships. From the historical point of view it is the most important law" (173) All the Keynesian explanations do not understand Marx's fundamental point about the nature of crisis residing in the contradiction between the means and the relations of production. In this case the point Marx makes is that 'The real barrier of capitalist production is capital itself.' (174) and 'The contradiction in the capitalist mode of production... lies precisely in its tendency towards an absolute development of the productive forces, which continually come into conflict with the specific conditions of production in which capital moves, and alone can move' (175)

(88) It is not possible here to give a full analysis of the Marxist theory of economic crisis (176). It is however necessary to give a brief outline so as to understand that Trotsky's remarks cited earlier on concerning it being the subjective element that would determine the objective development of capitalism in a given period can be seen not as something introduced after the event but as an integral part of Marxism. Once this is done it is easy to see both the significance of the failure of the Communist Parties to seize power in 1944-46 and also the reasons for the post war boom.

(89) Capitalism's basic structural characteristics limit the extent of the consumption of the proletariat. This means that capitalism is incapable of expanding on the basis of consumption of means of consumption. However the capitalist system is continually forced to accumulate and, in consequence of the limited base of consumption of the proletariat it can only do this by continually expanding the market for means of production (177) and continually increasing the rift between the development of the productive forces and the limited possible consumption of the masses (178). However the crisis does not arise from underconsumption (overproduction). As long as capitalism can continue to accumulate by expanding the production of means of production, the system is 'stable'. However the means of production are not produced as an end in themselves, but only in so far as they produce surplus-value (and therefore profit). The possibility therefore exists of a contradiction between the needs of capitalism to continually accumulate, and the possibility of doing so at a profit (179). The result of this is that capitalist production accumulation may, and does, cease at a point not where the world's shortage of use values is satisfied, but at a point governed by the ability to make profit (180). It is therefore the conditions governing the production of profit which are the key to understanding capitalist accumulation and crisis. The problem of crisis stems from factors external to production such as the Keynesian concept of 'effective demand'.
The rate of profit in Marxist terms is \[ r = \frac{s}{c + v} \]

where \( s \) = surplus value, \( c \) = constant capital, \( v \) = variable capital and \( r \) = rate of profit. (181)

The rate of profit is then governed by two fundamental ratios: the rate of exploitation \( s/v \) and the organic composition of capital \( c/v \). It can be seen that any increase in the rate of exploitation will increase the rate of profit, while any increase in the organic composition of capital will tend to decrease it. By determining these two ratios we define the rate of profit. This rate of profit then determines investment and accumulation with the possible consequences noted in the preceding paragraph. The rate of profit thus determines the possibility of any given rate of given rate of accumulation may no longer be sufficiently profitable and investment will slow down or even cease. If this occurs, however, and the increase in the production of means of production slows, then the antagonistic conditions of capitalist distribution come into play, and in consequence the total product can no longer be realised. Crisis results with the symptom of over-production.

The rate of profit may, as we noted, decline either because of a decline, for whatever reason, in the rate of exploitation, or because of an increase in the organic composition of capital. Considered on a historic scale, Marx showed that the organic composition of capital must rise. (182) This results in a fall in the rate of profit and consequently a faltering in the rate of accumulation. However this may occur while an increase in the mass of profit continues. (183) In such a situation, a life and death competitive struggle is unleashed as the increase in the mass of profit can make up for the decline in the rate only in the case of the largest capitals. (184) It is important to note here that the increase in competition is the result and not the cause of the fall in the rate of profit, and that this also gives rise to the phenomena of the export of capital. (185) In the short term this fall in the rate of profit may be offset by a slump and the depreciation of capital (186), but this of course introduces its own contradictions. In particular the process of competition and slump between them produce a continual tendency towards monopolies which is turn give rise to a fall in the drive to accumulate (187). However, as we have seen a capitalism with a drop in the drive to accumulate i.e. with a tendency to stagnation, is a capitalism in permanent crisis. It was this tendency that Lenin noted in his theory of imperialism when he summarised the essence of the imperialist stage of capitalism as being that of monopoly capitalism. He notes “The deepest economic foundation of imperialism in monopoly” (188) and “If it were necessary to give the briefest possible definition of imperialism, we should have to say that imperialism is the monopoly stage of capitalism” (189). Furthermore “like all monopoly, it inevitably engenders a tendency to stagnation and decay” (190) and although “the possibility of reducing costs of production and increasing profits by introducing technical achievements operates in the direction of change” nevertheless
"the tendency to stagnation and decay, which is characteristic of monopoly continues to operate, and in certain branches of industry, in certain countries, for certain periods of time, it gains the upper hand." (191) One of the decisive effects of this is that "An enormous 'superabundance of capital' has arisen in the advanced countries" (192) It is this which determines all the other aspects of imperialism such as the division of the world, and, as we have seen, the export of capital.

(92) It is, as we have seen, the rate of profit, determined by interrelation of the organic composition of capital and the rate of exploitation, which regulates the accumulation process. As we have seen, at a given rate of exploitation, an increase in the rate of profit causes the accumulation process to falter and overproduction and crisis to ensue. However, conversely, given any organic composition of capital, a decrease in the rate of exploitation may make it no longer profitable for accumulation at the old rate to occur and this gives rise to a tendency to the overproduction of capital. (193) This overproduction is never, of course, overproduction in the sense that the world, in terms of the needs of use value production, is over endowed with means of production, but is purely overcapitalisation. This overproduction of capital, produced by the fall in the rate of profit, produces a general crisis of the system.

(194) We may now summarise. The capitalist system can only retain its 'stability' by accumulating. The rate of accumulation is however determined by the rate of profit which depends on the interrelation of the rate of exploitation and the organic composition of capital. As the organic composition of capital rises it exercises a depressing effect on the rate of profit which can only be overcome by an increase in the rate of exploitation. If a given rise in the organic composition of capital occurs, this can be overcome temporarily by a depreciation of constant capital, but, given that a permanent fall in the organic composition of capital is not produced, the rate of profit can only be maintained by an increase in the rate of exploitation. Bearing this in mind we may now examine the particular determinants of the changes in the two fundamental ratios determining the rate of profit as they have worked themselves out in the period since the First World War.

(94) As far as the organic composition of capital is concerned, there has been an important stabilisation of this since roughly the late 1920's or early 1930's. There have been two major studies of this, at least as far as the advanced economies are concerned. (195) Both show clearly that an important change has taken place. Up to 1914 Gilman estimated that the organic composition of capital increased rapidly, it increased more slowly until 1939 and after that stabilised. Mage, using a different basis of calculation, comes to roughly the same conclusion except he thinks that there has been an actual decline in the
organic composition of capital since the early 1930's. Kuznets less Marxist figures also give the same result and he concludes that “If we view the average in 1929-55 as an approximation of long-term secular levels, we can hardly escape the conclusion that substantial changes have occurred in the factors that determine capital formation.” In short if we consider these studies it is apparent that somewhere between the late 1920's and the Second World War important changes in the determinant of capital formation were taking place which changed the organic composition through what Marx described as the ‘cheapening of the elements of constant capital’. Marx noted this potential tendency within capitalism as follows: “For instance, the quantity of cotton worked up by a single European spinner in a modern factory has grown tremendously compared to the quantity formerly worked up by a European spinner with a spinning wheel. Yet the value of the worked up cotton has not grown in the same proportion as the mass. The same applies to machiner and other fixed capital. In short, the same development which increases the mass of constant capital in relation to variable reduced the value of its elements as a result of the increased productivity of labour, and therefore prevents the value of constant capital from increasing at the same rate as its material volume i.e. the material volume of the means of production set in motion by the same amount of labour power... the mass of the elements of constant capital may even increase, while its value remains the same, or falls.”

A stabilisation in the organic composition of capital creates the possibility for the maintenance of the rate of profit. It can, however, as we noted earlier, only do this given an appropriate rate of exploitation. If the rate of exploitation is not sufficient then, despite the stabilisation of the organic composition of capital, the accumulation process will all the time be brought up against the limitations of profit and accumulation will not take place at a significant rate (or possibly not at all). Quite clearly the conditions between 1918 and 1939 indicate that the rate of exploitation was too low for the existing organic composition of capital. The possibility, created by the stabilisation of the organic composition of capital, of a relatively stable accumulation process, could therefore only be brought into effect given an upward shift in the rate of exploitation. The victory of fascism and the war in Germany, Italy, Japan, France etc. broke the pattern of the ‘traditional’, ‘normal’ rate of exploitation, drastically increased it, and thereby created the conditions for the accumulation process to proceed on the basis of the stabilised organic composition of capital. The seizure of power by the Communist Parties would of course have prevented this, but given that this did not occur, the technological changes starting in the 1930's could be utilised profitably in the conditions created by the upward
shift in the rate of exploitation. Mandel has described this process as follows: "During the long period of stagnation of the capitalist world economy... a great ‘reserve’ of scientific and technological innovations had been built up, whose large scale productive application was delayed as a result of the unfavourable economic conditions prevailing during that period. The dynamic of these innovations, accelerated by the results of the war economy boom itself, laid the basis for a real explosion of technological innovations." (200) These ‘unfavourable conditions for capitalism were of course that the rate of exploitation of the working class was not sufficiently high to generate the profit to enable investment to take place. This however was, as we have noted, changed by fascism and the war. The defeat of the German, Italian, Japanese and French working classes produced a dramatic upward shift in the rate of surplus value and the defeats of these imperialisms in war, and the betrayals of Stalinism in the immediate post war period, enabled this rate of surplus value to be maintained. Once this shift in the rate of surplus value had occurred the technological innovations could be brought into production with the changes we have already noted on the organic composition of capital and consequently on the rate of profit. This provided the fundamental base for the development of the boom which could be added to by other elements in the situation. In particular the role of the state in ‘smoothing’ fluctuations, the restructuring of the reserve army of labour by the integration of new forces into the industrial proletariat in Germany, Italy and Japan, together with a decline in the price of raw material were important elements.

(95) The technologically orientated basis of the boom has shifted the balance between the various sectors of the capitalist economy in such a way as to decrease the importance of extractive industries, with the exception of oil, and to enormously increase the weight of the industrial/manufacturing sections of the economy. This in turn has fundamentally shifted the pattern of international investment and trade. Capital export in the years since 1945 has been larger than ever before but it has flowed primarily between imperialist countries and not from imperialist to colonial countries. (209) This is not in the slightest to say that colonial exploitation is no longer significant for maintaining the capitalist system, on the contrary, (202) but that its role within the general framework of capitalism has altered. There has been a shift to more specialised exploitation of key resources and an increase in the importance of industrial/manufacturing capital exports rather than the simple general exploitation of primary products. (203)

(97) These changes in economy should actually in no way have surprised Marxist economists. Marx himself stated that “the same influences which tend to make the rate of profit fall, also moderate the effects of this tendency.” (204) Furthermore of course these changes do not alter the contradictions of capitalism, they simply mean that they work themselves out in a different way. In particular they lead to three interlinked developments;
firstly the development of inflation and a shift in the main emiserating effects of capitalism within the advanced capitalist countries, secondly they produce profound shifts in relations of forces and competition between capitalist countries, thirdly a changed relation of the imperialist states to the colonial ones is created. The core of these effects lies in whether they will allow the bourgeoisie to maintain the rate of exploitation at a level which will permit the continued accumulation of capital at the existing, or a possibly rising, organic composition of capital.

The change - the relation of forces within imperialism.

(98) The fact that the working class did not seize power during the Second World War does not of course mean that now, thirty years later, developments are simply a repeat of those which existed in 1939. On the contrary the law of combined and uneven development has worked to alter enormously the relation of the elements of the world revolutionary process. One of the most obvious features of this is the new relationship of forces between the various imperialisms.

(99) The fundamental cause of World War Two was the disproportion between the political and colonial positions of the declining imperialisms of France and Britain and the growth of the newer imperialisms of Germany, Japan and the United States. In particular the emergence of the United States as the dominant world power after 1914 produced profound changes in the inter-relation of the imperialist states. As Trotsky noted “the inexorable pressure of the United States will reduce capitalist Europe to constantly more limited rations in world economy, and this, of course, implies not a mitigation, but on the contrary, a monstrous sharpening of inter-state relations in Europe accompanied by furious paroxysms of military conflict” (205) and “in the period of crisis the United States will seek to overcome and extricate herself from her difficulties and maladies primarily at the expense of Europe, regardless of whether this occurs in Asia, Canada, South America, Australia or Europe itself, or whether this takes place peacefully or through war.” (206) There could only be one outcome of this. “The United States is heading inevitably towards an imperialist expansion such as the world has never seen” (207) while as regards the relations between the European states “The flagrant and ever-growing disproportion between the specific weight of France and England, not to mention Holland, Belgium, and Portugal, in world economy and the collosal dimensions of their colonial possessions are just as much the source of world conflicts and of new wars as the insatiable greed of the fascists.” (208) Trotsky’s analysis of the situation at this period was perfectly accurate when he wrote that, “Europe was declining. It had been plunged into war because European capitalism was suffocating within the narrow framework of the national states. Capitalism tried to extend these limits, to create for itself a larger arena and in this the wildest pressure was exerted by the more
progressive German capitalism which set the ‘organisation of Europe’ as its aim.” (209)

(100) The outcome of the Second World War appeared to leave the dominant position of the United States established beyond doubt or comparison. The lend-lease agreements had removed the barriers to United States imperialisms penetration of British colonial possessions and thus removed the last vestige of resistance to American imperialist domination of a world scale. Furthermore every potential rival economy was wrecked by the effects of the war. The total domination of the capitalist world appeared already achieved by the United States. However the reality was fundamentally different, and in terms of the relations between the imperialist states, by far the most important development since 1945 has been the relative strengthening of European and Japanese imperialisms at the expense of the United States. The roots of this fundamental change lie in the fact that the United States, like Britain, did not experience fascism, and in consequence there did not occur the same increase in the rate of surplus value as occurred in Italy, Germany, France, and Japan. In addition the United States found itself having to attempt to perform the task of policing the world for imperialism. This took many forms. Firstly attempting to revive the shattered economies of Europe so as to stabilise the political regimes and prevent revolution. Secondly it meant preparing for possible war against the workers states in the USSR. Thirdly it meant acting against the successive outbreaks of the colonial revolution. The combination of these tasks was beyond even the US’s colossal resources and has begun to lead to an immense internal crisis. As was noted in 1971 ‘American imperialism came out of the Second World War as the absolute master of the capitalist world and possessing a pronounced economic and military superiority over the USSR. The enormous super-profits which the USA accumulated during and after this war, the enormous reserves which it had at its disposal, enabled it to assume uncontested leadership of the capitalist world for 20 years. (It) participated in the conquest of the old decomposing colonial empires and the internal markets of its principal allies and rivals, and exported more than sixty thousand million dollars of capital for this purpose. It played the role of world policeman for the capitalist system, surrounding the USSR and the ‘Peoples Democracies’ with a network of military bases, maintaining in the USA and abroad a military establishment without precedent in history, studding the world with counter-revolutionary bases which it financed and equipped. It avoided a heightening of social contradictions in the USA itself by improving the living standards of important sections of the American working class, corrupting the union bureaucracy, while at the same time restricting the working class power (Taft Hartley Law) integrating its organisations into its policy of world expansionist politics (Cold War, MacCarthyism etc). For several years now however the limits of the power of American imperialism have been clearly
revealed and it has suffered a number of setbacks. After failing to smash the Cuban revolution it has not been able to break the rise of revolution in Latin America. It has not been able to prevent a worsening of the relationship of forces with respect to its principal rivals, and in particular with the West German dominated Common Market. The US has not been able to prevent the awakening of the black youth which has been transformed on one hand into the revolt in the ghettos and on the other hand into the growing radicalisation of the whole student youth. It has not been able to prevent the growth of a powerful anti-war movement which has now become the most powerful ever known in the history of colonial wars. The permanent defect of the US balance of payments system and the permanent crisis of the international monetary system are the summarized expressions of all these setbacks. They mark the growing inability of American imperialism to fulfill simultaneously all the tasks that its predominance over the capitalist world have imposed on it since 1945...
(In addition a situation has been created) where the most advanced technology is not being used by the USA but by its rivals. This is particularly the case in steel, naval construction, electrical construction and even partially in the car industry. The enormous foreign capital expenditure imposed on the USA by its imperialist position has especially slowed up the task of attenuating social contradictions in the USA (increasing real wages, building schools, cheap housing, hospitals etc.) The results are clearly visible. In the years 1966-70 there was no rise in the real wages of the working class. The proletariat is feeling the joint pressure of inflation and tax increases. The great towns are literally falling apart. Sections of the American population (youth, blacks, Chicanos, Women) have openly rebelled against a social structure which condemns them to the rank of second rate citizens. It is only a question of time before the mass of the American working class joins this rebellion” (210)

(101) The clearest indication of this changing situation within imperialism is the continual crisis of the international monetary system (IMS) established at Bretton Woods in 1945. In the period since 1945 this system has rested on the dollar and US imperialism has utilised this fact of its capitalist supremacy to invest thousands of millions of dollars in its competitor countries. However this situation was tolerable to the rival imperialisms as long as the dollar was able to provide a steady base for an international monetary system. This in turn could be achieved as long as the dollar lost its value less rapidly through inflation than other currencies. If this does not occur the dollar becomes devalued in terms of the other currencies and as such becomes no longer a stable but a risky currency to possess. Put in extremely crude terms it is this fundamental process, reflecting the decline of US imperialism that the continual crises of the international monetary system reflects.(211) Ernest Mandel has described this crisis in the following way “The international monetary system was founded...under the banner of the supremacy of the dollar (this of course reflecting the dominance of US imperialism in 1945). This system sought to escape from the dilemma that has confronted the capitalist economy since the beginning of its historic crisis
marked by the first world war; either maintenance of the gold standard with more and more catastrophic crises of overproduction: or abandonment of the the gold standard and a retreat toward economic nationalism, protectionism, and inconvertible currencies, which signifies not less disastrous consequences for capitalist international trade. The solution consisted of basing capitalist currencies both on gold and on the dollar, of maintaining stable rates of exchange, and of installing flexible rules, tolerating in reality a permanent inflation, above all when a crisis of overproduction impended, in order to avoid a new 1929. So long as the inflation remained moderate... the system functioned to the satisfaction of all the imperialists. Already at that time, it is true, the arrangement signified an ever more ruinous indebtedness for the semi-colonial countries... but that the great should exploit the small is the most natural of all things in the capitalist world. No imperialist complained about the deficit in the United States balance of payments in the fifties - and with reason! Without this deficit, the system invented at Bretton Woods would not have been able to function. The capitalist expansion would have died for lack of dollars and gold, that it, of means of international payment. Things began to turn sour not because of inflation of the dollar - that had been going on uninterruptedly for thirty years. Things began to turn sour when the decline in buying power of the dollar became greater than that of other currencies, when the rest of the world's holdings in dollar expanded out of all proportion to the rapidly diminishing stock of gold held by the US. ” (212)

(102) The second significant symptom of the change in the relationship of forces between the imperialist powers is the increasing competition via the export of capital. This is occurring both within the United States and in 'old' preserves of US imperialism such as Latin America. (213) For twenty years after the Second World War, US imperialism completely dominated the export of capital. In 1957-60 for example its export of capital was twelve times as high as the combined capital exports of Germany, Italy and Japan. By 1968 the difference was only four times and the rate of increase of Japanese export of capital was 400% over this period and the rate of increase of German capital 300% while American export of capital had actually fallen since the first years of the 1960’s. (214) This export of capital is extremely significant when considered in relation to the enormous trade surpluses gained by the chief rivals of US imperialism. Italy, Germany and Japan for example in 1969 had a current account surplus on foreign trade of over 6,000 million dollars and the accumulated surplus over the years 1966-69 was over 20,000 million dollars (215) It is quite clear in this situation that we are entering a period of renewed inter-imperialist rivalry which in itself is the symptom as we noted in the previous section, of changes in the accumulation process itself. The continual friction between the United States and Japan is merely one sign of this and the American protectionist measures taken at the time of the dollar devaluation are merely symptoms of what is to come. Given any significant downturn in the world economy a feverish growth of hostility, protectionism and militarism, particularly in states such as Japan, is inevitable. Although in the last analysis it is probable that the imperialist states
will find the danger of revolution sufficient to prevent them falling out completely, it should not be forgotten that Lenin stated that our epoch was not simply one of revolutions but also of wars. Certainly in the Far East, at least military expansion of Japanese imperialism aimed at cutting out rival capitalisms, can in no way be ruled out.

(103) The increase in inter-imperialist rivalry is, as we noted, merely a symptom of growing crisis within the accumulation process, "a fall in the rate of profit calls forth a competitive struggle and not vice versa," (216) and a situation of prolonged accumulation with little or no increase in the organic composition of capital is in fact an impossible one for capitalism to sustain. It exerts an enormous upward pressure on the need for labour power and thereby threatens continually to cut into the rate of exploitation. This trend continues even though for a period it could be offset by the absorption of new groups of workers - women in every country, refugees in Germany, agricultural workers in Japan and Italy, immigrant workers in Britain and virtually every European country - into the capitalist productive process. It was precisely the inability to utilise such measures of cheap labour on an internationally competitive scale that helped accent the crises of British and U.S. imperialisms. This problem of such effects of accumulation without a significant rise in the organic composition of capital can only be overcome by sustained attacks on the working class which increase for a period the rate of exploitation. However such measures carried out against a strong proletariat in a period of what is still relative capitalist stability, provoke massive explosions. Thus for example the de Gaulle regime of France led ultimately only to the 1968 upheaval. The only other way of overcoming the problems of accumulation with a limited supply of labour and no increase in organic composition would precisely be to increase the organic composition of capital. But this would mean that the given rate of exploitation would be insufficient to sustain the given level of profitability with consequent checks in the accumulation process. It is therefore clear that despite the 'stabilisation', the capitalist system still moves within insurmountable contradictions. From the early 1960's onwards the system was clearly moving into a period in which the fundamental contradictions within the production process were once again beginning to appear on the surface of the economic movement. In particular a crisis within the production process will reveal itself as an acute crisis in the area of realisation. Thus, as Jacques Valier has noted, "Since the 1960's a crisis has appeared within the capitalist system both at the level of the creation of surplus value, and in its realisation. At the level of the production of surplus value the increasing combativity of the working class has raised severe obstacles to any increase in the rate of exploitation, or even of the maintenance of the existing one. This has led to the partial breakdown of the policy of 'integrating' the trade unions into economic 'planning'........ At the level of the realisation of surplus value contradictions have clearly emerged in such important
fields as armaments. (217) These contradictions in the field of realisation are of course, as we noted, inevitable once a crisis in the sphere of production sets in. This is particularly important because, as we have already noted, the epoch of monopoly capitalism indicates a tendency to the decline of the drive to accumulate with consequent continual tendency to crisis. As soon as formation of capital were to fall into the hands of a few established big capitals.......the vital flame of production would be altogether extinguished. It would die out.” (218) In this situation the role of government expenditure in such fields as armaments is an extremely important part of the realisation of surplus value, and becomes the more so as the law of the increasing mass of profit coupled with a declining rate of profit continues to operate. However, once a crisis sets in in the field of production the level of expenditure previously sufficient to overcome the problem of realisation under monopoly capitalism is no longer sufficient. To have the same stabilising effect under the new conditions a far higher rate of expenditure would be necessary. However the value necessary for such an increase in expenditure cannot be found from the profits of the capitalists precisely because the crisis is indicated by a fall in these profits and the only way out of the crisis is to increase them. However, if one of the origins of the crisis is the resistance of the working class to the existing or rising rate of exploitation, then it is unlikely that the additional value can be extracted from this field. Temporary expedients such as debt and creation of inflation contain their own internal contradictions as we have already noted. The crisis within production therefore also manifests itself in an inability of imperialism to finance the new levels of armaments required, and any attempt to find such finance either increases to breaking point the contradiction in such fields as inflation and therefore the international monetary system, or provoking increasingly fierce clashes within the working class, or most likely, it succeeds in creating both those problems simultaneously. It is precisely this pattern which has emerged in the course of the Vietnam war. Valer describes this as follows, "The stabilising effects of armaments production begin to decline from that moment when, already having achieved a massive level, the armaments expenditure which would be necessary for a new "lease of life" for the boom is accelerated to a point even beyond the colossal resources of U.S. imperialism.....The rise in the class struggle however imposes a definite 'social' limit to the extent to which it would be possible to extract the sums required for such expenditure from the working class..... This crisis is rendered still more profound by a crisis which also sets in the field of private expenditure which accompanies.....the stagnation of employment in the industrial sector..... In addition there is a shortage in demand for means of production due to the fact that the tendency to accumulate shows itself more in a change in the form of investment rather than an increase in quantity. It is the monopolies themselves, rather than new firms, which utilise the technological innovations. (due
to in particular the increase in minimum capital expenditure associated with advanced technology. - JR). In consequence the innovations utilising new technology are used to replace old methods of production rather than to add to net capital. These difficulties which begin to appear in the sphere of realisation create also the exacerbation of inter-imperialist competition and, as a further consequence, an increased export of capital.....as can be seen most clearly in the movement of American capital into Europe and the creation of the Common Market. But this exacerbation of inter-imperialist competition and the increase in the internationalisation of capital movements creates further contradictions because it renders absolutely vital a struggle by the bourgeoisie against inflation as it makes ever more pressing the problems of relative costs of production, and by so doing it reduces the possibilities of temporarily raising the rate of return on capital via inflation. The political consequences of this are the adoption by the bourgeoisie of a double policy of integration and repression against the workers organisations....This double policy, which is a sine qua non for the organic development of capitalism, however creates fierce resistance inside the working class....and this struggle precisely prevents the possibility of just such an organic development (219)

(104) It is therefore clear that the crisis with the process of production rapidly creates all the phenomena - increased competition, export of capital, unemployment, overproduction, crisis of the monetary system strikes - of a period of capitalist crisis within the imperialist countries. As was noted in 1971 “The deteriorating condition of the international capitalist economy can particularly be measured by two phenomena which have appeared to a wider extent than at any time since the boom created by the Korean war. These are rising unemployment and the prolonged refusal of the big monopoly trusts to increase their investments in response to monetary ‘incentives.’ The total number of unemployed in the seven principal imperialist powers must be near 10 million today, a larger figure than at any time since World War 2 (5 million in the U.S., 1.5 million in Italy, 1 million in Japan, 800,000 in Great Britain, 700,000 in Canada, 500,000 in France. Only Germany has escaped this disease. In addition the rise in monetary prices of goods has increased the burden on the working class.” (220) The response which the capitalist governments attempt to make to this is of course the traditional Keynesian one of increasing ‘effective demand’ via inflation. However it is precisely at this point that the Marxist analysis of the source of crisis being within the productive process itself, and not in the sphere of circulation re-asserts itself against all ‘neo-Keynesian’ explanations and panaceas. “Capitalist governments continue to rely on Keynesian and neo-Keynesian techniques to fight the recession.
In the last analysis these techniques amount to a single factor: the creation of inflationary buying power. This technique enables the cumulative effects of the recession to be (partially) avoided. The recession is stopped at certain stage (at the price of a new inflationary push and a further deterioration of the international monetary system when it draws the system’s reserve currency - the dollar- into the whirlpool), but the creation of inflationary buying power does not bring about an automatic increase in industrial production. This is the second fundamental weakness of Keynesian practices besides generating inflation.” (221) The reason why Keynesian techniques do not raise the level of production is because, despite the views of the vulgar Marxists, the fundamental problem does not lie in the sphere of circulation at all but in the sphere of production. So long as the inter-relation of the organic composition of capital and the rate of exploitation is not sufficient to generate a rate of profit necessary for the rate of accumulation required to get out of the crisis situation, no amount of increased demand created in the sphere of circulation will solve the problem. Thus “In the USA, although money in circulation has been increased by 6% in 1970, industrial production has stagnated or fallen back. During the first quarter of 1971 the amount of money in circulation has been increasing at an annual rate of more than 11%, but industrial production in response to monetary stimulants are not difficult to find. The level in industrial production depends essentially on productive investment. Under a capitalist regime the productive investment of the great monopolies is a function both of market tendencies and of fluctuations in the rate of profit. To make the trusts increase their investments, an expanding market and a predicted increase in the rate of profit are necessary. When the rate of profit is low, and there is excess productive capacity in numerous spheres of industry, even an important expansion of the market will not bring about an increase in productive investment when there is no tendency bringing about a change in other factors.” (222)

The response of the capitalist governments to this crisis will produce not simply a change in techniques of economic management, but a more fundamental shift both in their foreign and domestic policies. “The capitalists will undoubtedly react in a different way. They will concentrate on two main strategies of attempting to enlarge international outlets and of increasing the rate of profit at the expense of the working class. The enlarging of international outlets indicates a necessity of the direct involvement of American imperialism in trade with the workers states (softening of embargoes with regard of the USSR, resumption of exports to China): an accelerated penetration into the markets of semi-colonial countries; a new increase in inter-imperialist competition. The attempt to raise profit at the expense of the working class means an effort to limit or suppress the only real liberty which workers have under capitalism...the power to collectively negotiate their wages, by the introduction of some form of ‘incomes policy’. Such a policy is now advocated by practically
every section of the international bourgeoisie. For capitalism the growth in unemployment, it is hoped, will serve the purpose of ensuring the more or less passive acceptance by the working class of the curtailment of wages. The accelerated integration of the union leaderships into the bourgeois state is calculated to achieve the same result. If the unions show themselves to be too recalcitrant, i.e. if the growing combative nature of the workers forces the union bureaucracy to resist, then anti-union and anti-strike legislation should serve to put right this 'lack of understanding'."

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It would of course be entirely incorrect to conclude from this analysis that one must adopt a 'catastrophist' perspective and that temporary upturns are not possible. On the contrary, most of the fundamental elements creating the relative stabilisation are still in operation - albeit in an attenuated form and meeting, as we noted, with increased internal contradictions. Nevertheless imperialism has clearly reached a period in which the relation between the fundamental determinants of the rate of profit is such that quite minor shifts in the rate of exploitation, or in the medium term in the organic composition of capital, can produce marked swings in the accumulation process. Therefore even more clearly than at most periods, the 'objective' development of the economic system cannot be considered independently of the 'subjective' question of the class struggle. The dynamics of the world economy will be determined in an extremely concrete sense in the coming period by the ability, or lack of it, of the ruling class to maintain and extend the rates of exploitation it has enjoyed in the post war period.

(105) If however it is incorrect to adopt a 'catastrophist' perspective for the imperialist states themselves, nevertheless as far as the colonial and semi-colonial world is considered the crisis of advanced imperialism will lead to an immense exacerbation of contradictions. The colonial economies are now far more integrated in the world economy than they were during the 1930's, and the strategy of practically every native bourgeoisie now lies entirely within the perspective of using foreign capital to industrialise the economy. This is particularly the case in Latin America where, due to the constant fall in the price of raw materials relative to manufactured products, causing a fall in the relative rate of profit in primary industries, there has been a remarkable shift of investment towards industrial sectors of the economy. This has particularly been led via the creation of joint firms between native and imperialist capital (which of course had the effect of tying the 'native' bourgeoisie still more tightly into imperialism.) Mandel has noted this phenomena as follows. "To give a few examples: in the north-east of Brazil, just in the last few years, the following imperialist firms have established subsidiaries (generally in association with Brazilian capital): General Electric, Dow Chemical, Union Carbide, Pirelli, Phillips, Robert Bosch, General Foods, Fives-Lille, Societe europeenne d'expansion horlogere, etc."
“The Capuava petrochemicals complex in Brazil has been created with the participation of not only the World Bank, but the Bank of Worms and the Banque Francaise du commerce exterieur. Shell of Brazil is also to contribute a plant. Badische Anilin has just taken a 60% share in one of the major Brazilian chemicals companies, Sarrinil. The Brazilian chemical group Mantiquera has associated with the American trust, FMC Corporation, and the British trust Laporte Industries Limited. Pechiney is collaborating with the Brazilian ASA to establish an aluminium factory near Recife.

“The joint venture’ formula has been universally extolled as the best way of ‘overcoming nationalistic resistance to foreign capital.’ In fact, as expressed by the typical representative of big Brazilian capital, Roberto do Oliveira Campos, national shareholders are ‘extremely interested’ in the possibilities of such collaboration.

Comrade Vitale, in his pamphlet, Y después del Cautro, Que? (Ediciones Prensa Latinoamericana, Santiago do Chile), quotes an impressive list of joint enterprises created in the last few years in Chile: Rockwell Standard has associated with two Chilean companies for the production of spare parts for cars: General Motors has associated with Automotora del Pacifico; Philips, RCA Victor and Electromet have invested in the Chilean electronics industry, Phizer and Parke-Davis om pharmaceuticals, and so on, (p.27). Vitale quotes an article in the review Punto Final which states that out of the 160 most important Chilean firms, more than half have foreign shareholders.

“The immediate result of this change in orientation of imperialist investment has been a growth in the proportion GNP deriving from industrial production in a whole series of Latin American countries. This is clearly not a uniform movement. It has scarcely touched the Central American countries, Paraguay or Ecuador. In Argentina it was sharply restricted. Nevertheless, in the fourteen years from 1953-1966, there was a marked change in a whole series of cases.

“It is clear that this increase of the proportion of industry in GNP, resulting from the increase in investment of foreign capital in the industrial sector has been accompanied, not by a reduction, but by an increase in the economic dependence of these countries in relation to imperialism. This increase in dependence can be illustrated by the following phenomena:

- All the machinery and a large part of the raw materials necessary to industrialisation have to be imported. Because of this, the dependence of the economy on income from exports (still essentially of primary products) (1) is accentuated, and all new deterioration in the terms of trade provokes an abrupt halt in industrialisation, with all the convulsions that follow from that.

- A large part of the real resources which finance foreign investment are mobilised on the spot, thereby draining the capital market and retard-
ing primitive accumulation of ‘national’ capital.
Under the impulse of private foreign capital, industrialisation causes not only a continual outflow of dividends, interest, etc., but also a continual influx of technicians and highly-paid directors, who in their turn accelerate the net outflow of income from these countries.

"For example,. in 1967/68, six Latin American countries (Brazil, Mexico, Argentina, Columbia, Venezuela and Chile), which are also the most industrialised in the continent, were paying out over 25% per annum of their total income from exports as return on foreign investments and the foreign debts they had contracted. (International Monetary Fund: Balance of Payments Yearbook, vol. 20)." (224)
The net result of this process has been summarised for Peru by Quijano as follows but his remarks in fact are applicable to all the Latin American countries in which the process described above is occuring. "The dependent status of industrial production...is evidenced not only by the dominant participation of foreign capital...but also by the appendage like nature of its technology and its orientation with respect to the industry of the metropolitan countries....urban industrial activity is becoming the new axis of imperialist domination in the most important countries of Latin America, at the very moment when this activity is also becoming the dominant sector within the dependent economic structure."

This whole situation is however completely dependent for any semblance of stability on the state of the international economy. As we noted in part one, the operation of the law of uneven and combined development imposes on such industrial development a scale of production which cannot possibly be sustained by the internal markets of the semi-colonial and semi-industrialised states. Attempts are made to attempt to overcome this by moves towards a Latin American common market; these enterprises can therefore only be profitable if they can be used in the world market. Any contraction of this market will therefore have catastrophic consequences for these economies and a wave of revolution against this is inevitable. (226)

(106) As we have already noted however a new wave of colonial revolution would come at a time when United States imperialism was far less able to deal with it than it has been in the past. The exacerbation of the crisis creates therefore both a greater likelihood of an upsurge in the colonial revolution simultaneously with a reduced ability of US imperialism to cope with it. This situation necessitates the US to turn to more indirect methods of suppression. This essentially consists of two axes. One is the building up of a ‘sub-imperialism’ such as Brazil, Israel, the Congo, India, etc., which can carry on the old role of the US. The second is to unite these elements into common counter-revolutionary alliances such as that being prepared between India, Ceylon and Pakistan. Thus the so called ‘Nixon’ doctrine in no way means an abandonment by the US of its aim of destroy-
ing the colonial revolution, it simply means that it will rely less on direct interference and generalised propping up of regimes, and more on the nurturing of certain bourgeoisies which can be utilised to police whole areas or continents. The second axis of US policy is to ensure that the Chinese and Soviet bureaucracies do not carry out manoeuvres which unleash movements which get out of their control. This means making a detente with Moscow and Peking. It is this counter-revolutionary aim, enforced by underlying movements in the world economy and not reflecting at all a 'peaceloving' or 'democratic' faction within the American ruling class, which explains the startling turn about in US policy towards China. The growing internal weakness of US imperialism forces it to closer co-operation with the counter-revolutionary bureaucracies. It is however, unlikely to be successful by these means in securing its goals. What it cannot achieve by direct military intervention it is bound to fail in its diplomacy. The Vietnam War has been the most important international confrontation in the world between imperialist forces and anti-imperialist and anti-capitalist forces in recent years. The struggle against the Vietnam war has been the principal unifying force of the radical opposition movement against capitalist power in the US during the same period. In this context students, national minorities, trade unionists, feminists, radicalized workers, have been able to find a common objective in the struggle clearly directed against the interests of Capital and the bourgeois government in the US.

"The deep divisions within the American bourgeoisie on the conditions for ending the Vietnam war reflect the dilemma with which imperialism is confronted on the world scale. An immediate retreat of US troops from Vietnam in exchange for a liberation of American prisoners by the DRV would be regarded by the Vietnamese masses and the masses of SE and S Asia as a colossal military, political and social defeat of imperialism. The expansion of the revolutionary process in the Indian peninsula would receive powerful encouragement from such an outcome. Imperialism's efforts are therefore concentrated on attempting to carry out a retreat in conditions which make the encouragement of revolutionary movements as limited as possible. Since the Soviet bureaucracy no longer wields enough prestige with Asian revolutionaries to effectively be able to betray their struggle, a wing of the American bourgeoisie wants to involve the Maoist bureaucracy in this task. This is the meaning of the ping-pong diplomacy between Washington and Peking.

"From the beginning of the Sino Soviet conflict we have explained the fundamental source of the conflict not in terms of Mao's personality, nor in terms of the greater poverty or riches of one or the other wing of the bureaucracy, and still less by the more 'stalinist' character of Mao in relation to the leaders of the Soviet bureaucracy. The essential origin of the differences is to be found in the fact that imperialism has accepted a relationship of peaceful co-existence with the Kremlin, but has up till now refused to do the same with Peking. The relationship of the Maoist bureaucracy to

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imperialism on the one hand and to the masses on the other is fundamental
determinant of the situation. It was obvious that during the whole of the
‘60’s these two relationships differed only quantitatively and not qualita-
tively from that of the Soviet bureaucracy its various guises of Stalin,
Khrushev and Brezhnev. This analysis has been confirmed by many tests -
the Sino Indian military conflict, Vietnam, the struggle in Latin America,
May ’68 in France, intervention of the Warsaw pact armies in the Czech-
slovak Socialist Republic, and in the struggle of the Palestinian people.

"From the time when imperialism began to show its desire to establish
relationships of peaceful coexistence with Peking, commercial exchanges,
even ‘good neighbour’ relations similar to those it maintains with Moscow,
one of the constant factors which determined the more radical and ‘leftist’
behaviour of the Maoist bureaucracy (and of orthodox Maoist groups
through the world) began to disappear. Mao’s international politics
went through an evolution to the right. The cynical betrayal of the
Bengali people’s struggle for self determination, the no less cynical help ex-
tended to Madame Bandaranaike’s cabinet (which has in fact made the
Maoist bureaucracy enter into a Popular Front with Washington, London,
Moscow Belgrade, New Delhi and Islamabad) are not isolated incidents.
At the same time as courageous young Maoists are being persecuted in Iran,
the Shah’s sister is received with great pomp in Peking and her brother
feted as a ‘fighter against Imperialism.’ To buy the establishment of
diplomatic relations with different semi-colonial governments in Africa,
Peking has not hesitated to grant them a certificate of ‘non alignment’
even of being ‘progressive’. This even extends to the bloody counter-
revolutionary government of the Cameroon. From the latest news, Peking
would approve the entry of Britain into the Common Market in order
to reinforce ‘Europe,’ capitalist and imperialist but that’s a secondary
contradiction which Mao can brush aside, against the principal enemy, US
imperialism. As for this principal enemy, Mao would gladly do business
with it as soon as it shows itself willing to negotiate.

"When Stalin went over from the ‘3rd period’ to the Popular Front policy,
than to temporary alliance with Hitler, and finally to close collaboration
with western imperialism, the international working class experienced the
blackest phase of defeats and setbacks in its whole history. The Soviet
working class was prostrate and demoralized with no perspective of auton-
omous action. The menace of fascism hovered over the whole world and
obscured in the eyes of large sections of the proletariat the true counter-
revolutionary meaning of Stalinist policy. Today the right turn of the
Maoist bureaucracy takes place in a completely changed world context.
An impetuous growth and not a recoil of world revolution is taking place.
It’s not a period of temporary stabilization, but on the contrary, one of a
new heightening of the general crisis of the imperialist system. Under
these conditions the counter-revolutionary effects of Peking’s rightist
politics will be more limited than the equivalent politics of Moscow in the
'30s and '40s. From this fact stems Washington's doubts on the ability of Peking to effectively stop the revolution in Asia, even if Mao was prepared to give every guarantee on the subject. In countries like Thailand, Burma, Malaysia, Philippines, where the movement is still weak and therefore depends closely on the political, military and material aid of Peking, the rightward turn of the Maoist leadership could temporarily throw back the revolutionary process. In Vietnam, India, Ceylon and Indonesia, where the anger, experience and consciousness of the masses is already far advanced, the chances of US imperialism succeeding by diplomatic ping-pong are much more limited.

"In any case imperialism's defeat in Vietnam would have much too stimulating consequences on the international upsurge of the revolution to be neutralised by the confusion which the right turn in Chinese policy will cause in some quarters. For a decade a new revolutionary vanguard has been formed and reinforced throughout the world and exists to some extent independently of the traditional leaderships of the mass movements. Inside this vanguard Trotskyists and Maoists are the principal organised currents. If the rightest course of Peking defines and reinforces itself, it will be the international Maoist current which will decompose. The whole sincerely revolutionary wing will abandon it and it will become reduced to a hard core of bureaucrats irremediably attached to a 'state guide'. This will present a tremendous opportunity for building the Fourth International." (227) However of course the political domination of the Peking and Moscow bureaucracies will not be broken automatically. If the Fourth International cannot be built as a mass revolutionary international then a defeat of the revolution will once more allow imperialism to stabilize itself on the bones of the workers and peasants. Trotsky's view is just as true as ever when he wrote that "The world political situation as a whole is chiefly characterised by a historical crisis of the leadership of the proletariat." (228) To understand this crisis it is necessary to examine also the crisis of the main political obstacle to world revolution within the workers' movement i.e. Stalinism.
Section 5: The Crisis of Stalinism

(107) In all their writings on the Dictatorship of the Proletariat, Marx and Lenin ridiculed those who believed that somehow the simple act of revolution would solve all the problems facing humanity. Marx on the contrary spoke of a society "as it emerges from capitalist society; which is thus in every respect, economically, morally and intellectually, still stamped with the birth marks of the old society from whose womb it emerges." (229) The main "birth marks" of this new society are economic inequality, cultural backwardness of the masses who have been systematically deprived of knowledge, education, etc., under capitalism, bureaucracy, remnants of bourgeois ideology such as racism, sexism, the existence of whole layers such as specialists, teachers, etc., who are still deeply imbued with capitalist ideas, and the continued existence of elements of small scale production. Historically speaking by far the most dangerous of these has turned out to be the bureaucratisation of the state apparatus.

(108) In his early writings Marx had analysed the nature of bureaucracy as follows: "The bureaucracy ... is founded on the separation of state and civil society ... The bureaucracy has the being of the state ... in its possession, it is its private property. The general spirit of the bureaucracy is the official secret, the mystery ... Conducting the affairs of the state in public, even political consciousness, thus appears to the bureaucracy as high treason against its mystery. Authority is thus the
principle of its knowledge, and the deification of authoritarianism is its credo ... As far as the individual bureaucrat is concerned, the goals of the state become his private goals: a hunting for higher jobs and the making of a career ... Hence the bureaucrat must always behave towards the state in a Jesuitical fashion, be it consciously or unconsciously ... The bureaucrat sees the world as a mere object to be menaged by him." (230)

However as far as bureaucracy and the workers state is concerned: "There can of course be no thought of abolishing the bureaucracy at once everywhere and completely. That is utopia." (231) A technically defined bureaucracy is needed for a whole period in the apparatus of the state, in the management of the economy, etc. Furthermore, as we noted in Part Two, the lower the level of the development of the productive forces, the more pronounced are the trends pressing towards the bureaucratisation of the state. It is for this reason that Lenin in the last years of his life devoted his greatest energies, in consort with Trotsky, against the bureaucratisation of the Soviet State. (232)

(109) All the tendencies towards bureaucratisation which we have already noted were enormously enhanced in the context of the way in which the USSR came into existence. The essential premise of the Bolsheviks seizure of power in 1917 had been the conception of the Russian Revolution as primarily the starting point of the world revolution. It was the fact that Russia was the 'weakest link' in the world capitalist system, and not that it was the country most suitable for the dictatorship of the proletariat, that led to the first workers state in the world being established in the USSR. Not merely could the tasks of the revolution not be accomplished within national boundaries, but also the economically underdeveloped nature of Russia, right from the beginning of the revolution, imposed immense contradictions. As Lenin noted: "It was easier for us to start the revolution, but it is extremely difficult to continue and consummate it. It is terribly difficult to make a revolution in such a highly developed country as Germany with its splendid organised bourgeoisie, but all the easier will it be to triumphantly consummate the socialist revolution once it flares up and spreads in the advanced capitalist countries of Europe." (233) From the moment of the seizure of power onwards the Russian workers state was caught in the terrible contradictions created by its isolation. The creation of the Red Army allowed the USSR to survive the allied interventions and the civil war. The first four years of the Revolution however crippled the Soviet State. The size of the industrial working class in 1921 was almost 40% lower than in 1913 and industrial output was 69% and steel production 95% lower. The complete paralysis of production is indicated by the fact that traffic on the railways had fallen by 66% in three years. (234) In this situation of crisis the Bolsheviks were forced to make a tactical retreat and introduce the New Economic Policy (NEP) which gave important concessions to the peasantry and to petty and foreign capitalists. The social forces represented by these groups were of course a
permanent threat to the revolution and led to continual counter-revolutionary attempts. All the parties of the bourgeoisie were of course from the beginning opposed to the workers state and eventually also the Mensheviks and Social Revolutionaries passed to the side of open counter-revolution. The Bolsheviks were forced to suppress all opposition parties and eventually, after the Kronstadt uprising, to ban all factions within their own party. Every single one of these was an extraordinary measure dictated by war and economic chaos in a situation where no other options seemed open. Furthermore, even to regain the level of economic production of 1913, the Bolsheviks were forced to introduce a rigorous system of one man management of factories. The USSR by 1921 was a state in which the rule of the Party was unchallenged. However at this date the political character of the state had not become completely fixed. The Bolshevik party was still pre-eminently a workers party in politics and social composition and a fully hardened bureaucratic layer had not yet fully emerged.

Beyond doubt the spread of the revolution into other countries, particularly advanced capitalist ones, would have led to a revival of the political regime of the USSR. However, at this point it was precisely the interaction of subjective and objective developments which determined the course of events. From 1923 onwards the greatest political obstacle within the working class movement to revolution was precisely the bureaucracy of the USSR which consolidated itself ever more firmly on the basis of the defeats it had created. It was this series of immense defeats of the international revolution that in the last analysis was the source of the bureaucracies unchallenged position. As Trotsky put it: "It is only a succession of the most terrible and depressing defeats throughout the world that has stabilized Stalin's regime." (235) It is in this sense that we can say that the bureaucratisation of the USSR was not inevitable. It is the internal and international policy of the state, just as much as the 'objective factors' which determines the degree of bureaucratic ascendency. As Mandel puts it: "We know as Lenin did, that the complete disappearance of all functionalism and all bureaucracy, i.e. the carrying out of all the functions of leadership by all producers in turn is impossible in the first days after the revolution in any country in the world... Thus we know that there was already a certain bureaucracy in the USSR in 1918 and that there will be one in any country after the victory of the proletarian revolution... But what separates us from the 'objectivist' is that, like Lenin, who passionately defended this point of view in the last years of his life, like Trotsky, and like the best Soviet Bolsheviks, we are convinced that this ebb is not inevitable, and that the growth of bureaucratic degeneration can be stopped by well-advised action on the part of the subjective factor.

Neither the national nor the international relationship of forces is unalterable. After the defeat of 1923 (in Germany), there were possibilities of victory in China in 1927, in Germany in the beginning of the 1930's, in Spain and in France in 1936."

(110) Once the inter-relation of
subjective and objective elements in the process of bureaucratic degradation is understood, then it is possible to reject two false theories concerning the formation of the Stalinist bureaucracy. The first false analysis is the 'subjectivist' view. This theory, which is usually used as a cover by certain sections of the bureaucracy itself, states that the problem of bureaucracy is one of 'red tape', 'incompetence', etc. Thus they fail to analyse that: "The bureaucracy is not a technical but a social category."

(237) For those who hold this view "the bureaucracy is the result of psychological and moral, instead of social phenomena. It is a question of habits, manners and customs: to prefer to sit in an office rather than move around where work is actually being done; to use a rough commanding tone with workers; to be 'aloof from the aspirations of the people'; to show 'scorn for manual work,' etc., etc. The 'theoreticians,' "As representatives of a tendency of the bureaucracy are incapable of continuing the road all the way to Bolshevism." (239) Thus for example in the case of Russia neither "Malenkov, Mikoyan, or Khruschev represented, even indirectly, a proletarian tendency in the CP of the USSR." (240) At various times the bureaucracy needs men who are less obviously apparatchiks.

Thus of the obvious stooges of the apparatus "It is excluded that any one of them should play the part which Tito, Gomulka or Nagy played, that of popular and centrist leaders of one wing of the bureaucracy, channeling for their own benefit the masses hostility against the bureaucracy as a whole." (241) Thus for example in the case of the Polish demonstrations of 1970 "The election of Gierek to the post of first Secretary of the Polish Party and the removal of Gomulka was the result of an intuitive response by the bureaucrats. The size of the workers movement drove them into a panic and in order to maintain their privileges they felt compelled to unite behind a leader known for his factional 'neutrality' and who despite a perfect bureaucratic past had nevertheless managed to retain a relative degree of popularity." (242) Such elements within the bureaucracy frequently indulge in populist gestures such as stressing their proletarian origins and visiting factories to discuss on 'equal terms' with the workers.

(243) However, all these gestures and manoeuvres are simply designed to safeguard the long term position of the bureaucracy and not to overcome it.

(111) The second mistake, which in practice usually leads to the same political practice as the first, is the 'objectivist' theory of Deutscher, Nove and others. This view correctly analyses the bureaucracy not in terms of psychology, but in terms of the social pressures created by the isolation of the Russian State, and therefore ultimately in the defeat of the world revolution. This theory then also correctly notes that: 'The fundamental change in the international situation and in the internal situation within the USSR, characterised on the one hand by the world wide successes of planification which made the USSR the second industrial power in the world, destroyed the objective bases for the full power and sway of the
Soviet bureaucracy.” (244) This tendency had been outlined as early as 1933 by Trotsky, when he noted that “the economic and cultural rise of the toiling masses will undermine the bases of bureaucratic domination.” (245) This objective base of bureaucracy however cannot be taken to imply that there will be an automatic removal of the bureaucracy as the productive forces of the USSR rise. This is the ‘objectivist’ deviation... They say: Russia was a backward country; the proletariat was weak, lacking skills and culture. It was thus unable to manage industrialisation. So it inevitably had to be handled by a bureaucracy... Hence the objective necessity of the bureaucratic dictatorship, which disappears with the historical conditions which gave rise to it. The Trotskyist, the Marxist, analysis of the phenomena of the bureaucracy is opposed to these two wrong conceptions” (246) It is absurd to believe that bureaucratic apparatuses with an unprecedented degree of power will simply whither away just because there has been a rise in the productive forces. All the vacillations of the Soviet bureaucracy since its birth reflect not its ‘self-reform’ but on the contrary its desperate attempts to maintain its power.

(112) If there are important differences within Marxism regarding the analysis of the bureaucracy, nevertheless no school of Marxism before 1917 had ever anticipated anything like the Stalinist degeneration of the USSR. Even the workers state in 1920-21 did not in the slightest resemble the various “norms” for workers states drawn up by the utopians of the Second International. Precisely the question which was raised was; what is the nature of this state? What are the laws of its dynamics? One particularly superficial but very common way of analyzing the the Soviet economy is to examine purely the juridical relations of nationalisation. This framework of analysis, which leads to absurd positions such as that the countries of Egypt or Syria is a workers state, is usually accompanied by banal concepts such as that nationalised industries under capitalism are ‘islands of socialism.’ Trotsky however regarded some equation that formally nationalised economy = workers state as completely superficial. He noted that “It is necessary to distinguish the real from the supposed forms of property, i.e. from juridical fictions.” (247) In this of course he was simply following Marx, who stated that, “To try to give a definition of property as of an independent relation, a category apart, an abstract eternal idea, can be nothing but an illusion of metaphysics or jurisprudence.” (248) Therefore although “The proletarian revolution nationalised capitalist property. The question arises: cannot this nationalised property itself degenerate into a fiction.” (249) The nature of the property can only be decided by an investigation of the production relations of the society. The second confusion, which is dealt with below, is the attempt to analyse the Soviet economy not in terms of an economy under the dictatorship of the proletariat, but in terms of a fully developed socialist economy. This fault can and usually does lead to positions such as that because wages exist in the USSR therefore it must be a capitalist state. However, even if we leave
aside the alternatives, there can be no doubt that the debates regarding the
class nature of the USSR broke out almost as soon as the October revolution
was completed. For the Mensheviks the position was simple. For them it
was impossible to have a workers state in anything other than an advanced
capitalist country and therefore it must be the case that the USSR was a
capitalist country. However, three significant main positions rapidly emer-
ged which can roughly be described as the Social Democratic, and
anarchist/syndicalist and the Marxist. The anarcho-syndicalist and the
Social Democratic theories, however, as one would expect, are just varia-
tions on the same theme. For the social democratic theory the essential
question was the nature of the authority relations of the state apparatus,
or, put in non-technical terms, whether ‘democracy’ existed or not. Thus
for example Kautsky held that “The dictatorship of the proletariat . . .
(is) a condition which inevitably arose in a real democracy, because of the
overwhelming numbers of the proletariat.” (250) The anarcho/syndicalist
variant of this theory is simply that it makes the essential question not the
authority relations of the state, but the authority relations of the factory.
On this criteria the essential question is whether the workers manage the
factories or not. The essential identity of both these theories is the con-
fusion of authority relations (forms of state apparatus, forms of manage-
ment structure) with Production relations (i.e. the mode of production
existing in the society.) This confusion is made explicitly in statements
such as the following which is taken from a modern anarchist publication
expounding the theory of ‘state capitalism’. The author simply
speaks of “the authority structure which the relations of produ-
cution embody and perpetuate in all class societies”. This method of
analysis is of course entirely incorrect. A Marxist analysis starts with
the production relations, and it is these which define the nature of the
society, i.e. “The class nature of the state is... determined not by its
political form, but by its social content; i.e. by the character of the forms
of property and productive relations which it guards and defends”(252)
The question which must therefore be asked is: What are the production
relations of the Soviet economy?

i) The nature and crisis of the Soviet Economy.
(114) It is not possible here to give a full account of the Marxist analysis of
the transition from capitalism to socialism. (253) It is necessary however to
sketch in the outlines in order to be able to make a concrete analysis of the
USSR and the other workers states. In order to do this we must proceed
as we have already noted, via an analysis of the production relations of
society. The object of study is therefore “the aggregate of these relations
in which the agents of production stand with respect to nature and to one
another and in which they produce." (254) The first point which must be analysed is the material elements of production. This however presents no particular problem as these elements - labour, raw materials, means of production - are obviously common to all modes of production. (255) Furthermore all of these elements create wealth in the form of use value, (256) and use values are produced in every society. (257) This production of use values as material elements is conceivable even by a totally isolated individual; (258) But any real development of the productive forces can only take place through a division of labour and thereby through a society. (259) Once production within society is postulated however then there exist at least two elements of the production process. One is the relation to the material elements of production, the other is the social relations of production. (260)

(115) If however any mode of production incorporates a division of labour (261) then clearly the problem arises of how the social labour time necessary in production is to be allocated. This allocation clearly demands some social mechanism which may in the first instance be extremely simple (261) but which, although its form may alter, cannot be done away with in any society (263). Such a social regulator would have to exist in even a socialist or communist society. (264) The question of the nature of this social mechanism in commodity and capitalist society is precisely the object of study of Marx's major economic works. His conclusion is that "The essence of bourgeois society consists precisely in this, that a priori there is no conscious regulation of production." (265) and that the object of investigation must therefore be "The form in which this proportionality of labour asserts itself in a state of society where the interconnection of social labour is manifested in the private exchange of the individual products of labour." (266)

(116) The different social mechanisms of the regulation of the labour time of society have taken many forms - the first era of which, including slavery and feudalism, are based on relations of personal dependency and domination. (267) This era of modes of production based on personal dependence and domination is replaced by a second era characterised by "personal independence founded on material dependence" (268) The term 'personal independence' signifies that production is carried on by private producers and the 'material dependence' signifies the existence of a social division of labour with which each private producer is inextricably connected. The social form given rise to by this personal independence and material dependence is that of exchange. As Marx put "The mutual and universal dependence of individuals who remain indifferent to one another constitutes the social network that binds them together. This social coherence is expressed in exchange," (269) "Exchange, negotiated through exchange value and money, implies a universal interdependence between the producers, but at the same time the complete isolation of their private
interests.” (270) These social relations of exchange can also be termed the social relations of commodity production, for this social formation defines “The mediation between private labour . . . (by) the exchange of commodities, by exchange value, by money, which are all expressions of a single relation.” (271) It is, as is noted below, on this analysis of the commodity relation that the entire analysis of capitalism hinges and it is “the pivot on which a clear comprehension of Political Economy turns.” (272)

(117) We noted in the preceding paragraph that a commodity can only be the product of a social division of labour based on private production, or, as Marx puts it: “Only such products can become commodities with regard to each other as result from different kinds of labour, each being carried on independently and for the account of private individuals.” (273) Engels expresses the same point as follows, “What are commodities? Products made in a society of more or less separate private producers, and therefore in the first place private products. These private products, however, become commodities only when they are made, not for consumption by their producers, but for consumption by others, that is, for social consumption; they enter into social consumption through exchange. The private producers are therefore socially interconnected, constitute a society.” (274) It is this condition of commodity production which leads to the formalisation of these production relations in the institution of private property, “This material isolation of commodity producers found expression in the institution of private property.” (275) Thus commodity social relations are relations between isolated social producers and therefore, as we noted, “Exchange, negotiated through exchange value and money, implies a universal interdependence between the producers, but at the same time the complete isolation of their private interests.” (276) This point is extremely important, since, when we come to analyse capital, it is necessary to keep in mind that it is precisely the private nature of commodity production that means that while “ . . . a scientific analysis of competition is not possible before we have a conception of the inner nature of capital” (277) nevertheless “Capital does not exist and cannot exist except in the form of a number of capitals.” (278)

(118) It is necessary to differentiate very strictly between these social relations of commodity production, and the material form of things. It is use values, and not exchange values which are “properties of things that are made use of by men and express a relation to their wants.” (279) Exchange value is not a property of things, but is a social relation and “When we speak of the commodity as a materialisation of labour—in the sense of its exchange value— that itself is only an imaginary, that is to say, a purely social mode of existence of the commodity which has nothing to do with its corporal reality.” (280) In fact “The existence of things qua commodities, and the value relation between the products of labour which stamp them as commodities, has absolutely no connection with their physical properties and with the material relations arising therefrom.” (281)
“exchange value is a relation between persons” (282) and “exchange value of commodities is, in fact, nothing but a mutual relation of the labours of individuals” (283) Therefore although “Every product is, in all states of society, a use value ... it is only at a definite historical epoch in a society’s development that such a product becomes a commodity.” (284)

(119) The commodity therefore has a dual aspect. On the one hand it has material properties which give rise to its use-value; on the other it is characterised by being produced under specific social relations which define the category of exchange value. It is this which provides the general definition “Commodities; a unity of use value and exchange value” (285) and, as we noted earlier, “This twofold nature of labour contained in commodities ... is the pivot on which a clear comprehension of Political Economy turns”. (286) This point is of particular importance in the analysis of an economy such as the USSR since it is precisely on a confusion of these two aspects that the bourgeois and the vulgar ‘Marxist’ analysis of the Soviet Economy rests. For these schools of course, the analysis of the Soviet economy presents no problems. It is a capitalist economy; the accumulation of means of production is the accumulation of capital, the accumulation of means of consumption is the accumulation of ‘goods,’ there exists ‘profit’ on the industries, etc., etc. This however is the classic mistake of bourgeois economics - that of confusing social relations with things. In particular it arises from confusing the production of the material elements of the labour process which are analysed in terms of use values and which are common to all modes of production, or as Marx put are “the labour process in general” (287), with the analysis of the specific social relations of the mode of production. Marx noted this mistake as follows, “The properties, the characteristic features of the capitalist mode of production and therefore of capital itself ... are inevitably always described by the economists as the properties of objects”. (288) In consequence the economists “reduce it (capital) to the general relations of labour to its material conditions, relations which are common to all modes of production ... the economists continually mix up the definite specific form in which these things constitute capital with their nature as things and as simple elements of every labour process.” (289) However, no Marxist analysis of capitalism or of the USSR can be made without a correct understanding of the nature of the commodity, for the bourgeois mode of production is precisely “a type of production which is based on the product as commodity” (290) and “the commodity is the pre-condition and result of the production process of capital” (291), thus “In bourgeois society the commodity-form of the product of labour—or the value form of the commodity—is the economic cell form” (292) and “the simplest form of the commodity ... contains the whole secret of the money form and with it, in embryo, of all the bourgeois forms of the product of labour” (293).

In short, as Lenin puts it, “the simplest form of value, the individual act of exchange of one given commodity for another, already contains in an und-
developed form all the main contradictions of capitalism.” (294) (It is worth noting here that the most classic case of an inability to understand the difference between material things and social relations is the Cliff version of State Capitalism. Cliff holds that “The Russian economy (which he claims is capitalist) is directed towards the production of certain use values.”)

(Russia - a Marxist Analysis p. 161) Marx however had already dealt with such idiocies as that the production of use values can be the aim of capitalism. “Ricardo (and Cliff -JR) says here; wealth consists of use values only. He transforms bourgeois production into mere production of use values, a very pretty view of a mode of production which is dominated by exchange value. He regards the specific form of bourgeois wealth as something merely formal which does not affect its content.” - Theories of Surplus Value. vol. 3 p54)

(120) It is important to note however that Marx specifically notes that the commodity contains only in ‘embryo’ the contradictions of capitalist society. The reason for this is of course that although the nature of the commodity does not alter from one mode of production to another, (295) nevertheless the mere existence of commodity production itself does not define the capitalist mode of production. Commodity production has indeed existed on the basis of various modes of production. The essential feature of capitalism is the way in which the social surplus product is extracted as exchange value, for “the essential difference between the various economic forms of society, between, for instance, a society based on slave-labour and one based on wage-labour, lies only in the mode in which this surplus-labour is in each case extracted from the actual producer.” (296) Only in capitalism does there exist the extraction of the surplus product in the form of exchange value or “surplus value (i.e. a larger amount of exchange value)” (297). The result of this is that “The surplus product in its totality . . . now appears as capital . . . i.e. as autonomous exchange value which is opposed to living labour power as its specific use value.”(298) However the means of production appearing as exchange value (commodities) means that labour must also appear as the commodity labour-power.

It is this appearance of all the elements of production as commodities which characterises the mode of production and therefore “the relation between capital and wage-labour determines the entire character of the mode of production.” (299) It is important to note that it is a commodity which is exchanged because of course “Labour itself, in its immediate being, in its living existence, cannot be directly conceived as a commodity, but only labour power, of which labour itself is the temporary manifestation.” (300) These social relations of production are those in which all the elements of the labour process appear as commodities or, to put the same thing in other terms, they define a mode of production in which generalised commodity production exists for “The definite form in which the social-labour time prevails as decisive in the determination of the value of
commodities is of course connected with the form of labour as wage labour and with the corresponding form of the means of production as capital, in so far as solely on this basis does commodity-production become the general mode of production." (301) It is therefore only on the base of capitalism, where the commodity form is general, that all the contradictions inherent in the commodity can reveal themselves, since "the product wholly assumes the form of a commodity only as a result of the fact that the entire production has to be transformed into exchange value and that also all the ingredients necessary for its production enter into it as commodities .... with the development and on the basis of capitalist production." (302)

This in turn is only made possible by the fact that both labour and the means of production appear as commodities or in other words that "Labour power, as the commodity belonging to the workers, confronts the conditions of labour as commodities" (303)

(121) At this point we may summarise. It is the division of labour into separate productive units connected only by exchange which defines the social relations of commodity production and distinguishes this from the simple production of products (use values). As capitalism is a society, and indeed the only society, in which "the great mass of the produce of labour takes the form of commodities ... (and) in which, consequently, the dominant relation between man and man is that of the owners of commodities" (304), it follows that "The production of exchange value - the increase of exchange value - is the immediate aim of capitalist production." (305)

In short capitalist society is "a mode of production which is dominated by exchange value." (306) The basis of such a system is that "Labour power, as the commodity belonging to the workers, confronts the conditions of labour as commodities" (307) Once however we have a society in which all products have been transformed into commodities then the consequence is, and the precondition is, that surplus product must be extracted in the form of exchange value also. In short the form of the surplus product has become "surplus value (i.e. a larger amount of exchange value)" (308), and therefore capitalism is "a mode of production whose exclusive aim is surplus value" (309) and "The result of the capitalist production process is neither a mere product (use value) nor a commodity, that is a use value which has a certain exchange value. Its result, its product, is the creation of surplus value" (310). It is now possible to define within the generalised commodity production what constitutes capital, for although "capital consists of commodities" (311) this clearly cannot be its distinguishing feature. Instead, "Capital is a value which produces surplus value". (312) In such a situation "Surplus labour and thus surplus value, surplus production, in brief, the total result of labour (that of surplus labour as well as of necessary labour) is established as capital, as exchange value which is independently and indifferently opposed both to living labour power and to its mere use value". (313)
It is clear from the above analysis that the elimination of generalised commodity production, i.e. of capitalism, involves, as a first step, the destruction of the appropriation of the surplus product in the form of exchange value i.e. of surplus value. However of course "Exchange, negotiated through exchange value and money, implies a universal interdependence between the producers, but at the same time the complete isolation of their private interests". The destruction of these social relations is of course brought about via the introduction of planned economy, and it is this which signifies the destruction of the social relations of the appropriation of surplus product in the form of exchange values, i.e. of the category of surplus value. It is for this reason that, as Trotsky puts it, nationalised property as defined by relations of production, as opposed to a mere "juridical fiction", "stands or falls with planned economy." If however the social relations of planned production are decisive in the sphere of means of production, in the sphere of means of consumption a prolonged period of transition is necessary. Given a shortage of use values i.e. an economy not based on total abundance, some mechanism must be found for distributing these relatively scarce use values. Simple rationing is totally ineffective and only leads to the creation of black markets. On the other hand only in a fully developed economy of abundance can there be such a surplus of use values that all goods can be distributed freely according to need. Instead the basis of distribution of means of consumption is the appropriation of the necessary product, the income of the producers, in the form of equivalents for labour performed. As Marx notes, under such a system, "the same principle prevails as that which regulates the exchange of commodities, as far as this is the exchange of equal values. Content and form are changed, because under the altered circumstances no one can give anything except his labour, and because on the other hand, nothing can pass to the ownership of individuals except individual means of consumption. But, as far as the distribution of the latter among the individual producer is concerned, the same principle applies as in the exchange of commodity-equivalents: a given amount of labour in one form is exchanged for an equal amount of labour in another form." Therefore although the surplus product is no longer appropriated in the form of exchange value, but is appropriated socially, nevertheless the form of appropriation of the direct income of the workers reflects "bourgeois right in regard to distribution of articles of consumption." In such a situation the bourgeois right exists precisely because of an appearance of the commodity form in which for a worker "The same amount of labour which he has given to society in one form; he receives back in another." (After deducting the surplus product of "labour for the common fund" – J.R.) Thus from the very beginning, the dictatorship of the proletariat is marked by a contradiction between non-capitalist relations of production, and apparently 'bourgeois' relations of distribution. This contradiction can only be overcome by an enormous
increase in the level of production which makes possible an entirely different and socialised form of distribution, for as Marx put it, "Right can never be higher than the economic structure of society and its cultural development conditioned thereby." (319) In the historical sense, of course, the production relations dominate over the distribution relations, and the old 'bourgeois' relations of distribution disappear without any need for a new social revolution. As Preobrazhensky puts it "under socialisation of the instruments of production purely quantitative changes—in this case the growth of the productive forces and material wealth in the state economy—automatically intensify the process of dissolution of the categories of capitalist society." (320) However, it would be entirely wrong to conclude from this that the development of relations of distribution is simply a passive 'reflection' of production relations. The 'bourgeois right' can become accentuated and even threaten to overwhelm the basic production relations. This is particularly the case since the very fact that the state apparatus defends bourgeois relations of distribution means that the state machine is, in a certain sense, still bourgeois. (321) Further contradictions are created by the fact that, in order to carry out the immense development of the productive forces necessary to eliminate 'bourgeois right' in distribution, a huge accumulation of means of production must take place or as Marx puts it, that an enormous increase must take place in the ratio of objectified/dead labour to living labour. "It is a fact that as the productive forces of labour develop, the objective conditions of labour (objectified labour) must grow in proportion to living labour. This is actually a tautology, for the growth of the productive forces means merely that less direct labour is required in order to make a larger product, so that social wealth expresses itself more and more in the labour conditions that have been created by labour itself." (322) The period of the Dictatorship of the Proletariat, which will witness a far greater development of the productive forces than any previous period in history, will therefore be the period of an unprecedented increase in the ratio of objectified labour to living labour. However, such accumulation can only come out of that part of the total product which is not returned directly to labour, and this imposes tremendous contradictions for countries with a low level of development of the productive forces. The contradiction which exists here was termed by Preobrazhensky "The law of primitive socialist accumulation." (323) What is involved is that in a society with a low development of the productive forces a large increase in the size of the social surplus product is difficult to obtain without depressing the living standards of the masses. Such a depression would however go against the whole rationale for increasing the level of accumulation. This presents an acute contradiction for the workers state.

123) The ways in which a healthy workers state can overcome these contradictions are various. In particular the utmost attention must be paid to any measures which decrease the size of that part of the surplus pro-
duct which is consumed unproductively, and secondly to any measures which increase the productivity of labour without increasing the need for investment. Into the first category come reduction of armaments, reduction of bureaucracy and in the state apparatus, the reduction of distribution costs, etc. In the second category come the increased utilisation of the international division of labour and the raising of the initiative and cultural, educational, etc., level of the masses. If these measures are taken then it is possible to increase simultaneously both the level of accumulation and the level of consumption. Therefore for example, Trotsky and the Left Opposition, in drawing up a programme for the industrialisation of the USSR, stressed the reduction in the size and privileges of the state apparatus, the extension of the revolution and a greater utilisation of foreign trade, and the raising of the economic and cultural conditions of the working class. (324)

124) The entire situation of a workers state is however transformed by the existence, as in the USSR, China, etc., of a hardened bureaucratic layer. Clearly a reduction in the size and privileges of the state apparatus is unacceptable to such a bureaucracy. Similarly, as the international extension of the revolution would threaten the bureaucracy, this route of development of the productive forces is closed. Finally the bureaucracy can only maintain itself in power by atomising and crushing the working class, and this blocks off the route of increasing the productivity of labour by increasing the material and cultural conditions of the workers. The existence of a bureaucratic caste therefore acts as a tremendous barrier on all the most rational ways of developing the productive forces.

125) It is extremely important to realise the enormous economic contradictions created by the existence of a bureaucratic caste because one of the sophisticated, and commonly used, justifications for Stalinism is that it was necessary in order to develop the productive forces. This theory normally runs as follows: "...without lowering wages, there could have been no heavy industry, no armaments industry in Russia. But without such an armaments industry the USSR would have long since ceased to exist...... it then follows that Stalinism - 'lowering wages' and all the miserable rest - was really unavoidable. Stalin saved the USSR, 'you couldn't make an omelette without breaking eggs,' etc., etc., ad nauseam." (325) In reality however, "The difference between Trotsky's policy and Stalin's was not that Trotsky was in favour of 'slower economic growth,' but that he was in favour of a ruthless elimination of social inequalities and a putting of the working class in command of the industrialisation process. The bureaucracy, not wanting to lose its power and privileges, crushed the working class's political proponents and introduced industrialisation....in such a form as to tremendously increase the bureaucracy's privileges. By so doing, it also tremendously increased the waste of economic resources... (and) in the first place the waste of labour power, of productive enthusiasm of the workers, and of productivity of labour.....and led to a much weaker 'competitive' position compared to the West than Trotsky's would have led to." (326) The crimes of the bureaucracy therefore did not speed the development of the productive forces, but on the contrary held them back. Furthermore the greater the development of the economy, as we shall see,
the greater the brake which the bureaucracy places on production. In short “The bureaucracy’s crimes were neither unavoidable to industrialise the Soviet Union, nor historically necessary, nor progressive in any sense.” (327)

126) If, for reasons we have already noted, the bureaucracy is incapable of raising the productivity of labour, and the rate of development of the economy by the most effective means, nevertheless the destruction of capitalist production relations still represents an enormous gain in terms of developing the productive forces. Nothing could be more superficial than to explain the enormous development of production in the USSR or China as simply due to ‘oppression.’ One has only to compare for example, China and India to refute that view. This development is particularly possible even with bureaucratic domination, if the economy is so underdeveloped that industrial output can be increased simply by sucking more and more workers into the productive process. For example, as long as the USSR had a population largely working outside industry, even the amazingly inefficient Stalinist methods could bring some results. Thus between 1928 and 1937 coal and lignite output increased from 36 to 128 million tons, steel production from 14 to 18 million tons, electric power production from 5 billion kwh to 36 billion kwh, etc. (328) Even in relatively underdeveloped economies, of course, lack of proletarian democracy greatly accentuates the contradictions of development. Thus for example in the case of Cuba, Valier notes that a continual tension is created between “bureaucratic centralisation and anarchy.” (329) Furthermore in a situation where “There does not exist, in Cuba, political organisations structuring the society from the base to the summit, which permit the masses to have a voice in, and power to take, decisions … (we see) the crystallisation of a bureaucratic caste which draws its forces from the army, the state apparatus and the party.” (330) It is this which “is the essential cause of the economic deterioration in Cuba in the past three years.” (331) If the non-existence of proletarian democracy exerts its influence in Cuba, China, etc. at the present time, the signs of crisis appeared within the economy of the USSR as long ago as the late 1930’s. (Which is not to say of course that the modes of force used in Cuba or China are equal to those of Stalin – J.R.) To take an extreme case, steel and iron production for example actually fell between 1938 and 1939. (332) This crisis, which has come to dog all the bureaucracies, is the contradiction imposed by the contradictions between the bureaucratic management of the economy and the mode of production of a workers state. This first appeared in 1937-38 in an exceptionally acute form as a response to the Great Purge, but has reappeared with increasing effect as the economic development of the USSR and the other workers states has proceeded.

127) The reason for the emergence of the crisis within production was that the late 1930’s signified the end of the period in which almost unlimited reserves of labour existed, and therefore the end of the period in which as we noted, production could be increased simply by increasing the labour force. After the late 1930’s, and with the exception of the replacement period after the Second World War, the only way of developing the level
of production was by increasing output per head — i.e. increasing the productivity of labour. (333) The question that confronts the planners is therefore one of how this is to be secured. In a capitalist economy it is relatively simple. Profit performs the task. Unprofitable firms are forced out of business. This creates crises of unemployment, etc., but continually forces upward the average level of productivity of labour by ensuring a particular distribution of the surplus product between productive units. Indeed profit is precisely the social relation of the distribution of the surplus product in this fashion. In the economy of a workers state however, the individual productive units are not regulated in this way. Profit is an accounting device and not a mechanism for the allocation of the surplus product. In an undegenerated workers state the stimulus to the increase in the productivity of labour would be the consumer demand of the masses. As Preobrazhensky puts it “the stimulus here, driving it on, as it were, with blows, is the consumer demand of the workers and peasants.” (334) In a bureaucratically deformed workers state however this cannot operate. Firstly the bureaucracy itself consumes an enormous amount of the social surplus preventing the rise in the consumption of the masses. Secondly, the system of police terror, atomisation of the workers, etc. prevents the masses feeling that their conditions are improving even if real consumer production is actually increasing. Thirdly, the bureaucracy relies for its power on snuffing out all initiatives of the masses. It imposes therefore an immense central controlling apparatus on the economy.

128) The first fundamental contradiction which arises from this situation has been described by Mandel as “the contradiction between the high level of development of the productive forces and the scarcity of consumer goods” (335) and by Kuron and Modzelewski as “the contradiction between the productive potential of industry in the course of expansion and the low level of consumption.” (336) This contradiction arises from the fact that, unable to raise the productivity of labour by ‘intensive’ methods, the bureaucracy continues to try to develop the economy by ‘extensive’ means long after the objective possibilities of doing so have disappeared. This involves a greater and greater allocation of national income to extensive capital expenditure. As the bureaucracy will not, obviously, finance such attempts by cutting down its material privileges or the size of the state apparatus, it derives the surplus for this expansion by keeping down the level of production of consumption goods, i.e. of the income of the masses. This however only makes it yet more impossible to increase the productivity of labour by ‘intensive’ means and the bureaucracy attempts further to utilise ‘extensive’ means. The contradiction intensifies and may lead to explosions (for example the 1970 events in Poland were due to an attempt to divert resources, via price increases, from the direct income of the masses into investment)(337) and in any case cannot overcome the main difficulties, because these are precisely due to the fact that ‘extensive’ methods are no longer able to significantly raise the level of the productive forces. The consequence of this contradiction is “In the most general terms, the crisis manifests itself in a slowing down of the rate of economic growth despite increased investments designed to expand production.” (338) The basic problem here is that the bureaucratic increase of
production cannot actually improve greatly the productivity of labour without an increase in the consumer and cultural position of the working class. This is particularly the case in those complex productive processes which increase in importance as the economy industrialises. Mandel has noted this tendency as follows: "In proportion as the productive forces develop, the general level of technical skill and culture of the producers grows, and the relative weight of the working class in the population as a whole increases, the arbitrariness and tyranny of the bureaucracy weighs more and more unbearably upon the mass of workers. For a new leap forward by the planned economy there are needed more freedom, more initiative, less regulation from above, more spontaneous activity by the mass of producers. But the Stalin regime denied these liberties." (339)

It is for this reason that the economic crisis has appeared most acutely in the more developed East European economies, e.g. Czechoslovakia, before it has assumed such dimensions in the USSR itself. Unable to raise the productivity of labour all the bureaucracy can do is to attempt the elimination of at least the worst irrationalities of the system. None of this however solves in the slightest the fundamental problem and indeed produces new contradictions, such as shortage of raw materials (due to increased investment which does not raise the productivity of labour), inflation (due to expansion of employment without production of more consumer goods) and the production of vast quantities of products of a shoddy and unusable nature. (340)

129) The other major contradiction which appears in the economies of the bureaucratised workers states is that due to the form of planning which bureaucratic authority imposes. In a system of workers democracy the allocation of labour to the various branches of the economy could be determined in a rational way in relation to the consumer preferences of the workers and increases in productivity, etc., could be gained by workers initiative. In a society in which no workers democracy exists the planning of the bureaucrats so to speak operates in a blind fog. Large amounts of goods which are not wanted may be produced, while on the other hand immense shortages exist in other areas. This problem is made infinitely worse by the need to prevent the emergence of any movement with autonomy from the bureaucracy. This inevitably leads to hyper centralisation of the economy which is enforced by a police terror directed not simply against the workers, but also against individual, or even whole sections of, bureaucrats. The only way in which the social cohesion of the bureaucracy can be maintained under these conditions is by the granting of enormous consumer incentives and privileges to sections of the bureaucracy. This combined phenomenon of hyper-centralisation and immense consumer privileges is the characteristic of the ‘classic’ form of Stalinist economic planning. The extremes of terror inherent in this were, however, unacceptable even to the bureaucracy, as they were in continual fear of losing their consumer position and/or their lives, and this system threatened to produce a violent response from the workers which would end bureaucratisic domination for good. This helped spread the disintegration of ‘classic’ Stalinist planning whose main features have been described by Mandel as follows. “On the one hand, ‘material consumer incentives’ to
the bureaucrats were greatly increased, and were made more meaningful in the light of the miserable standard of living of the mass of producers. On the other hand, the bureaucrat was trapped in a mass of orders which he had to fulfill, lest he lose not only his consumer priv leges but also his liberry and very possibly his life. It was tacitly understood that among all these contradictory indicators, that of attaining or surpassing gross output figures had the absolute priority, and that he was allowed to disregard some other indicators to attain these. From time to time he was harshly reminded, through violent sanctions, that he had to respect plan discipline as a whole and not only parts of it." (341) The contradictions of this situation are made worse by the fact that although hyper-centralised planning can work as far as gross indicators of economic functioning are concerned, it is completely unable to cope with complex measures of quality. This defect becomes more and more crucial as the economy becomes more sophisticated. "The conformity of real production to planned production depends on a multitude of factors and it is impossible to verify centrally that the plan has actually been carried out in all particulars. Two or three crude indicators only are therefore used." (342) The arbitrary nature of this planning is then enormously enhanced by the general bureaucratic terror which prevents even reliable figures from being gathered. For example, when Stalin was displeased with the results of the 1937 census he simply ordered that the authors be arrested. (343) The degree of centralisation under such circumstances became absurd; for example, until 1953, even the ministries could not alter staff establishments of their own enterprises or redistribute equipment (344), while at the same time central planning could not deal with all details and therefore enormous waste resulted. For example, ships belonging to one ministry would proceed up river full and return empty while another steamer from a different ministry went down river full and returned empty. (345) Also the lower levels of the bureaucracy, in order to safeguard their personal position, would attempt to get as low as possible production norms assigned to them, would attempt to hoard the greatest possible amount of labour, and would build up undeclared stocks against any emergency increase in norms. (346) The result of this situation is that no matter what gains, and we repeat these are far less than the optimal possible ones, can be made under bureaucratic domination during early periods of economic development, by the time sophisticated economy exists the existence of the bureaucracy is a vast brake on the development of production (347) and in consequence of these contradictions, from the late 1950's onwards the rate of increase in production in the USSR can be seen to fall sharply. (348)

130) The origins of this economic crisis lie, as we have seen, in the complete non-involvement of the masses in the process of economic decision making. However, in a workers state above all, economic decisions are political decisions. As the dominant position of the bureaucracy lies in its monopoly of political power, so also must it deny the masses any voice in the economic decision making and by so doing prevents any real solution to the problems facing the economy. The significance of the economic reforms in Eastern Europe in the 1960's is precisely that of attempting to overcome the present contradictions without giving up any power to the
workers. The general significance of these reforms has been summarised by Mandel as follows “Why did the combination of carrot and stick (in bureaucratic economic planning) increasingly fail to deliver results starting with the fifties? From the point of view of the overall interests of the planned economy, because it had been geared essentially to the needs of an extensive industrialisation (with large reserves of land, natural resources and manpower), in which cost calculation in relation to alternative investment projects were of less importance; this period was over and the Soviet economy needed urgently to grow from extensive to intensive industrialisation, with much more closely calculated use of resources than before. From the point of view of the bureaucracy as a social layer, because both the carrot and the stick were rapidly losing their effects. The incentive effect of the bureaucracy’s consumer privileges was dwindling, when the general standard of life of the country rose and in fact inequality in income declined somewhat ... The fear of violent repression was also receding as a result of the ‘liberalisation’ of the Khrushchev era ... Looking for a way to overcome the growing contradictions ... the leaders and ideologues of the bureaucracy gradually evolved a system of economic reforms which would tie the income of the bureaucrats to an objective measurement of economic performance. Instead of these privileges depending only on the managerial position and carrying out the plan, they would henceforth increasingly depend on the performance of the factory the bureaucrat operates.” (349) Of course the bureaucracy could never take the needs of the workers as the indicator of economic efficiency and instead partially rehabilitated profit as an economic indicator (although of course not in the automatic social mechanism it is under capitalism.) It was on this basis that the famous reforms of Leberman-Trapeznikov were established which allocated 75% ‘profit’ to central funds and 25% to be placed at the disposal of factory management. (350) This to some extent involves a decentralisation of the economy, which is not in itself undesirable, but a decentralisation on the basis of bureaucratic rehabilitation of profit implies greater danger for the non-capitalist production relations. This process has perhaps gone furthest in Yugoslavia where intense internal contradictions have set in. (351) In an introduction to the analysis of Popov, Davis notes the following main crises, "(a) a marked growth in unemployment (b) a large scale export of labour (c) a massive growth in internal inequality between social groups and between areas of the country ... a widening gap in value systems, especially expressed in ideas about differentiation of incomes, with the working class demanding reduced differentials, and the political/economic bureaucracies defending and advocating increased differentials.” (352) The result of this situation is that not merely is the bureaucracy increasingly threatened by increased discontent from the working class, but also it itself is split internally. Some layers of the bureaucracy fear capitalist restoration as a real threat to their position or alternately believe that any economic ‘liberalisation’ may lead to the working class getting out of control. They therefore stamp on any reforms and justify this as ‘defending socialism.’ However, this is totally ineffectual even in their own terms, as, given the bureaucratic political domination, the only hope of even temporarily staving off the economic crisis is by the ‘liberal-
isation’ reforms. The net result was noted by Trotsky in an earlier period.

“Stalin defends nationalised property from imperialist attacks and from the
too impatient and avaricious layers of this very bureaucracy. However,
he carries through this defence with methods that prepare the general de-
struction of Soviet society.” (353) and “Each day added to its (the bureau-
cracy’s) domination helps to destroy the foundations of the socialist elements
of the economy and increases the chances for capitalist restoration.” (354)

131) Although the economic contradictions produce more or less contin-
ual conflict within the bureaucracy, it is completely incorrect to believe
that any of the ‘Dubcekite’ wings of the bureaucracy represent a working
class current in a battle against a “Stalinist” wing. On the contrary, as the
Ninth World Congress of the Fourth International noted, “The intraburea-
cratic character of this conflict appears most clearly in the programme of
relations with the working class which the ‘liberal’ technocrats have devel-
oped. Nowhere do they take a stand for workers’ self-management, even in
principle. Everywhere they advocate increased powers for plant managers
and more plant autonomy. Greater powers for the managers are meant not
only with respect to the central planning authorities but with the workers
as well. The technocrats favour a kind of austerity and economic rational-
ity all the more suspect in the workers’ eyes because it entails a reappearance
of large-scale unemployment and the dismantling of free or low-cost social
services such as housing at the same time as an increase in social inequality
and in the salaries and bonuses of the bureaucrats.” (355) The fundamental
task is still a political revolution directed against all sections of the domi-
nant bureaucracy.

The Political Crisis of the Bureaucracy

132) If the bureaucracy of the various workers states faces a severe eco-
nomic crisis, even this is not comparable to the dilemmas which they face in
the political and ideological field. As was noted at the Ninth World Cong-
ress of the Fourth International, “The bureaucracy has been incapable of
substituting a doctrine of even the slightest coherence for Stalinism. It
has been incapable even of recasting its own history. Its bankruptcy in
this regard has appeared in stark clarity in the laborious rewriting year
after year of its “manuals” of philosophy, political economy, and the
history of the CPSU, which are then revised again, and finally withdrawn
from circulation. This bankruptcy is still more obvious when compared
with the Soviet Union’s conspicuous successes in the natural sciences and
technology. The bureaucracy’s ideological bankruptcy is manifested also
in the growing crisis in the “socialist camp” and the international Commun-
ist movement. This crisis was determined in the final analysis by conflicting
interests among the national bureaucracies with imperialism. But the
inability of the bureaucracy, and above all, of the Soviet bureaucracy to
formulate a semblance of doctrine acceptable to all the workers states with
regard to either their relations with imperialism or the ways to building a
socialist economy and society unquestionably promotes centrifugal tenden-
cies within the camp. From this standpoint, the Kosygin-Brezhnev era
has been still more disastrous for the Soviet bureaucracy than that of
Khrushchev. Of the fourteen workers states, eight have now escaped the
Kremlin's control (in chronological order, Yugoslavia, the Peoples' Republic of China, the Democratic Republic of Korea, the Democratic Republic of Vietnam, Albania, Cuba, Rumania, Czechoslovakia). With Czechoslovakia's growing autonomy, the lure of autonomy likewise threatens to grow in Poland and Hungary. If this has not received expression in the German Democratic Republic, too, it is because bureaucratic rule in this country is directly dependent on military support from the USSR. In the international Communist movement, the Kremlin's policy of "peaceful coexistence" and "economic competition" has cost it control over most of the Communist forces in South and Southeast Asia and has condemned the forces remaining loyal to it in Latin America to become a dwindling minority." (356)

133) On the surface the vacillations of the Soviet, Chinese and other bureaucracies in response to post-war development appear incomprehensible. However several rough periods can be ascertained. The first is the consolidation of the Stalinist monolith in 1923-48. The second is the period of crisis created by the Soviet-Yugoslav split of 1948. The third is the period of 'liberalisation' after the death of Stalin. This is heralded by the Berlin rising of 1953 and the extermination of Beria in the same year. The height of this period is Khruschev's famous 'de-stalinisation' speech to the Twentieth party congress and the period comes to an end with the bloody suppression of the Hungarian workers in 1956. The period of 1957-67 is a period of relative stability in Eastern Europe but is marked by the Sino-Soviet split and the emergence of Castroism in Latin America. The period from 1967 onwards is marked by a new rise in struggle in Eastern Europe and by the Cultural Revolution in China while the latest period is a renewed one of 'Stalinisation.' The key to understanding all the apparent oscillations of these periods, and to tracing their inner unity, is the understanding that the bureaucracy seeks only to defend its own position and is threatened in this on the one hand by capitalism, and on the other by any movement of the masses which gets out of its control. However, before analysing in detail the crisis of the bureaucracy, it is necessary to outline briefly Trotsky's analysis of the bureaucracy of a workers state.

134) Trotsky's fundamental analysis of Stalinism and of the USSR was presented in its fullest form in "The Revolution Betrayed." His analysis is as follows, "The Soviet Union is a contradictory society halfway between capitalism and socialism in which (a) the productive forces are still far from adequate to give the state property a socialist character; (b) the tendency towards primitive accumulation created by want breaks out through innumerable pores of the planned economy; (c) the norms of distribution preserving a bourgeois character lie at the basis of a new differentiation of society; (d) the economic growth, while slowly bettering the position of the toilers, promotes a swift formation of privileged strata; (e) exploiting the social antagonisms, a bureaucracy has converted itself into an uncontrollable caste alien to socialism; (f) the social revolution, betrayed by the ruling party, still exists in the property relations and in the consciousness of the toiling masses; (g) a further development of the accumulating contradictions can as well lead to socialism as back to capitalism; (h) on the
road to capitalism the counter-revolution would have to break the resistance of the workers; (i) on the road to socialism the workers would have to overthrow the bureaucracy. In the last analysis, the question will be decided by a struggle of living social forces, both on the national and the world arena.” (357) As regards the political role of the bureaucracy, *it is guided by self-preservation*. It seeks both to defend the economic base of the state because it cannot co-exist with a bourgeoisie, and it fears any movement outside its bureaucratic role. It is this which defines the bureaucracy’s counter-revolutionary role on a world scale. However, unlike the bureaucracy of, for example, a trade union, which is also counter-revolutionary, the counter-revolutionary role of Stalinism can only be understood once it is understood that “The bureaucracy of the USSR straddles and has its roots in the economy of a workers state.” (358) It follows from this that the domination of the bureaucracy cannot be shared with a capitalist class. As Trotsky puts it “To guard the nationalisation of the means of production and of the land, is the bureaucracy’s law of life and death, for these are the social sources of its dominant position.” (359) In consequence, although the bureaucracy is counter-revolutionary on a world scale, nevertheless “The function of Stalin... has a dual character. Stalin serves the bureaucracy and thereby the world bourgeoisie; *but he cannot serve the bureaucracy without defending that social foundation which the bureaucracy exploits in its own interests*.” (360) In short the bureaucracy only fulfills its counter-revolutionary role by acting to *preserve itself* and this leads it to very different methods than those of, for example, a Social Democratic, liberal or fascist Party. For example, as Trotsky notes: Hitler was also a counter-revolutionary like the bureaucracy but that does not mean that the Soviet bureaucracy have the same interests as Hitler. “Stalin and co. by their politics serve the international bourgeoisie... Hitler serves the bourgeoisie. However between the functions of Stalin and Hitler there is a difference. Hitler defends the bourgeois forms of property. Stalin adapts the interests of the bureaucracy to the proletarian forms of property.” (361) It follows from this that one axis of the bureaucracy’s politics is always therefore to attempt to prevent any restoration of capitalism either by internal or external counter-revolution. It is for this reason that the bureaucracy is quite capable of taking extreme left turns. A classic case of this occured in 1928-29. In the former year the rich peasantry of the USSR, strengthened by the policy of concessions given by the Stalin-Bukharin ruling group, attempted to use their position to withhold food and thereby to raise prices in the state sector of the economy. As Trotsky noted “The kulak, jointly with the petty-industrialist, worked for the complete restoration of capitalism... It was this that opened the struggle between the petty-bourgeoisie... and the thermodorean bureaucracy itself... It was a direct struggle for power and for income. Obviously the bureaucracy did not rout the proletarian vanguard, pull free from the complications of international revolution, and legitimize the philosophy of inequality in order to capitulate before the bourgeoisie... The bureaucracy became mortally worried by the consequences of its six year policy. It therefore turned sharply against the kulak and the nep-
man.” (362) The danger was that “The growth of bourgeois relations threatened not only the socialist basis of property, but the social foundations of the bureaucracy itself. It (the bureaucracy) may have been willing to repudiate the socialist perspective of development in favour of the petty bourgeoisie. But under no circumstances was it ready to repudiate its own rights and privileges in favour of the petty-bourgeoisie. It was this contradiction that led to the very sharp conflict between the bureaucracy and the kulak.” (363) The resolution of this conflict came only with the forcible collectivisation of agriculture and the imposition of the First Five Year Plan, which developed tremendously the production of the Soviet State. This abrupt turn has been interpreted by some observers, for example Deutscher, as indicating that the bureaucracy is ‘despite itself’ a revolutionary force. Nothing could be further from the truth.

No matter what the gains made economically by the First Five Year Plan, which could anyway have been gained incomparably more efficiently if Trotsky’s and Preobrazhensky’s policy of industrialisation had been followed in the 1920s, the bureaucracy aimed the Five Year Plan not at strengthening the position of the working class, but on the contrary at preserving its own bureaucratic interests. Certainly the bureaucracy crushed the internal threat of bourgeois counter-revolution, but it also systematically crushed the last resistance of the proletariat to bureaucratic political domination. Even economically, the bureaucracy was counter-revolutionary on a historic scale. Although the Five Year Plans apparently strengthened the economic system, in the long term, as we noted in the previous section, the method of bureaucratic economic management in fact prepares the destruction of the non-capitalist economy.

135) The other great lurch to the ‘left’ by the Stalinist bureaucracy, although a more complex one, was that carried out after the Second World War, and it is this which must be studied more, for, if the capitalist boom came as a surprise to most Marxists, and the change in the relation of forces between the various capitalist countries represents the most important development between the imperialist states, then the entire political framework of the world working class movement since 1945 has emerged against the background of the evolution of Stalinism during and after the war. It is also here that some of the fiercest challenges to Trotsky’s analyses have been presented. The phenomena of ‘de-Stalinisation,’ the emergence of parties such as the CCP independent of Moscow, and events such as the Czech ‘spring’ of 1968 lead many to a view that Stalinism had fundamentally changed its character, or alternately had disappeared, and that Trotsky’s analysis must now be rejected in favour of new concepts.

136) The first important challenge to Trotsky’s analysis of the bureaucracy comes from those like Deutscher who believe that the outcome of the Second World War and its aftermath show that Stalinism is still ‘essentially’ a revolutionary force. It is held that the post-war actions of the USSR in Eastern Europe, and its subsequent relations to states such as Cuba, taken together with the phenomena of ‘de-Stalinisation’ and movements
within the bureaucracy such as that of Dubcek in Czechoslovakia, fundamentally alter Trotsky's analysis of the bureaucracy. In reality however, though as always the particular details cannot be predicted in advance, the evolution of Stalinism since 1940 only represents an 'original combination' of the analysis which Trotsky made and indeed Trotsky had made a fairly precise analysis of the combinations of elements that might appear.

137) The most obvious case of the confirmation of Trotsky's analysis is that of Eastern Europe after 1945. On the surface of course the behaviour of the bureaucracy appears totally contradictory. First of all the advance of the Red Army through Eastern Europe was greeted by a wave of workers uprisings. These were promptly crushed. Immediately after 1945 puppet bourgeois governments were set up while the real apparatus of the state, the 'bodies of armed men' remained firmly in the control of the Soviet bureaucracy. Eventually in 1948 the entire economies were statified and the puppet bourgeois regimes dispensed with. While however the Stalinist bureaucracy was putting an end to the bourgeoisie in Eastern Europe, the Stalinist Parties in Western Europe were busy shoring up capitalism. The French CP for example put forward the slogan of "One State, One Army, One Police Force" and voted for decrees disarming the resistance. The test which any theory must pass is to explain both the destruction of the revolutionary wave in Eastern Europe and then the elimination of the bourgeoisie by the Soviet bureaucracy in Eastern Europe, and the role of the CP's in defending the bourgeoisie in Western Europe and elsewhere. It is easy to devise theories which will explain one or the other but only Trotsky's can deal with both. It takes as its fundamental starting point as we noted, that first the bureaucracy is the bureaucracy of a workers state and therefore it cannot share power with a bourgeoisie, and secondly that the position of the bureaucracy is threatened by any movement which threatens to get outside its bureaucratic grip. Once this fundamental point is grasped it is easy to see both why the Soviet bureaucracy was forced to destroy capitalism in Eastern Europe and why despite this it still remains on a world scale, a counter-revolutionary force and why "The bureaucracy which became a reactionary force in the USSR cannot play a revolutionary role on the world arena." (364) In order to secure its own position, the bureaucracy had to crush the workers movement in Eastern Europe then eliminate capitalism while simultaneously preserving the bourgeois order in the West.

138) We have already analysed how, from the nature of the USSR as a workers state, the Soviet bureaucracy cannot in any way share power with a capitalist class. "To safeguard the nationalisation of the means of production and of the land, is the bureaucracy's law of life and death."(365) From this analysis it was easy to see that in any war in which the Soviet bureaucracy was victorious, it would be forced, in order precisely to protect its position, to destroy capitalism in any territories it conquered. As early as 1935, when he was making his first analysis of the Second World War, Trotsky had noted that "A defeat of Germany in a war against the USSR would inevitably result in the crushing, not only of Hitler, but also of the capitalist system." (366) The question therefore of whether, in any
particular state, the bureaucracy tried to prop up capitalism or endeavoured bureaucratically to crush both capitalism and, to safeguard its position, any independent workers' movement, is determined purely by consideration of the preservation of the position of the bureaucracy. Thus "In Spain, which Moscow did not prepare for union with the USSR, it was actually a question of demonstrating the ability of the Kremlin bureaucracy to safeguard bourgeois democracy against proletarian revolution. This task flowed from the interests of the Kremlin bureaucracy in that particular international situation. Today the situation is a different one. The Kremlin is not preparing to demonstrate its usefulness to France, England and the United States. As its actions have proved, it has firmly decided to sovietise Finland." (367) Why should the bureaucracy do this. Quite simply because, as we have seen, it cannot share power with a bourgeoisie. Trotsky noted this as follows: "Let us for a moment conceive that in accordance with the treaty with Hitler, the Moscow government leaves untouched the rights of private property in the occupied areas and limits itself to 'control' after the fascist pattern. Such a concession would have a deep going principled character and might become a starting point for a new chapter in the history of the Soviet régime; and consequently for a new appraisal of the nature of the Soviet state. It is more likely, however, that in territories scheduled to become part of the USSR, the Moscow government will carry through the expropriation of the large land-owners and statification of the means of production. This variant is most probable, not because the bureaucracy remains true to the socialist programme but because it is neither desirous nor capable of sharing the power... with the old ruling classes in the occupied territories." (388) Thus the bureaucracy was forced to crush capitalism - the territories it conquered precisely in order to preserve its position. As Trotsky noted "The overturn in property relations which was accomplished there (Poland) could have been achieved only by the state that issued from the October Revolution. This overturn was forced upon the Kremlin bureaucracy through its struggle for self-preservation under specific conditions. There was not the slightest ground for doubting that under analogous conditions it would find itself compelled to repeat the same operation in Finland." (369) However, none of this alters in the slightest the fact that the bureaucracy is a counter-revolutionary force on a world scale. "The statification of the means of production is, as we said, a progressive measure. But its progressiveness is relative; its specific weight depends on the sum-total of all the other factors. Thus, we must first and foremost establish that the extension of the territory dominated by bureaucratic autocracy and parasitism, cloaked by 'socialist' measures, can augment the prestige of the Kremlin, engender illusions concerning the possibility of replacing the proletarian revolution by bureaucratic manoeuvres, and so on. This evil by far outweighs the progressive content of Stalinist reforms in Poland." (370) More fundamentally "With the aid of the Comintern the Kremlin has disorientated and demoralised the working class so that it has not only facilitated the outbreak of a new imperialist war but has also made extremely difficult the utilisation of this war for revolution. Compared with these crimes... the social overturn is... is of course of a secondary character and does not alter the
generally reactionary character of the Kremlin's policy." (371)

139) A far more serious challenge to Trotsky’s analysis of the Soviet bureaucracy than the events in Eastern Europe, which only completely superficial observers could see as proving the revolutionary or 'progressive' nature of Stalinism, was the whole phenomena of 'de-Stalinisation'.
Certainly Trotsky had noted that "All shades of political thought are to be found among the bureaucracy: from genuine Bolshevism... to fascism..." (372) But nevertheless he had clearly not had in mind in this remark some idea that the bureaucracy would be able to reform itself out of existence.
Furthermore the 'liberalisation' in Eastern Europe was by no means such a fraud as that of the mid 1930's. On the contrary the fact, that, for example, in a city like Belgrade a Trotskyist could quite openly give lectures (albeit to small audiences and then only once) and the fact that there was a general rise in the standard of living until late 1966 showed real benefits accrued to the masses from these changes. This appeared fundamentally to challenge Trotsky's prognosis that "Either the bureaucracy, becoming ever more the organ of the world bourgeoisie in the workers state, will overthrow the new forms of property and plunge the country back into capitalism or the working class will crush the bureaucracy and open the way to socialism." (373) In reality however the whole phenomenon of 'de-Stalinisation' did not indicate that any fundamental change needed to be made in Trotsky's analysis, but simply reflected the fact that naturally the different elements of the situation combined in a different way in the 1950's and 1960's from the way they had in the 20's and 30's. This can be seen clearly by examining the events of the post-war years.

140) As regards the political conjuncture at the time of the Second World War, Trotsky had believed that, no matter what the precise outcome of the war, the hold of the Stalinist Parties over the working class could be destroyed. The most likely eventuality, Trotsky thought was that the bureaucracy would be overthrown by the Russian workers during the war. If it were not, Trotsky believed, then it was probable that the USSR would be crushed. This latter eventuality was unlikely because "The social regime which is the nationalised property of production is incomparably more powerful than the political regime," and therefore "One thing I am sure: the political regime will not survive the war." (374) Given the destruction of the Soviet bureaucracy the Stalinist parties would be plunged into a profound crisis from which they could not recover. The Fourth International would have the main political obstacle to its growth disintegrated. Even if this most favourable perspective did not develop however it was to be expected that, as in the First World War, the imperialist bloodbath would heighten to breaking point the social contradictions within imperialism and a revolutionary wave would break out for "war speeds up enormously the political development," (375) and "the devastation and misery brought about by the new war... will far outstrip the bloody horrors of 1914-18... the discontent of the masses and their revolts will grow by leaps and bounds. The sections of the Fourth International will be found at the head of the revolutionary tide." (376) Again the Fourth International would emerge as a mass force and the domination of the Stalinist parties would be destroyed. In this world situation the tasks of revolutionaries
were two-fold. In the first place they must be clearly defeatist with regard to the struggle of the imperialist powers. In particular they must take the offensive in the colonial revolution. To the question "For instance, should the 360,000,000 Hindus renounce any attempt to utilise the war for their own liberation?" (377) Trotsky's answer was a resounding NO. Secondly revolutionaries must stand for the defence of the workers state of the USSR. However "Defence of the USSR does not at all mean rapprochement with the Kremlin bureaucracy." (378) In retrospect it is easy to see that Trotsky's reasoning was based far too much on an analogy with the First World War. Then a revolutionary wave had swept Europe and Trotsky therefore anticipated one during the Second World War. Indeed he was so confident of this that he was led into exaggerated and theoretically fundamentally incorrect statements such as the following "If contrary to all probabilities the October Revolution fails during the course of the present war, or immediately thereafter, to find its continuation in any of the advanced countries, and if, on the contrary, the proletariat is thrown back everywhere and on all fronts — then we should have doubtless to pose the question of revising our conception of the present epoch and its driving forces." (379) However, a more precise analysis should have led Trotsky to take a far more sober view. The First World War had come at the end of twenty years of working class uprising. The second came at the end of twenty years of massive defeat. Millions of workers had been demoralised by Stalinism and in many countries the cream of the proletariat had been physically exterminated by Fascism. In this situation the possibilities of revolution were far less favourable than in 1918. Indeed Trotsky had himself analysed that the victory of fascism and Stalinism had enormously retarded the revolutionary developments. During the Second World War it was this latter analysis which was more correct. Revolution did not occur in Western Europe and the Stalinist bureaucracy was not overthrown in the war. It was on this basis which the Stalinist bureaucracy gained a temporary stabilisation, for, as Trotsky had noted earlier "As in fascist countries, the impetus to the Soviet workers revolutionary upsurge will probably be given by events outside the country . . . There are many signs that the Comintern's (i.e. the international communist movement - J.R.) downfall, because it does not have a direct base in the GPU, will precede the downfall of the Bonapartist clique and the Thermidorian bureaucracy as a whole." (380)

(141) This point about the international extension of the revolution underlining the base of the bureaucracy is of particular importance in analysing the post-war period. When in the 1930's Trotsky had examined the USSR he had analysed two possible courses of development, both of which depended not simply on national but on international developments. The first possibility was of course the restoration of capitalism and the second was the political revolution against the bureaucracy. His analysis was as follows "To define the Soviet regime as transitional, or intermediate, means to abandon such finished social categories as capitalism and also socialism. But besides being totally inadequate in itself, such a definition is capable of producing the mistaken idea that from the present Soviet regime only a transition to socialism is possible. In reality a backtrack to capitalism is
wholly possible . . . In the last analysis the question will be decided by a struggle of living social forces, both on the national and international scale.” (381) It was precisely at the heart of Trotsky’s analysis that the fate of the USSR was dependent on the way in which the world class struggle would affect the contradictory tendencies of development which were present. The outcome of the war obviously modified precisely these contradictory tendencies within the USSR and combined them in a different way. As was noted at the Fifth World Congress of the Fourth International “The two terms of the alternative (political revolution or capitalist restoration) were conceived in close connection with the development of the relationship of forces on the world scale. Either international revolution would undergo another series of international defeats, fascism would slowly spread to a large part of the world . . . then the workers state would be irremediably lost and we should see the victory of the social counter-revolution. Or else new advances in the revolution would reverse the predominant reactionary tendency of the years 1923-39 and then political revolution would have a good chance of winning in the USSR . . . Would revolution advance again, or would it go on being defeated everywhere in the world. No - one could seriously answer this question in 1935.” (382) The outcome of the period after World War Two settled this for a period. The revolutions in Yugoslavia and China and the defeat of German imperialism — the main capitalist enemy of the USSR in Western Europe — enormously weakened the chances of restoration. Only in the late 1960’s, and then in Yugoslavia and not in the USSR, is it possible to say that the question of capitalist restoration is seriously on the agenda.

142) The analysis of Trotsky’s that any extension of the revolution would weaken, and not strengthen, the position of the bureaucracy is of fundamental importance in understanding the course of the post-war years. To almost all bourgeois and many ‘Marxist’ interpreters, the destruction of capitalism in Eastern Europe and the victory of the Chinese revolution appeared to represent a great strengthening of Stalinism. In reality however, as Trotsky’s analysis should have predicted, the expansion and stabilising of Stalinism was in reality only superficially a real strengthening of the bureaucracy’s position. The safety of the bureaucracy did not depend simply on preventing capitalism challenging its position, but also on ensuring that no movement developed which got out of bureaucratic control. The greater the geographical expansion of the Soviet bureaucracy, the greater its problems of holding under a tight grip all elements of the situation. Not simply was a far larger working class under its control, but also rival bureaucracies with divergent interests were established. The expansion of Stalinism simply altered the form of its crisis, but did not in anyway change the fundamental features which Trotsky had analysed. In particular, although the expansion of the Soviet bureaucracy’s power into Eastern Europe, and the development of the economy of the USSR with a massive growth of the working class, loosened the grip of the bureaucracy, nevertheless the bureaucracy, as a social group, had to be removed forcibly in a political revolution. It would not simply ‘fade away’. The manoeuvres in Eastern Europe from the early 1950s onwards
were manoeuvres designed to safeguard the position of the bureaucracy and were not in the slightest efforts at 'self-reform.'

143) The first symptom of the break-up of any bureaucratic equilibrium was the effects of the destruction of capitalism in countries other than the USSR. This led to fierce intra-bureaucratic struggle. As the Fourth World Congress of the Fourth International noted “The victory of the revolution in Yugoslavia and in China — the first revolutionary victories since 1917 — dealt a mortal blow to the direct hold of the Soviet bureaucracy upon the Communist Parties of these two countries.” (383) With an independent power base, the Titoite and Maoist bureaucracies were unwilling to subordinate their interests to the Moscow bureaucracy. This created a crack in the monolithism of Stalinism which was soon widened by an upsurge in Eastern Europe — in particular by the struggles in East Berlin in 1953. Consequently “Far from constituting a factor of consolidation, the expansions of Stalinism contained within it tendencies acting towards its own disintegration which have been demonstrated by the breakaway of the JCP, the numerous purges of the CP leaderships in the ‘Peoples’ Democracies,’ the acceptance of a sort of co-leadership with the Chinese CP in regard to the Asian Communist movements, the weakening of certain communist parties to the verge of their virtual liquidation, and the beginning of the revolutionary upsurge in the states of Eastern Europe.” (384)

144) The clashes between Yugoslavia, China and the USSR did not of course represent contradictions between a bureaucracy and leaderships with a revolutionary proletarian line. On the contrary “Even though born of a victorious revolution, the Yugoslav state and the Chinese state bear the stigmata of an opportunist and bureaucratic workers’ leadership. In the case of Yugoslavia these features were notably revealed between 1945 and 1949 as a servile imitation of Soviet practices, methods, and institutions and in the suppression of all workers’ democracy within the state and within the party.” (385) and “In the case of China, the opportunist and bureaucratic character of the Chinese CP has equally left its mark upon the Constitution and upon the evolution of the state in the Peoples Republic of China. Its desire to collaborate with important fractions of the ‘national bourgeoisie’ led it in the beginning to sabotage and impede revolutionary mobilisation of the proletariat in the cities conjointly with the revolutionary uprising of the peasants in North China. The same desire led it to take entire segments of the old Kuomintang state apparatus and incorporate them into the newly constructed state apparatus. And when, after the Chinese intervention in Korea, the offensive was opened up against the bourgeoisie, and a certain mobilisation of the masses of the poor took place (mobilisation of the peasant masses in the South in order to achieve the agrarian reform; mobilisation of the workers in the campaigns ‘Against Five Ways’ and the campaign ‘Against Three Ways’) the Chinese CP did everything possible to limit this mobilisation and halt it and prevent it from giving birth to organs of self-administration of the working masses in the cities; and it utilised terror against the vanguard revolutionary elements. As in the case of Yugoslavia so in the case of China the new workers’ states are not based upon organs of self-administration (soviets, committees), and where such organs formally exist, they are void of their revolutionary content.
because of the lack of political freedom and freedom of expression for the various workers' currents. That is why in these two cases it is a question of *bureaucratically deformed workers states*". (386) Indeed on a world scale, as we noted in a previous section, the bureaucracies of these workers states are one of the greatest obstacles to proletarian revolution and therefore "The experiences in Yugoslavia and China do not invalidate but on the contrary confirm the need for the Fourth International, not only on a world scale but also in the two countries themselves". (387) The particular 145) The particular way in which the Soviet bureaucracy reacted to the creation of new workers states and the emergence of rival bureaucracies was of course conditioned by the interests of its own survival and not in the slightest by the needs of the world revolution. Thus for example initially "It (the Soviet bureaucracy) preferred to push Yugoslavia into the embraces of imperialism and in this way to open up a dangerous breach in its line of defences in the Balkans rather than incur the risk of having the Yugoslav example break up the Kremlin's entire grip on the glacies on the Cominform." (388) while "In the case of the Chinese Revolution... (the) Kremlin could not permit a break of a coalition which represented the cornerstone of its military defence system and which in effect broke up the imperialist encirclement of the USSR. That is why in the case of the Chinese CP, the Kremlin, despite apprehensions analogous to those it nursed towards the Yugoslav CP, was obliged to accept a collaboration on a basis of equality and even on the basis of co-leadership with the Chinese CP of the entire Asian Communist movement." (389)

146) If however the struggle between the various bureaucracies was the first sign of the crisis of Stalinism, it was by no means the decisive one. Dissenters such as Yugoslavia could be relatively easily dealt with by 'excommunication' from the 'communist' movement. However mass discontent amongst the workers and international extension of the revolution were an entirely different thing. Both of these, the former directly and the latter indirectly, threaten the very existence of the bureaucracy. As far as the upsurge of the East European masses is concerned, two developments have particularly worried the Stalinist bureaucracies. The first is the development of types of mass struggles which were seen in 1953 in Berlin and at the Vorkuta prison camp in the USSR, in 1956 in Poland and Hungary, notably of course the 1956 Hungarian uprising, in Czechoslovakia in 1968 and in Poland in 1970. This has led to successive waves of attempts to divert the wrath of the masses by 'liberalisation' and then, in fear of the discontent revealed, renewed 'Stalinisation'. A minor such cycle was touched off immediately after the death of Stalin by the Berlin strikes. Then Malenkov emerged as a champion of 'consumerism,' Beria was executed, and the most open Stalinists, such as Rakosi in Hungary were removed. This period was short lived however and Malenkov was removed and Rakosi brought back. However this manoeuvre threatened to bottle up discontent until it exploded, and the bureaucracy, under Khruschev, embarked on the most famous of all its 'liberalisations' i.e. the period of 'de-Stalinisation' following the Twentieth Party Congress. On this the Fifth World Congress noted that "This colossal manoeuvre, of really historic scope, showed from the beginning the marks of the haste and even panic that engendered it. At no moment were the leaders of the bureaucracy able to control, or even to foresee, the forces that they were setting loose. While they perhaps delayed the appearance of an anti-
Stalinist oppositional tendency within the CP of the USSR, and perhaps temporarily won back some sympathy in certain intellectual circles and lower layers of the bureaucracy, they set the same time set going a real snowball movement which will end up by crushing them. By destroying in so thorough a fashion the authority of Stalin, the incarnation of all bureaucratic autarchy, they definitively undermined the authority of Stalin, the incarnation of all bureaucratic command at every level. By cynically revealing the monstrous crimes of Stalin, with which they had nevertheless been associated, they definitively destroyed the blind obedience of Communist militants towards their leadership, while covering themselves with discredit. By explaining the thus revealed horrors by an inverted ‘personality cult’ they satisfied nobody, and opened the way to a critical Marxist analysis of Soviet society and its bureaucratic degeneration.”

(390)

147) It is important to note that this whole phenomenon of de-Stalinisation was in no way a bureaucratic self-reform. On the contrary, as in all such manoeuvres, “the ‘new course’ of the Kremlin (was) not a movement of self-reform by the bureaucracy but a movement of self-defense by it.” (391) Therefore although “De-Stalinisation had very profound economic, social and political roots. . . (nonetheless) it corresponded essentially to the need to defend and maintain the bureaucratic regime in conditions where Stalin’s methods and concepts risked producing explosions. It consisted even of an attempted partial solution of problems which were, and still are, objectively posed in Soviet society through its own intrinsic necessities, the international necessities of confronting imperialism and its relations with the other workers states. . . The very meaning of Khrushchevism was to find a way out of this situation without disturbing the domination of the bureaucracy.” (392) Similarly, as in previous manoeuvres in Eastern Europe “The new course, . . . is designed as a means of strengthening the grip of the Stalinist Parties on the buffer countries by making it more flexible, less rigid.” (393) Subsequent developments after 1956 did not change this situation. “The line thus defined on the fortieth anniversary (of the Russian Revolution) remained integrally within the limits of the bureaucratic regime for the USSR and the other workers states. . . It formed a line of defence, a barrier against workers democracy, whether in the workers’ states or in the Communist Parties. The Khrushchev leadership attempted to stabilise the bureaucracy’s power at a new level, liberal compared to that in Stalin’s time, and to re-establish the authority of the leaders of the Communist Parties. . . All the reforms undertaken have been with the aim of self-defense of the power and the main bureaucratic privileges, and have not brought anything of even very slight value in the way of workers democracy.” (394) The subjective effect of these manoeuvres has however been far from that intended by the bureaucracy. It has shaken the myth of the “Communist Movements’” omniscience and thus prepared the way for struggles such as those already mentioned in Hungary, Czechoslovakia and Poland.

(148) The period of maximum usefulness to the bureaucracy of its sundry manoeuvres was roughly 1957-67. Following the destruction of the mass struggles of 1956 a period of relative stability set in. After this period new factors in the situation and the intensification of old crises, created a new instability in the system. As was noted at the Ninth World Congress of the Fourth International, “After the Hungarian revolution was crushed in 1956, the crisis of the bureaucratic regime in the workers states of East Europe and the USSR seemed to have been temporarily halted or to
have levelled off. The liquidation, beginning in 1957, of most of the reforms won by the ‘Polish October’; the halt in de-Stalinisation in the USSR after the Twenty-second Congress of the CPSU; the passivity of the working masses... all these were expressions of the momentary suspension of the crisis... The interaction of several factors explains this prolonged political apathy, this apparent renewed stability of the bureaucratic regimes in the workers' states lasting for nearly a decade after the period of the violent tremors from 1952 to 1957. In general, the late fifties and early sixties were marked by a constant rise in the standard of living of the masses. This was more pronounced in some countries, like the USSR, East Germany, and Yugoslavia, than in others such as Poland and Czechoslovakia. But it was nonetheless real enough to account for the appearance of a climate fostering reformist illusions. The crushing of the Hungarian revolution also helped to nourish this climate. The mirage of a progressive “democratization” from above, stimulated by abrupt phases of cultural “liberalization” and growing interest in Yugoslav self-management, made up the general framework for the consolidation of this climate.”

“Underlying this apathy, however, was a more basic factor. In the Stalinist era, the working class in all these states, with the partial exception of Yugoslavia, was politically expropriated and atomized. The flagrant contradiction between the official doctrine – an apologist deformation of Marxism – and the political oppression and social inequality created profound distrust and mounting skepticism in the working class toward Marxist-Leninist doctrine. In periods of strong economic expansion, this distrust was combined with optimism about the possibilities of “individual success”; in periods of semistagnation, with general pessimism in this regard. But this loss of confidence in the Communist ideal prostituted by the bureaucracy was the fundamental cause of the workers' political apathy. Neither the periods of “liberalization” nor the intellectuals' fight for increased socialist democracy have overcome this factor, inasmuch as the workers, not without reason, consider these intellectuals to be part of the privileged bureaucracy and the “liberal” programme as offering scarcely any attractions or immediate advantages to the workers.”

“However, for several years a series of factors has begun to undermine the relative stability the bureaucratic regimes regained after 1957. The crisis of these regimes is again bringing diverse layers of the population into action, in Yugoslavia, Poland and Czechoslovakia. The Soviet bureaucracy itself displays panic over the possibility of such a revival in the USSR, too. Of the factors at work, four must be stressed: a slowing down of economic growth coupled with the detrimental effects which the “economic reforms” of recent years have had for the masses; the crisis in the relationship between the workers' states and the CP's; the bureaucracy's inability to develop a consistent ideological line to take the place of the Stalinist doctrine; the impact on the workers' states of American imperialism's aggressive escalation, of the victorious resistance of the Vietnamese working masses, and of the revival of revolutionary agitation and struggle in Western Europe.” (395) The immediate causes of the renewed crisis of Stalinism were: the failure of the economic reforms described in the previous section, the intensification of inter-bureaucratic conflict, and the extension of the colonial revolution.

(149) The disintegrating effect of interbureaucratic conflict can only be fully understood once it is realised that it is extremely important to distinguish the intentions of the various ‘liberalisations’ and manoeuvres,
which is to maintain the hold of the bureaucracy, from their objective political effects on the masses. Without this point being kept in mind it is impossible to orient correctly. Take for example the Sino-Soviet split and the period of the 'left-turn' by the Chinese leadership in the 1960's. In his situation neither of the two rival bureaucracies projected a proletarian line. As regards the role of the Chinese leadership, the Ninth World Congress characterised it as follows, "The Maoists accuse their adversaries of "revisionism." But the very arguments they invoke to justify their current course show that they are as guilty as their opponents of blatantly revising a number of the basic tenets of Marxism. (a) In countries that have overthrown the bourgeoisie and abolished private ownership of the means of production, they assert that capitalism can be restored by gradual and peaceful processes through machinations and false policies of one or another tendency in the leadership of the Communist parties. This discards or disregards the Marxist theory of the state which asserts that such fundamental changes cannot be accomplished either gradually or peacefully. (b) They identify the bureaucratic degeneration of the revolution with capitalist restoration. In explaining this phenomenon, the Maoists lapse, moreover, into an extreme voluntarism, enormously exaggerating the social weight of ideology. Mao locates the chief cause of the danger of bureaucratic degeneration and capitalist restoration, not in the material foundations of the socio-economic order, but in the realm of ideology. He proclaims that if revisionism is not rooted out on the theoretical, scientific, artistic and literary levels, it will inevitably lead to the overthrow of the dictatorship of the proletariat. Marxists have never believed that the ideas of those reactionary classes which have lost economic and political power as the result of a social revolution are capable of gradually changing the class nature and structure of the state. A colossal counterrevolution of this kind could only occur as a result of civil war between the former possessing classes and the toiling masses in which the masses were crushed; or through the hypothetical generation of a new bourgeoisie which became strong enough economically to launch a civil war and topple the workers state. This has not happened, and it is far from happening, not only in China but in other workers states whose leaders are at odds with Peking, whatever the incipient tendencies may be in these countries in the direction of capitalism.

(c) No less voluntaristic is the Maoist belief that incessant appeals to the spirit of sacrifice, the idealism and enthusiasm of the toiling masses can in and of themselves suffice to surmount the immensely difficult problems arising from the inadequate development of the productive forces in China during the transition from capitalism to socialism. "(d) In defiance of the historical lessons drawn by Lenin in State and Revolution, the Maoists proclaim that in the period of transition from capitalism to socialism the class struggle is bound to intensify and not diminish, and can even go on for hundreds of years. This theory serves to justify intensifications of the role of the state as a repressive instrument. The state, instead of withering away under socialism as Engels forecast, will endure for an indefinite period, if Mao is correct. Thus a "theoretical" excuse is provided for the worst bureaucratic excesses and abuses of power.

(e) The strategy of world revolution expounded by Mao and Lin Piao...
extols the insurrectionary movements of the peasantry in the backward colonial areas and systematically underrates or dismisses the key role which the industrial working class in the advanced countries must play in overthrowing the power of imperialism and helping to create the new socialist society.” (396) Furthermore “The dispute did not arise from a desire for theoretical clarification by the Chinese CP, but from the problems raised for it by the needs of transforming Chinese society and under the pressure of the colonial revolution.” (397) and “The fundamental cause of the Sino-Soviet conflict lies in the different needs of the bureaucracies headed by the two leadings: the one expressing the needs of a bureaucracy feasting at the head of an economically developed country, the other at the head of a society that is still poor... The search for agreements and above all an over-all agreement with imperialism on the part of the Soviet bureaucracy contradicts the search by the Chinese leaders for more aid and for better defenses against the heavy pressure of imperialism. From these divergent material needs flow the differences that have appeared between the Chinese and Soviet leaders on some of the key questions of current international politics which have led the Chinese to vigorously denounce Khrushchev’s orientation as well as that of his partisans throughout the world.” (398) Furthermore the split in the world communist movement produced was severely limited in its outcome for “Despite the already considerable scope which the crisis of the bureaucratic system has reached, all the tendencies which have appeared up to now within the former Stalinist framework have remained subordinated to the bureaucracies of the workers states.” (399) Nevertheless, despite all these points, the objective results produced were entirely other than those intended by either the Soviet or the Chinese bureaucracies. The contradiction of the situation is, as we noted earlier, that the pacifist concept of “peaceful co-existence” is the only logical extension of the theory of socialism in one country, but during the 1960’s “within the international Communist movement... they (the CCP) defend(ed) a whole series of ideas opposed to Stalinist ideas and dealing a mortal blow to Stalinist monolothism.” These ideas did not flow from the non-bureaucratic nature of the Chinese Communist Party but from the fact that “China’s economic situation is objectively difficult. A considerable step forward cannot be realised unless important economic aid is granted by the other workers states... These are the circumstances in which the Chinese placed the problems on an international level. For them it is... very difficult to conceive of a solution based on “peaceful co-existence” and long term economic competition.” (400) Nevertheless the actual impact of the position of the Chinese Party on certain questions was to open a discussion in the Communist Parties of the world, and elsewhere, on such fundamental questions as peaceful and not peaceful roads, peaceful co-existence and so forth. This debate allowed revolutionary Marxists to introduce their ideas into the debate in a far more favourable situation than ever before. Just as in medieval Catholicism, when there are two Popes the result is not the victory of either of them, but the raising of the whole question of the state of the Church. Therefore, as the Ninth World Congress noted, “Peking’s propaganda campaign against Moscow has unquestionably helped to undermine the authority of the bureaucratic Communist party leaders both in
the capitalist countries and in the Soviet Union. Out of polemical necessity, the Maoists have told devastating truths about the "revisionists" and offered important examples involving the pro-Moscow CP's as proof of their statements. While this propaganda has gotten little response in the Soviet Union, in Eastern Europe, etc., chiefly because of the development of the Mao cult and the praise of Stalin associated with it, it has played a contributing role in the formation and activities of the youth vanguard in the capitalist countries, which in turn has contributed to the rise of opposition currents in the youth and among the intellectuals in the degenerated or deformed workers states. From this standpoint, the propaganda, as hypocritical as it was, concerning the "cultural revolution" had a special importance because it was ostensibly directed against the bureaucracy, and proclaimed the need for the youth to "take power." The ultimate result of this was to contribute to undermining the stability of the Stalinist bureaucracy on a world scale." (401)

(150) An exactly similar effect is the case with the "populist" Stalinist leaders of Eastern Europe. As we have noted their intervention is designed to safeguard the position of the bureaucracy but "Nevertheless the importance of this 'neo-centrism' is enormous, because it keeps up a ferment in the minds of all the Communist Party militants... and because it creates possibilities for a revolutionary vanguard to use it as its starting platform for a return to Lenin" (402) A typical example of the type of dynamic generated here can be seen in the case of Czechoslovakia. "For an entire period, the workers in their majority stood aside from the struggle between the two wings of the bureaucracy (Novotny and Dubcek), They began to take action, particularly by advancing their own demands, towards the end of the spring in 1968. The mobilization became accelerated because of the open intervention of the Kremlin and its satellites in the test of strength within the Czechoslovak Communist party, then because of the political and military pressure which the Soviet bureaucracy began to apply against the Czechoslovak government. It reached its highest point immediately after the military forces in the service of the Kremlin invaded Czechoslovakia. This constituted the biggest explosion of revolutionary mass action in Eastern Europe since the October-November revolution in Hungary."

"On the road towards a political revolution, the working class masses began to advance more and more clearly the slogan of workers self-management — of putting elected representatives of the workers in direct charge of the plants and of the entire economy. Nevertheless all the ideological confusion among the vanguard workers and students resulting from the Stalinist past and the opportunist nature of the Dubcek leadership, a third tendency began to crystallize within the Communist party and the organisations of the masses and the working class, Oriented in a revolutionary direction, this tendency rejected both the neo-Stalinist conservative allies of the Kremlin and the right-wing partisans of a "liberal economic reform." (403)

(151) One particular intra-bureaucratic conflict meritng special note was the "cultural revolution" in China. (404) This was presented by the Mao-
ist section of the bureaucracy as elimination of ‘capitalist roaders’ within the Party, and was treated by bourgeois observers as a voluntaristic attempt to create a new ‘socialist man’. However, as was noted at the Ninth World Congress “Mao’s supporters, and those who take his propaganda at its face value, claim that he is promoting an anti-bureaucratic political revolution against agents of the class enemy, a revolution which aims at and is effectively realising a wider democracy for the popular masses. This flies in the face of the obvious facts. The authoritarian manner in which the ‘cultural revolution’ was launched, conducted, guided and concluded; the suppression of dissenters, coupled with conscience-less deformation of the views of the anti-Mao tendencies; the outrageous cult of Mao; the absence of elections and democratic institutions controlled by the workers and peasants; the increased authority of the army... all testify to the bureaucratic characteristics and direction of the political course taken by the Mao faction.” (405) The Cultural Revolution in fact arose out of the contradictions within Chinese society created by bureaucratic domination, for, as was noted by the Reunification Congress of the Fourth International “The objectively backward base of China and the political formation of the present leadership caused grave deformations in the Chinese workers state... The administration of the Chinese workers state remains bureaucratic... real democratic tendencies exist only on a local scale and in probably quite limited cases. Fundamental political questions and basic orientation are always decided by the summit, by narrow bureaucratic layers.” (406) and “In this situation (of heightened tension), conditions for a genuine political revolution against the ruling bureaucracy matured. The ‘cultural revolution’ constitutes objectively an attempt by the Mao faction to divert the social forces pushing in that direction from an overthrow of the bureaucracy into a reform of the bureaucracy.” (407) The result of this process was that “Instead of instituting an expanded workers democracy on the model of the Paris commune, Mao has re-organised the bureaucratic regime under the auspices of the ‘triple alliance’ regulated by the army and presided over by that part of the cadres loyal to his faction. The ‘revolutionary committees’ set up during the ‘cultural revolution’ have not been elected by the working masses themselves... but have been constituted by compromise between contending factions.” (408) As a result of the bureaucratic nature of the regime which continued to exist after the Cultural Revolution, as the Ninth World Congress noted, “It could not be excluded that a change of line of US imperialism towards China would lead to a significant modification of revolutionary militancy advised by the Chinese leadership to its followers abroad.” (409) This analysis has of course been amply confirmed by events since.

(152) However, as we have already noted, the objective result of the intra-bureaucratic struggles is frequently entirely different to their intended result. In the case of the Cultural Revolution the position of the bureaucracy was substantially weakened by the struggles. The first element in this situation was the tendency of the various Red Guard groups to get out of bureaucratic control “Since all the groups were formed under the guise of carrying out Mao’s directives and Mao’s thought’, it was difficult for broader masses to understand their political differences. Nevertheless
many of the groups became differentiated sufficiently in their interpretation of Mao's doctrines to come into conflicts that were at times very sharp... The most unmanageable of these elements passed beyond the specific objectives set for them by their bureaucratic patrons and even collided with them. Their tendency to move in the direction of critical thought and independent political action was observable in many of the wall posters and mimeographed or printed publications put out by the Red Guards and in some of the "seizures of power" in which they engaged. The movement became so dangerous to Mao's objectives that he finally found it advisable to demobilize the Red Guards and send them back to the classrooms or the countryside for labour. However, ferment persists among them. The most advanced and revolutionary minded members of this new generation, who received their political baptism in the "cultural revolution", may later detonate further mass actions against the Chinese bureaucracy as a whole, including the Maoist victors. Nevertheless, of much greater significance than the Red Guard demonstrations were the mobilizations of the proletarian masses from December 1966 through February 1967. Taking advantage of the splits among the contending factions on top and spurred into action by one or another of them, sectors of the work force began to put forward their own economic and social demands and move along independent lines. This action flared into general strikes in transportation and many plants in Shanghai, Nanking, and other industrial centres. The movement from below, which in its further development would have threatened the control of the Maoist leadership, was stopped short by combined methods of manipulation and repression. The brevity of the massive strikes does not diminish their historic import. They signaled the end of political apathy among the industrial workers and the resumption of their autonomous action.” (410) Together with this reawakening of the industrial proletariat appeared the formation of genuinely revolutionary although confused political tendencies. (411) The general outcome of this entire process was not therefore simply a strengthening of one wing of the bureaucracy at the expense of another, which was the intention, but also a weakening of the entire bureaucracy. “The regime will not be able to regain the prestige and stability enjoyed before Mao launched the ‘Great Proletarian Cultural Revolution.’” The internecine struggles and accompanying Maoist propaganda have served to generate new revolutionary energies within the youth and the vanguard elements among the working masses which will not be easily or quickly subdued... While the bureaucratic ruling castes of the USSR and China have much in common, there are profound differences between the historical situation which enabled Stalin to consolidate his power and the international and domestic context in which Mao advanced the slogan of ‘seizure of power’ by the Red Guards. In China today, the mobilisations of the masses under the impetus of the upheaval, limited as they have been, have altered the relationship of forces between the bureaucracy and the people to the advantage of the latter. The movement of the masses weakened the bureaucratic regime. This outcome differs from Stalin’s rise during the late twenties and early thirties when the masses were crushed and beheaded and fell into a state of unrelieved political passivity which did not apprec-
ially change until after Stalin’s death." (412)

(152) Equally important in undermining the position of Stalinism, and particularly so in the recent period, has been the international extension of the revolution. As was noted at the Seventh World Congress “The extension and victory of the socialist revolutions are incompatible with Stalinism and with the interests of the Soviet bureaucracy... Just as in the period before the war... the international policy of the Soviet bureaucracy... has been marked by a constant effort to maintain a status quo which always shows itself to be nonexistent. In the post-war period the status quo signified an over-all equilibrium with imperialism which must not be disturbed by big revolutionary movements and in which the key positions of imperialism must not be bought into question... The bureaucracy has systematized a whole series of rightist tendencies and positions which were already formulated in Stalin’s time... The important differences on this point between Khruschev and Stalin do not relate to the perspectives and intentions of the bureaucracy but to the different conditions under which they operate and the different consequences this leads to. Stalin was able to deliver revolutions to the butchers quite openly and cynically... Khruschev has been obliged to grant aid to revolutionary movements, but he has done so in an insufficient timorous fashion while seeking agreements with imperialism or with the bourgeoisie of the underdeveloped countries.” (413)

(153) The first break up in international Stalinist monolithism came with the Tito/Stalin split. However this had little impact owing to the extreme right wing line of the Titoite bureaucracy. More significant was the wild leftward lurch carried out by the Chinese bureaucracy in the 1960’s. The reasons for this have already been analysed in the particular circumstances of the Maoist leadership. In Asia, however, extremely large sections of the old Communist parties split off to form pro-Peking parties. Some collapsed back more or less immediately into abject opportunism – for example the CPI (M) in India – while others lurched into ultra-leftism, for example the Naxalites. However in general the impact of the Chinese bureaucracy’s annouvers was to throw into question, despite its intentions, some of the most hallowed theses of Stalinism in at least its ‘right’ variants. Even more significant in this respect was the impact of the Cuban revolution. Whereas the Chinese left turn had still left most of the groups which emerged tied to the bureaucracy of a workers state, the train of events set in motion by the Cuban revolution led quite definitively to the emergence of currents which, while frequently centrist or adventurist, nevertheless broke with blind allegiance to a particular bureaucratic state power. The very fact that the Castro leadership was not formed in the Stalinist parties was in itself a hammer blow to the myth of the unique role of the ‘communist’ parties as the sole revolutionary instruments. Certainly the Castro leadership did not establish proletarian democracy in Cuba, and in the recent period in particular it has in consequence taken a pronounced swing to the right in foreign policy, but the objective impact of its ‘armed struggle’ line was to break up the old Stalinist parties in Latin America. For example according to probably exaggerated but not totally unrealistic guerrilla estimates, the split between the guerrillas and the Guatemalan Communist
Party led 50% of the Party’s Central Committee to resign and 40% of the party’s political commission. (414) Furthermore, while carefully avoiding any clean break with Moscow, Castro was not in the least above lashing some of the more wretched examples of Stalinism in Latin America e.g. the Venezuelan Communist Party. (415) Guevara went even further and was fairly open about his distrust of the Communist Parties (415).

In Bolivia he certainly was forced to rely on the CP’s urban network, which promptly stabbed him in the back, but at the same time he noted “As was to be expected, Monje’s (the leader of the Bolivian CP – JR) attitude was evasive at first and later on treacherous. The party is now taking up arms against us and I do not know what it will lead to, but it will not test us, and it may in the long run prove beneficial (I am almost certain of this).” (416) Furthermore, once the whole question of armed struggle was opened up, all sorts of sacred icons of Stalinism began to come up for questioning, even although the main cadre of the CP did not opt for Castroism. One of the first dogmas to be challenged was precisely the lynch-pin of Stalinist strategy in the colonial world – i.e. the infamous stages theory of subordination to the national bourgeoisie. From outside the CP, Cesar Montes in Guatemala, could speak in relation to the Communist Party of “the pseudo-revolutionary idea ... which has confidence in the ability of the bourgeoisie to direct a democratic regime of state capitalism progressing peacefully, evolving tranquilly towards socialism.” (417) Yon Sosa, another Guatemalan leader, went still further and declared “Anyway, what does it matter what the bourgeoisie says? They’re already against us. Have you found a single bourgeois who supports the guerrillas or the military peasant leaders? What forces does the national bourgeoisie have anyway? ... A backward country cannot advance along the capitalist path, and there’s no third alternative (to that of socialist revolution)!” (418) From inside the CP’s Carlos Marighela, a Brazilian leader killed in November 1969 after his break with the CP also came to the same conclusions “The contradiction between bourgeoisie and proletariat has acquired a new dimension. This means that it is impossible to struggle against imperialism and the latifunda (the big landed estates) while continuing to cradle illusions about the leadership of the Brazilian bourgeoisie, or while abstaining from class struggle against the bourgeoisie ... The basic point is that the leading role of the Brazilian bourgeoisie in the revolution is not historically inevitable ... The proletariat can exercise its leadership in the revolution right from the start, and can struggle determinedly for this hegemony ... This possibility does not modify the anti-feudal and anti-imperialist, national and democratic character of the revolution. It rather enables this revolution to be carried through.” (419) In the initial period after the Cuban revolution of course the various currents inside the revolutionary left in Latin America were led into a blind alley by the theories of ‘fascism’ and the ‘combining of democratic forces’ advocated by the Cuban leadership and Regis Debray. However both these theories are now quite openly challenged. Douglas Bravo for example has noted that Debray “made the question of combat of shooting, the central point of every struggle that is going to develop at this time, brushing aside, absurdly underestimating, the problem of organising the working class and the
peasants.” This mistake was made worse by the fact that the Cuban's supported a line very similar to Debray's and were also guilty, as Bravo puts it “of underestimating the importance of organising a party, a front, and of underestimating the importance of organising the working class and the peasants.” In the light of this Bravo notes that “We have begun work in a serious manner to organise our movement in the working class . . . . The great error of the past was that we abandoned much of the organising of the popular sectors, who are the ones who are really going to make the revolution. Today we are organising these sectors in a serious and disciplined way. It is in this area that we think the greatest successes are going to be won.” (420) While it would be entirely unlikely that such types of views will 'spontaneously' evolve to Trotskyism, nevertheless clearly the objective impact of the discussions and movements started by the Cuban revolution has been to produce theories which challenge just about every individual tenet of Stalinism. Indeed it was possible to note in 1963 that “The two principle anti-imperialist struggles of recent years (Cuba, Algeria) (i.e. before the Vietnam war) have been conducted by leaderships and formations in independence from the Communist parties in these countries.” (421) Only Vietnam has allowed the world communist parties to recoup this to any great extent and even here there are great contradictions. The lessons of armed struggle such as in Vietnam are the last things the bureaucrats of the world ‘communist’ movement want their members to be thinking about at the present time. As a result of these contradictions the impact of the Vietnam war has been to strengthen the non-Stalinist vanguard. This has even been the case in the deformed and degenerated workers states themselves where, as the Ninth World Congress noted “The resistance of the Vietnamese masses and their victories over imperialist aggression have come to exercise a positive influence in reviving a political vanguard in the workers states. It has cooled the sympathies of a section of the rebel intellectuals and students for bourgeois ‘democracy’ and discredited American imperialism in their eyes . . . . It serves today in the workers states, as in the West, as a touchstone to distinguish reactionaries and right wingers — who complain about the sacrifices imposed on the peoples of Eastern Europe ‘for the benefits of the Vietnamese and Cubans’ . . . . and who take a neutral or indifferent attitude towards the heroic resistance of the Vietnamese people — from the progressive currents whose spontaneous demonstrations and massive aid go beyond the purely verbal affirmations of official ‘solidarity.’” (422) The most dramatic expression of such movements came in April 1966 when Nicolai Didyk burnt himself to death in a protest against the refusal of the Soviet government to send support brigades to Vietnam. (423)
(1) Marx - Theories of Surplus Value: vol 2 p166
(2) Ibid p165
(3) Ibid p165-6
(4) See The Theory of Permanent Revolution by Livio Maitan in Fifty Years of World Revolution ed Ernest Mandel.
(5) Trotsky - Permanent Revolution (PR) p29 (Pathfinder Press)
(6) Trotsky - The Third International after Lenin (TIL) p19 (Pathfinder Press Edition)
(7) Trotsky - History of the Russian Revolution p22 (Sphere Books Edition)
(9) PR p23
(10) Trotsky - The Revolution Betrayed (RB) p5 (New Park Edition)
(11) RB p 11
(12) TIL p 80
(13) Invitation to the First Congress of the Third International in Documents of the Communist International ed de Gras Vol 1 p2
(14) TIL p79
(15) TIL p65
(16) Trotsky - Where France (WF) p52-53 (Merit Edition)
(17) See Critique de l'Economie Politique vol 1 (L'Inflation)
(18) See Le Crise du Dollar - Document Rouge no 10
(19) See Critique de l'Economie Politique vol 2 (La Crise du Systeme Monetaire International)
(20) See ibid vol 3 (La Formation du Sous Developpement)
(21) TIL p20
(22) see P. Florian and J. Valier - Essai d'explication de la crise du Systeme Monetaire International in Critique de l'Economie Politique vol 2
(23) PR p155
(24) Ibid p 270
(25) Lenin - Once again on the Trade Unions Collected Works vol 32 p90
(26) Trotsky - The Transitional Programme of the Fourth International (TP) (Merit Edition) p5
(27) Trotsky - The Lessons of October in The Essential Trotsky p166.
(28) Thesis on Tactics of the Third Congress of the Communist International de Gras op cit p250
(29) Trotsky WF p45
(30) Marx to Kugelmann 11th July 1868
(31) Marx - *Capital* vol 3 p173
(32) TIL p88
(33) Ibid p88
(34) TP p7
(35) PR p156
(36) PR p157
(37) PR p9
(38) PR p9
(39) PR p157
(40) PR p157
(42) PR p56
(43) Marx - *Theories of Surplus Value* vol 2 p400
(44) Marx *Capital* vol 3 p83f
(45) Ibid p826
(46) Marx - *The Poverty of Philosophy* p95
(47) Lenin - *Philosophical Notebooks* p237
(48) Ibid p93
(49) Marx - Preface to the First German Edition: of Capital
(50) Marx - Afterword to the First Volume of Capital
(51) Lenin op cit p52
(52) Marx - French edition of *Capital* vol 1 p 181n: cited in Althusser
Lenin and Philosophy and Other Essays p117.
(53) Marx - *Capital* vol 2 p207
(54) Ibid p230
(56) Marx - *Wage, Labour and Capital* - Selected works in one volume.
(Lawrence and Wishart) p71.
(57) Marx - Preface to The Critique of Political Economy.
(58) Ibid.
(60) Lenin - *Economics and Politics in the Era of the Dictatorship of the
Proletariat* - Collected works vol 30 p114
(61) Lenin - *Speech to the All-Russia Congress of Transport Workers* - Collected
Works vol 32 p272
(62) Marx - *Critique of the Gotha Programme* - Selected Works in one volume p323
(63) Lenin - *State and Revolution* - Collected Works vol 25 p471
(64) RB p112
(65) Lenin op cit p472
(66) The Platform of the Left Opposition p12
(67) Ibid p20
(68) Mandel - *Marxist Economic Theory* p624
(69) Ibid p625-6
(70) PR p22
(71) TIL p53
(72) PR p28
(73) TIL p58
(74) PR p22
(75) TIL p40 and 55
(76) PR p23
(77) PR p22
(78) TIL p42
Today* in International Socialist Review June 1972/ *The Inconsistencies of State
Capitalism/The Mystifications of State Capitalism.*
(80) TIL p46
(81) Lenin - Report to the Eleventh Congress of the RCP(B) -
Collected Works vol 33 p276

124
82) TIL p47
83) TIL p62
84) Mandel - *Marxist Economic Theory* p626
85) TIL p22
86) TIL p22
87) TIL p43
88) TIL p63
89) TIL p61
90) cited PR p23
91) PR p26
92) PR p23
93) PR p22
94) TIL p72
95) TIL p48
96) TIL p46
97) TIL p61
98) *Pravda* 12/11/1926 cited TIL p62
99) TIL p62
100) TIL p44
101) TIL p72
102) The section on France and Spain is based on Mandel - *Peaceful Co-existence and World Revolution*.
103) Lenin - *The Third Anniversary of the October Revolution* - Collected Works vol 31 p398
105) See the appeal of the Second Congress of the Communist International
108) See Morrow - *Revolution and Counter-Revolution in Spain*.
109) Trotsky - *Stalin* vol 2 p236
110) *New Left Review* 68 p46
111) *The Theses on the National and Colonial Question adopted by the Second Congress of the Comintern* in de Gras *op cit* p144.
112) Ibid
113) Marx - *The Critique of Political Economy* p206
114) Trotsky - *Three Concepts of the Russian Revolution* - writings 1938-39 p111
115) See for an account of this D Bensaid - *Revolution Socialist et contre-revolution bureaucratique in Critiques d l'Economie Politique* vol 7
116) PR p59
117) PR p56
118) Lenin - *Two Utopias* - Collected Works vol 18
119) Cited in T Cliff - *On Substitutionism*
120) RB p5
121) PR p155
122) PR p23
123) TIL p42
124) See Maitan - *The Theory of Permanent Revolution in Fifty Years of World Revolution* ed Mandel.
125) PR p152-4
126) TIL p179
127) Marx - *Capital* vol 3 p173
128) PR p23
129) Lenin - vol XV1 p 458 French Edition
130) Lenin - *The Development of Capitalism in Russia* - Collected Works vol 3 p 503
131) cited in Avenas - *Lutte Ouvriere et la Revolution Mondiale*
132) This section on Cuba draws heavily on Avenas *op cit* and Moscoso *Les Lecons de la Revolution Cubaine*.
135) Lenin - *Our Revolution* - Collected Works vol 33 p477
136) cited in H Weber in *Sur la Revolution Cubaine*
137) Lenin - *op cit* p480
138) Lenin - *op cit* p480
140) Lenin - *The Proletarian Revolution and the Renegade Kautsky* - Collected Works vol 28 p294
141) Ibid p294
142) Lenin - *The Proletarian Revolution and the Renegade Kautsky* Collected works vol 28 p294
143) PR p210
144) Lenin - *The Proletarian Revolution and the Renegade Kautsky* HRR vol 3 p308
145) PR p106
146) T Ali - *Class Struggle in Pakistan* in *New Left Review* no 63
147) Vietnam, Laos, Cambodge - meme combat p5
148) Lenin - *The Proletarian Revolution and the Renegade Kautsky* Collected works vol 28 p294
149) Ali - *op cit* Lenin op cit p442
150) Ibid p441
151) Lenin op cit p442
152) Ibid p441
153) PR p93
154) Lenin op cit p442
155) Cited PR p106
156) TIL p183
157) TIL p183
159) TP p45
160) Trotsky - *My Life* p522
161) Ibid p530
162) Trotsky - *Fighting Against the Stream* - Writings 1938-39 p63
163) Trotsky - 'For the Fourth International? No! The Fourth International.'
164) See Andre - *Build the Party! Build the International!* - International vol 1 no 1
165) See Weber - *Qu'est-ce que l'A.J.S.* p12f and Whelan - *The Credibility Gap* p13f
166) TIL p65
167) WF p52
168) Plamenatz - *German Marxism and Russian Communism* p303
169) Cited Nicolaus in NLR 48
170) Marx - *Capital* ch 15
171) Ibid p250
172) For a classic example see *Marx and Modern Economics* ed Horowitz.
173) *Grundisue* - p634 in *Europaische Verlagstalt Frankfurt*
174) Marx - *Capital* vol 3 p250
175) Ibid p25
176) For a brief historical summary of one aspect of this see Sweezy - *The Theory of Capitalist Economic Development* ch 11. Roughly speaking there are three main schools of thought on this: Underconsumption - Luxemburg, Sweezy; Disproportionality theorists - Notably Tugan Baranowsky but also, on some interpretations, Lenin; Breakdown through the falling rate of profit - Grossman, Mattick. Most authors fit in between these various positions. Lenin for example was violently opposed to underconsumption in its Narodnik or Luxemburgist forms, but appears to have inclined between the
second and third categories. (For a critique of Lenin see Rosdolsky - 
La théorie de la réalisation chez Lenin in Critique de L'Economie 
Poltique vol 4-5 p115 and for a critique of Luxemburg see Rosdolsky - 
Methodologische Bemerkung zu Rosa Luxemburgs Kritik der Marx'schen 
Reproduktions schemata in Rosdolsky - Zur entstehungsgeschichte des 
Marx'schen 'Capital' p86. A French translation of this appears in 
Critique op cit and an English one will appear in International. For a 
discussion of Lenin and Luxemburg on Imperialism see Valier - 
Les Theoriers de L'Imperialisme de Lenins et Rosa Luxemburg in 
Critique op cit. A brief survey of the field can be found in Kemp - 
Theories of Imperialism.

177 Marx expresses this point as follows, "The conditions of direct exploitation, 
and those of realising it, are not identical. They diverge not only in their time and 
place, but also logically. The first are limited only by the productive power of society, 
the latter by the proportional relation of the various branches of production and the 
consumer power of society. But this last named is not determined either by the 
absolute productive power, or by the absolute consumer power, but by the consumer 
power based on antagonistic conditions of distribution, which reduce the consump-
tion of the bulk of society to a minimum varying within more or less narrow limits. 
This is law for capitalist production, imposed by incessant revolutions in the methods 
of production themselves, by the depreciation of existing capital always bound up 
with them, by the general competitive struggle and the need to improve production 
and expand its scale merely as a means of self-preservation and under penalty of 
ruin. The market must, therefore, be continually expanded, so that its interrelations 
and the conditions regulating them assume more and more the form of a natural law 
working independently of the producer, and become ever more uncontrollable. This 
internal contradiction seeks to resolve itself through the expansion of the outlying 
field of production. But the more productiveness develops, the more it finds itself at 
variance with the narrow basis on which the conditions of consumption rest."

(Marx - Capital Vol 3 p243)

178 "Since the aim of capital is not to minister to certain wants, but to produce 
profit, and since it accomplishes this purpose by methods which adapt the mass 
of production to the scale of production and not vice versa, a shift must continually 
ensue between the limited dimensions of consumption under capitalism and a pro-
duction which forever tends to exceed this immanent carrier." (Ibid p256)

179 "The contradiction, to put it in a very general way, consists in that the capitalist 
mode of production involves a tendency towards absolute development of the 
productive forces, regardless of the social conditions under which capitalist production 
takes place, while, on the other hand, its aim is to preserve the value of the existing 
capital and promote its self-expansion to the highest limit (i.e. to promote an even 
more rapid growth of this value)." (Ibid p249)

180 As Marx puts it, "The capitalist mode of production meets with barriers at a 
certain expanded stage of production which, viewed from other premises, would 
reversely have been altogether inadequate. It comes to a standstill at a point fixed by 
the production and realisation of profit, and not the satisfaction of requirements." 
(Ibid p258.)

181 There are some alternate formulae - see Hodgson - The Theory of the Perman-
ent Arms Economy in International Vol 1 No 8.

182 "The process of production and accumulation advances therefore the mass of 
available and appropriated surplus-labour, and hence the absolute mass of profit ap-
propriated by social capital must grow. Along with the volume, however, the same 
laws of production and accumulation increase also the value of the constant capital in 
a mounting progression more rapidly than that of the variable part of capital."

(Marx op cit p219.)

183 Indeed, "The same development of the social productiveness of labour expresses 
itself with the progress of capitalist production on the one hand in a tendency of 
the rate of profit to fall progressively and, on the other, in a progressive growth of 
the absolute mass of the appropriated surplus value" and "The number of labourers 
employed by capital, hence the absolute mass of the labour set in motion by it, and 
therefore also the absolute mass of the surplus value produced by it can, consequently, 
increase, and increase progressively in spite of the progressive drop in the rate of 
profit. And this not only can be so. Aside from temporary fluctuations it must be so, 
on the basis of capitalist production." (Ibid p218)

184 "A fall in the rate of profit connected with accumulation necessarily calls 
forth a competitive struggle. Compensation of a fall in the rate of profit by a rise in 
the mass of profit applies only to the total social capital and to the big, firmly placed
capitalists... a fall in the rate of profit calls forth a competitive struggle amongs
capitalists, not vice versa.” (Ibid p256.)

185) “If capital is sent abroad, this is not because it absolutely could not be applied
at home, but because it can be employed at a higher rate of profit in a foreign country.
But such capital is absolute excess capital for the employed labouring population
and for the home country in general.” (Ibid p256)

186) “The specific feature about it (capitalism) is that it uses the existing value of
capital as a means of increasing this value to the utmost. The methods by which it
accomplishes this include the fall of the rate of profit, depreciation of existing
capital, and development of the productive forces of labour at the expense of already
created productive forces.” (Ibid p249)

187) “If the rate of profit falls, there follows, on the other hand, an exertion of
capital in order that the individual capitalists, through improved methods, etc.,
may depress the value of their individual commodity below the social average value
and thereby realise an extra profit at the prevailing market price.... As soon as forma-
tion of capital were to fall into the hands of a few established big capitals, for which
the mass of profit compensates for the falling rate of profit, the vital flame of
production would be altogether extinguished. It would die out.” (Ibid p259)

188) Lenin - Imperialism: The Highest Stage of Capitalism, Section 8.

189) Ibid, Section 7.

190) Ibid, Section 8.

191) Ibid, Section 8.

192) Ibid, Section 4.

193) Marx notes this as follows: “Over production of capital, not of individual
commodities—although over-production of capital always includes over-production
of commodities .... is therefore simply over accumulation of capital .... There would
be absolute over-production of capital as soon as additional capital for purposes of
capitalist production. The purpose of capitalist production, however, is self-
expansion of capital, i.e. appropriation of surplus-labour, production of surplus-
value, of profit. As soon as capital would, therefore, have grown in such a ratio to
the labouring population, that neither the absolute working time supplied by this
population, nor the relative surplus working time, could be expanded any further
(this last would be feasible at any rate in the case when the demand for labour
was so strong that there was a tendency for wages to rise); at a point, therefore when
the increased capital produced just as much, or even less, surplus value than it did
before its increase, there would be an absolute over-production of capital; i.e. the
increased capital C + C’ would produce no more, or even less profit than capital
C before its expansion by C’. In both cases there would be a steep and sudden fall
in the general rate of profit, but this time due to a change in the composition of
capital not caused by the development of the productive forces, but rather by a rise
in the money value of the variable capital (because of increased wages) and the corres-
ponding reduction in the proportion of surplus-value to necessary labour.”
(Marx op cit p251.)

194) “It is over-production of means of production only in so far as the latter
serve as capital, and consequently include a self-expansion of value, must produce an
additional value in proportion to the increased mass. Yet it would still be over-
production, because capital would be unable to exploit labour to the degree required
by a ‘sound’, ‘normal’ development of the process of capitalist production to a
degree which would at least increase the mass of profit along with the growing mass
of employed capital; to a degree which would, therefore, prevent the rate of profit
from falling as much as the capital grows, or even more rapidly. Over-production of
capital is never anything more than over-production of means of production – of
means of labour and necessities of life – which may serve as capital i.e. may serve to
exploit labour at a given degree of exploitation; a fall in the intensity of exploitation
below a certain point, however, calls forth disturbances and stoppages in the capitalist
production process, crises, and destruction of capital.” (Ibid p256.)

195) Mage - The Law of the Falling Tendency of the Rate of Profit.

Gilman - The Falling Rate of Profit. These two are from a Marxist
point of view. Mattick - Keynes and Marx. Also cites relevant data from Kuznets -
Capital in the American Economy. For a summary see Hodgson - The Theory of
the Permanent Arms Economy in International vol 1 no 8

196) Figs from Hodgson op cit

197) Kuznets op cit cited Mattick op cit p90

198) Marx - Capital vol 3 p236

199) Marx - Capital vol 3 p236
200) Mandel - The Inconsistencies of State Capitalism p9
202) See Magdoff - The Age of Imperialism and Critiques de l'Economie Politique vol 4-5 L'Imperialisme
203) See Mandel - Imperialism and National Bourgeoisie in Latin America - in International vol 1 no 5
204) Marx - Capital - vol 3 p236
205) TIL p7
206) TIL p9
207) Trotsky - A Fresh Lesson on the Nature of the Coming War - Writings 1938-39 p13
208) Ibid
209) Trotsky - Europe and America p41
210) New Crisis of US Imperialism - International vol 1 no 6
211) See La Crise du Dollar Ed J Valier
212) Mandel - The Downfall of the Dollar - in Red Mole no 28
213) See Mandel - Imperialism and National Bourgeoisie in Latin America and Quijano - Nationalism and Capitalism in Peru.
214) Rowthorn op cit
217) Valier - La Crise du Dollar.
218) Marx op cit p256.
221) Ibid.
222) Ibid.
223) Ibid.
224) Mandel - Imperialism and National Bourgeoisie in Latin America - International Vol 1 No 5.
225) Quijano op cit.
226) See Bailly and Florian - L'Exacerbation des Contradictions dans les Economies semi-industralisées in Critique de l'Economie Politique Vol 3 [La Formation de tous Development].
227) International Vol 1 No 6.
228) TP p5.
229) Marx - Critique of the Gotha Programme (CGP) in Selected Works in One Volume (SW) p323.
230) Marx - Critique of Hegel's Philosophy of Right p43.
232) See Lewin - Lenin's Last Struggle.
234) Nove - An Economic History of the USSR p68.
235) Trotsky - Not a Workers and Not a Bourgeois State? Writings 1937-38 p94.
236) Report of German to the Fifth World Congress.
238) German op cit.
239) Ibid.
240) Ibid.
241) Ibid.
244) The Decline and Fall of Stalinism (D and F) - Resolution of the Fourth World Congress.
245) Trotsky - The Fourth International and the USSR.
246) German op cit.
249) Trotsky op cit p122.
250) Kautsky - The Dictatorship of the Proletariat p45.
251) Brinton - The Bolsheviks and Workers Control p251.
252) Trotsky - Not a Workers and Not a Bourgeois State? Writings 1937-38 p90.


255) “The elementary factors of the labour process are 1. The personal activity of man i.e. work itself, 2. The subject of that work, and 3. Its instruments.” Marx – *Capital* Vol 1 (C1) p178.

256) While it is true that only labour creates exchange value this is not the case with use value. Thus for example Marx notes that “Labour is not the source of all wealth. Nature is just as much the source of use values (and it is surely of such that material wealth consists!) as labour, which itself is only the manifestation of a source of nature, human labour power.” (CGP In SW p323.)

257) “in all conditions man must eat, drink, etc... he must in all conditions either find external things for the satisfaction of his needs pre-existing in nature and take possession of them, or make them for himself from what does not pre-exist in nature; in this his actual procedure he thus constantly relates in fact to certain external things as ‘use values’, i.e. he constantly treats them as objects for his use.” Marx – *Notes on Wagner, Translated in Theoretical Practice* Vol 5.

258) “although isolated labour (its material conditions presupposed) can create use values, it can create neither wealth nor culture.” (CGP: SW p320)

259) “By social we understand the co-operation of several individuals, no matter under what conditions, in what manner and to what end.” Marx – *The German Ideology* p41;

260) “The production of life...... appears as a double relationship: on the one hand as a natural, on the other as a social relationship.” Ibid p41.

261) This is even the case with “the family, which to begin with is the only social relation.” Marx – *The German Ideology* p40.

262) In the case of the primitive family for example “The distribution of work within the family, and the regulation of the labour time of the several members, depend as well upon differences of age and sex as upon natural conditions varying with seasons. The labour power of each individual, by its very nature, operates in this case merely as a definite portion of the labour time of the family.” GI p78.

263) Marx puts this point as follows, “Every child knows that a nation which ceased to work, I will not say for a year, but even for a few weeks, would perish. Every child knows, too, that the masses of products corresponding to the different needs require different and quantitatively determined masses of the total labour of society. That this necessity of the distribution of labour in definite proportions cannot be done away with by a particular form of social production but can only change the mode of its appearance, is self evident. No natural laws can be done away with. What can change historically different circumstances is only the form in which these laws assert themselves.” Marx to Kugelman 11.7.1868.

264) “Every economy is resolved in the last instance into an economy of time... Society must allot its time efficiently so as to secure adequate production of its total needs,... Economy of time, like planned distribution of labour time among the different branches of production, thus continues to be the primary economic law for a society based on collective production.” Marx – *Grundrisse* cited in Mandel *The Formation of the Economic Thought of Karl Marx* p105.

265) Marx to Kugelman 11.7.1868.

266) Ibid.

267) “Relations of personal dependence... are the first forms of society in which human productivity develops.” Marx *Grundrisse* (McLellan translation) p67. Within this general era there are varying modes of production. As Rosa Luxemburg notes “In an economic system based on slave labour or corvee, (economic) reproduction is enforced and regulated in all details by personal relations of domination.” Luxemburg – *The Accumulation of Capital* p33.

268) Gr p67.

269) Ibid p66.

270) Ibid p67.

271) Ibid p74. These new social relations destroy the old social relations of personal dependence, for “The Private exchange of all the product of labour, capacities and activities is opposed to distribution founded on the spontaneous or political hierarchy of individuals with patriarch ancient or feudal societies.” (Ibid p68)

272) C I p41.

273) C I p42.


275) Lenin – *What the ‘Friends of the People’ are and How they fight the Social Democrat – Collected Works Vol 1* p153. Under such production relations “everyone
works for himself but... his product is not created for himself, he must of course exchange it, not only in order to obtain a share in general productive capacity, but in order to transform his own production into means of subsistence for himself.” Gr p67.

276) C I p70 – This point should deal with the ‘State Capitalist’ argument that it is ‘competition’ which is the law of capitalism.


279) Theories of Surplus Value (TSV) Vol 3 p128.

280) TSV Vol 1 p167. Marx repeats this point many times, e.g. “The value of commodities is the very opposite of the coarse materiality of their substance, not an atom of matter enters into its composition... the value of commodities has a purely social reality.” (C I p47.)

281) C I p72.


284) C I p61.

285) TSV3 p101.

286) C I p41.

287) TSV 3 p492.

288) TSV 3 p270.

289) TSV 3 p265.

290) TSV 3 p74.

291) TSV 3 p467.


293) Marx to Engels 22.6.1867.

294) Lenin – Collected Works Col 38 p179.

295) “No matter what the laws on which products are produced which are thrown into circulation as commodities — whether the basis of the primitive community of slave production, of small peasant and petty-bourgeois, or the capitalist basis, the character of products as commodities is not altered.” (C I p325.)

296) C I p217.

297) TSV 3 p424.

298) Gr p97.

299) C I p588.

300) TSV 1 p166.

301) C I p882.

302) TSV 3 p74.

303) TSV 1 p45.

304) C I p60.

305) TSV 3 p34.

306) TSV 3 p54.

307) TSV 1 p45.

308) TSV 3 p424.

309) TSV 3 p126.

310) TSV P387.

311) TSV 3 p30.

312) TSV 1 p359.

313) Gr p98.

314) Gr p67.


316) CGP – SW p323.


318) CGP; SW p323.

319) CGP; SW p324.


321) “Of course bourgeois right in regard to the distribution of articles of consumption inevitably presupposes the existence of a bourgeois state, for right is nothing without an apparatus capable of enforcing the observance of the standards of right.” Lenin op cit p471.

322) Gr p150.

323) See Preobrazhensky op cit Chapter Two.

324) See The Platform of the Left Opposition.


326) Ibid p12.

327) Ibid p22.


331) Ibid p133.
333) A shortage of labour had appeared in the USSR even before the war. The shortage being 1.2 million in 1937, 1.3 million in 1938, 1.5 million in 1939. Mandel op cit p566.
334) Preobrazhensky op cit p72.
335) Mandel op cit p589.
337) See Pologne – *Le Crepuscule des Bureaucrates*.
338) Kuran and Modzelewski op cit p29.
339) Mandel op cit p599.
343) Nove op cit p237.
344) Ibid p323.
345) Ibid p343.
348) The percentage increase in production per year in the USSR was 11.4% in 1959, 9.5% in 1960, 9.1% in 1961, 9.7% in 1962, 8.5% in 1963, and 7.1% in 1964. (Mandel in *Critique* op cit) A similar situation also developed in all the East European states as can be seen from the following table.

**East European Compound Growth Rates of National Income.**

<table>
<thead>
<tr>
<th></th>
<th>1950-55</th>
<th>1955-60</th>
<th>1960-65</th>
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</thead>
<tbody>
<tr>
<td>East Germany</td>
<td>11.4%</td>
<td>7.0%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>8.0%</td>
<td>7.1%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Hungary</td>
<td>6.3%</td>
<td>6.5%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Poland</td>
<td>8.6%</td>
<td>6.6%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>12.2%</td>
<td>9.7%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Yugoslavia</td>
<td>23.0%</td>
<td>7.5%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Rumania</td>
<td>13.9%</td>
<td>7.0%</td>
<td>8.7%</td>
</tr>
</tbody>
</table>

*(Lloyd’s Bank Review Oct 1968,)*

351) See Popov – *The Problem of Strikes in Yugoslavia in International* Vol 1 No 7 and Samary – *Yugoslavie: Vers le Capitalisme ou vers le Socialisme in Critiques op cit*.
352) Davis – Introduction to Popov’s article in *International* op cit. It is important to note here however just what would be the decisive question in the actual restoration of capitalism in Yugoslavia. It would be the re-emergence of surplus value – i.e. exchange value in the surplus product and therefore in the means of production. As was noted at the Ninth World Congress “For Marxists there can be no capitalism without a bourgeois class in power in the economic sense of the term. There can be no bourgois class without private appropriation of the means of production and the social surplus product… The process of primitive private accumulation has assumed important proportions in agriculture, commerce, craft production, and the service sector. But this process is occurring in classes or social layers such as the rich peasantry, the private traders, etc., not in the bureaucracy. As for the private appropriation of a part of the social surplus product by the bureaucracy, it cannot be shown that this phenomenon is quantitatively more important than in the USSR in Stalin’s time. It is true that the symbiosis of a corrupt bureaucracy with a peasantry and a class of artisans, and traders in the course of rapid enrichment creates major social and economic tensions in a socialized economy and introduces grave contradictions. These contradictions, however, are simply a repetition of analogous contradictions in the USSR in the NEP period. They do threaten the planned character of the economy and its socialized foundation and they are aggravated by the Yugoslav CP’s decisions to increase the economic decentralization and the progressive dismantling of the monopoly of foreign trade – this cannot be disputed. But the only conclusion that can be drawn is that a process of sharp social and political struggles is in the offing in Yugoslavia, as indicated by the political crisis since 1966, the strike wave of 1966 and 1967, and, above all, the
student demonstrations and trade-union congress of June 1968.”

355) NRWR
356) NRWR
357) RB p255
358) Trotsky In Defence of Marxism (DM) p163
359) Trotsky — Stalin Vol 2 p236
361) Ibid p92.
362) Ibid — Stalin Vol 2 p222
363) Ibid p234.
364) TP p40
365) Trotsky — Stalin Vol 2 p236
366) RB p227
367) DM p171
368) DM p222
369) DM p218
370) DM p24
371) DM p166
372) TP p38.
373) TP p36
374) Trotsky — On the Eve of World War Two Writings 1938-39 p33
376) TP p36
377) Trotsky — On the Eve etc.
378) DM p20
379) DM p24
380) TP p39
381) RB p255
382) Report of Germain to the Fifth World Congress
383) The Rise and Decline of Stalinism (R and D) — Resolution of the Fourth World Congress of the Fourth International.
384) R and D
385) R and D
386) R and D
387) R and D
388) R and D
389) R and D
390) The Decline and Fall of Stalinism (D and F) — Resolution of the Fifth World Congress of the Fourth International.
391) D and F
392) The Sino-Soviet Conflict and the Situation in the USSR and the other Workers States — Resolution of the Reunification Congress (7th) of Fourth International (SSC)
393) R and D
394) The Crisis of Stalinism (CS) — Resolution of the Sixth World Congress of the Fourth International
395) NRWR
396) The ‘Cultural Revolution’ in China (CR) — Resolution of the Ninth World Congress of the Fourth International
397) CS
398) SSC
399) SSC
400) SSC
401) NRWR
402) D and F
403) NRWR

133
404) See Livio Maltan, Le Parti, L’Arme, et Les Masses dans La Revolution Culturelle Chinoise
405) CR
406) SSC
407) CR
408) CR
409) CR
410) CR
411) See Maltan op cit p129
412) CR
413) SSC
414) Gott, Guerillas in Latin America p84
415) Castro, Their Attitude Towards the Guerilla Struggle will Define the
Communists in Latin America in Fidel Castro Speaks ed. Kenner and Petras.
416) Che Guevara, Bolivian Diary — Summary for Jan 1967
417) Gott op cit p83
418) ibid p57
419) cited Quatrin, Dictatorship and Armed Struggle in Brazil p201.
420) Douglas Bravo Speaks
421) SSC
422) NRWR
423) Bensaid op cit
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