

No. 2

Winter 1976-77

50¢

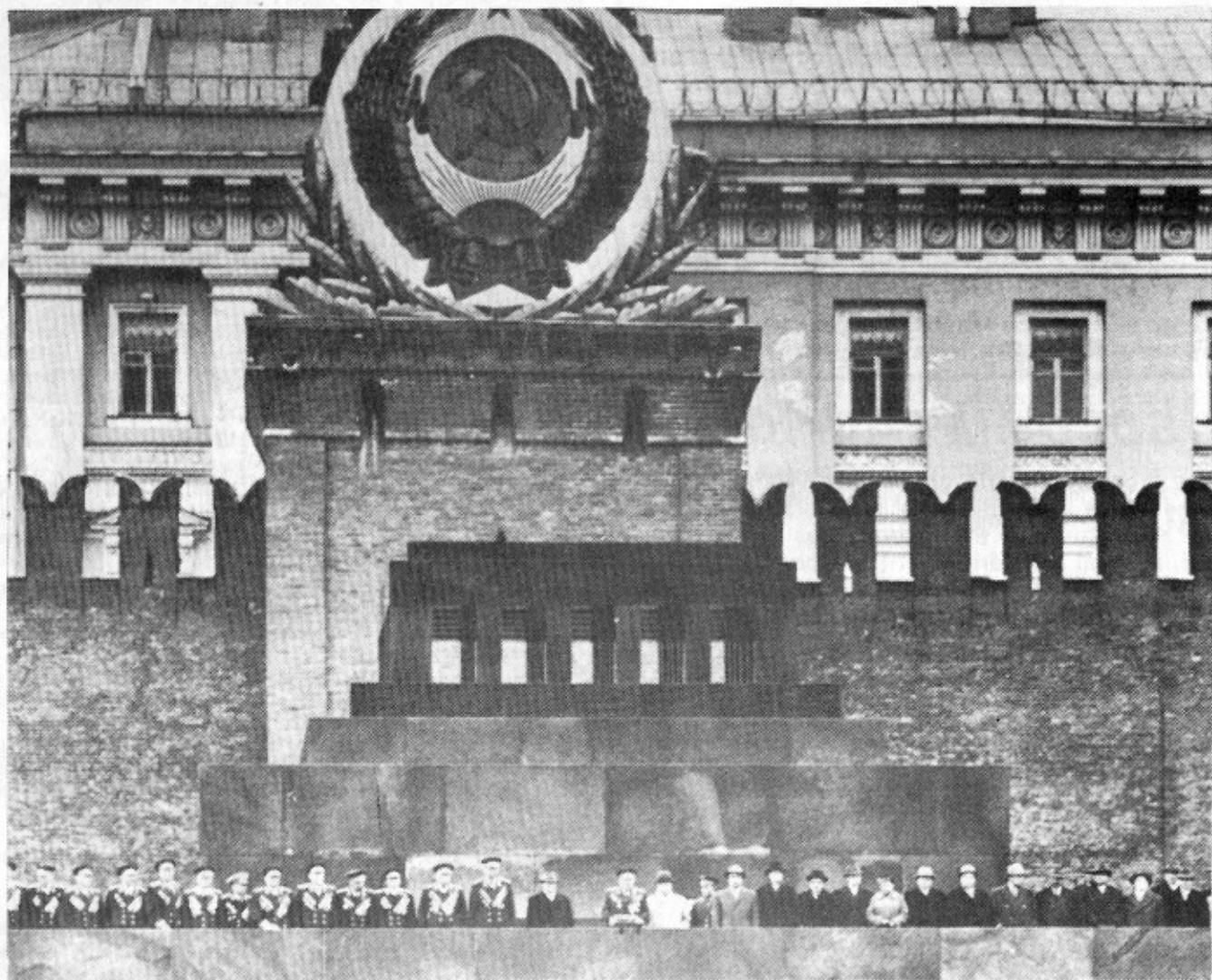
SOCIALIST VOICE



*Reconstruct
the Fourth International!*

Published by the LEAGUE FOR THE REVOLUTIONARY PARTY

Capitalism



in the Soviet Union

Contents on p. 2

Contents

Jamaican Left Faces the Crisis3

Class Struggle in the U.S. South
Part 1:
The "New South" and the Old Capitalism7

Capitalism in the Soviet Union17

SOCIALIST VOICE

50¢



Published by the LEAGUE FOR THE REVOLUTIONARY PARTY

Published by the *League for the Revolutionary Party*

Editorial Board: Walter Dahl, Sy Landy, Bob Wolfe

Opinions expressed in signed articles do not necessarily represent the viewpoint of the LRP.

Subscriptions: \$2.50 for six issues, supporting subscriptions \$5.00, libraries and institutions \$5.00, overseas airmail \$5.00. Make checks payable to *Socialist Voice*.

Address all correspondence to: *Socialist Voice*, 170 Broadway, Room 201, New York, NY 10038, USA.

SOCIALIST ACTION

is the monthly bulletin of the City Workers Committee of the LRP. This bulletin covers the crisis in New York City and the response of the working class, as well as world events of concern to the working class. It is an important weapon in the fight to defend all workers from the current attack on jobs, income and vital services, and it crusades for the general strike, the revolutionary party and socialism. At all times it campaigns for working class unity — citywide, nationally and internationally.

To get every issue, please send a contribution to cover mailing costs. Make checks payable to *Socialist Action*.

Name

Address

..... Zip

Send to:
LRP
170 Broadway, Room 201
New York, NY 10038, USA

Editorial

The question of the class character of the Soviet Union and the other "Communist" states is the fundamental question for revolutionary socialists today. The October Revolution of 1917 was the decisive event of our era; the proletariat took and held power and heralded the world socialist revolution. Immediately it separated the wheat from the chaff, the revolutionaries from the capitulators. Over time, however, the revolutionary struggle was dammed up and Soviet Russia isolated; the revolution degenerated and the Communist International it had inspired and led decayed and dissolved. Today we live in a capitalist world of exploitation, oppression, imperialism, decay and war — a world maintained against the needs and desires of the masses by virtue of the degeneration of the Bolshevik revolution. Thus the revolution and counterrevolution in Russia are key to the world revolution.

The degeneration was not only a devastating material blow to the world revolution; it also twisted beyond recognition the Marxist and Leninist theory and strategies that make it possible to confront capitalism. Stalinism had to defeat the Left Opposition that fought for the revolution's heritage and exile its leader, Leon Trotsky. Even Stalinism's demolition of revolutionary opportunites (Germany in the twenties, China in 1925-27, Germany again in 1932-33, Spain in the thirties ...) did not destroy the revolutionary continuity. The International Left Opposition and later the Fourth International carried on the struggle in the face of Stalinism's increasing role as an agent of world capitalism. On the degeneration itself, Trotsky and his followers stated in the Transitional Program, the program of the Fourth International:

"The USSR thus embodies terrific contradictions. But it still remains a *degenerated workers' state*. Such is the social diagnosis. The political prognosis has an alternative character: 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 to capitalism, or the working class will crush the bureaucracy and open the way to socialism."

The workers' state was said to be poised on edge and would fall one way or the other. In *The Revolution Betrayed* and other works Trotsky maintained that "degenerated workers' state" was by no means a finished formulation; it could not be for the phenomenon it described was in flux, transitory, a hollow shell doomed to restore capitalism or succumb to a proletarian political revolution. Indeed, he said to those who would call it a class:

"Symptomatic of his oncoming death agony, by the sweep and monstrous fraudulence of his purge, Stalin testifies to nothing else but the incapacity of the bureaucracy to transform itself into a stable ruling class. Might we not place ourselves in a ludicrous position if we affixed to the Bonapartist oligarchy the nomenclature of a new ruling class just a few years or even a few months prior to its inglorious downfall? Posing this question clearly should alone in our opinion restrain the comrades from terminological experimentation and overhasty generalizations." ("The USSR in War," in *In Defense of Marxism*, p.14)

All signs, Trotsky believed, led to the conclusion that the most probable course would that the wave of the proletarian revolutions following the upcoming war would engulf Russia as well. The resurgent workers would overthrow the parasitic makeshift caste and continue the transition to communism. The Stalinist excrement would have proved to be a mere episode.

The prognosis on which the Fourth International based its work and perspectives proved erroneous. Russian society proved more stable than Trotsky had thought. Internationally, the Communist Parties were growing rapidly

continued on page 15

Jamaican Left Faces the Crisis

The period since 1968 in the Caribbean has been one of almost continuous upheaval, as the masses have risen up against unemployment and misery caused by imperialist exploitation of the island economies. In Jamaica, the People's National Party (PNP) came to power in 1972 under the leadership of Michael Manley in an effort to head off a repetition of the 1968 riots which had shaken the island. Manley's program was to grant limited social reforms and channel the restive working class and youth into working within the system by means of gradual "Jamaicanization," trying to squeeze a larger share of profits out of the imperialists for the Jamaican bourgeoisie. This role is typical of comprador bourgeois and national petty-bourgeois elements in neo-colonialist countries.

The economy has been thrown into chaos by a flight of capital from the island and a decline in investment since 1972 in the leading economic sectors, bauxite and tourism. Thousands of workers have been thrown out of work in these sectors, yet the imperialists blame Manley's failure to keep the working class down for making Jamaica "unsafe for investment." A fall in the world market price of sugar which has hurt the entire Caribbean, coupled with world inflation and the rise in the prices of oil and industrial commodities, has forced Jamaica to raid its foreign reserves and borrow from the International Monetary Fund and the Caribbean oil producing and refining countries, Trinidad and Venezuela. But borrowing has only widened the balance of payments deficit and aggravated the crisis.

Manley's response to the crisis was to step up the capitalist attack on the Jamaican working class. Under his Industrial Relations Act the workers were hit with wage controls, and repressive measures were taken to stop strikes. The workers responded militantly with a strike wave, demonstrations and plant occupations.

The failure of Manley's policies has opened a rift within the Jamaican ruling class. Tensions over how to deal with the crisis have been stretched to the breaking point between the conservative bourgeoisie of the Jamaican Labor Party (JLP) and

the liberals who back Manley. The conservatives and their imperialist allies are frightened of Manley's overtures to the Russian bloc, especially nearby Cuba, and they blame the drastic drop in European and American investment on Manley's taxes on bauxite profits. Forced to placate the increasingly angry masses, Manley talks abstractly of workers' control and socialism with no intention of acting on either. However, he does scare some of the bourgeoisie.

Violent outbreaks between the two parties, far worse than the "gang politics as usual" that occurs around election time, threaten to disrupt the economy and have already become a frightening danger to orderly capitalist rule. As in Chile and other countries, the U.S.-backed wing of the Jamaican bourgeoisie could try to call in a military dictatorship to rescue Jamaican capitalism and imperialism's profits. Manley has in fact charged that the JLP is conspiring to do so, and despite his failure to offer hard evidence, it would be surprising if the CIA and parts of the JLP were not embarked on such a course.

To halt both the undermining of PNP rule from the right and the struggle of the masses, Manley declared a state of emergency in June. JLP leaders have been detained and "placed under heavy manners." The military, which has been under full alert since before the emergency, patrols the slums and working class districts of Kingston and other towns. Demonstrations not sanctioned by the government are forbidden. Reggae songs which openly rage against the imperialists and the system have been taken off the radio under government pressure. Literature considered to be dangerous to the state is prohibited. The state of emergency and Manley's earlier repressive gun legislation are designed to make it impossible for the working class to arm itself and to organize defense squads to beat back the right-wing threat.

To understand how the Jamaican left has dealt with the crisis it is necessary to examine the nature of the major political forces. The JLP represents the European capitalists who control the backward agricultural sector of the economy, as well as the Jamaican capitalists most directly subordinated to imperialism. It bosses one of the island's two major trade



Demonstration of striking workers in Kingston, Jamaica.

union federations, the BITU (Bustamante Industrial Trade Union, whose founder organized the JLP), which mobilizes the more backward workers.

The PNP speaks for the liberal bourgeoisie even though its founders were from the middle class civil bureaucracy created by British colonialism. It calls itself "Democratic Socialist" and created the National Workers Union in order to use the working class in its fight for political ascendancy, yet it is not even a reformist working class party like the British Labour Party, which was built by the trade unions in their independent class struggle against the capitalists. No section of the bourgeoisie in Jamaica can hope to gain power without presenting itself as the champion of the workers and small farmers. The PNP was formed by petty bourgeois elements who sought to attract workers; but its job is to prevent workers' revolution. Both major parties are bourgeois in their programs and class base and have international bourgeois support.

Manley's "Democratic Socialism" is an attempt to fortify Jamaican capitalism against the possibility of a real socialist revolution. It promises the workers a genuine say in production in order to exhort more work out of them. Manley's worker participation schemes are designed to bridge the gap between the classes using themes of national unity and

will always play a "vital, activist" role in the Jamaican economy. To halt land seizures of foreign-owned estates by the small farmers, for example, the PNP placed some uncultivated land into a pool for renting out to farmers on five-year leases. At the same time Manley wants to appear to the masses as a staunch anti-imperialist. His move toward Cuba played on the Jamaicans' identification with the struggles of the oppressed in Latin America and Africa. It was an attempt to shake up the imperialists and force a better deal out of the Americans.

Manley's strategy is parallel to the "peaceful road to socialism" walked by Salvador Allende in Chile (although Allende, unlike Manley, led a working class party). There the workers' parties surrendered the class' independence by joining in the popular front government with the representatives of the bourgeois liberals (and not-so-liberals, since General Pinochet was included). Allende assured the workers and peasants that the military would "remain independent" and never attack the working class. Like Manley, he made every attempt to appease the right. Because Allende could not halt the struggles of the masses, the bourgeoisie supported his overthrow. As the threatened coup approached, the workers clamored for arms while Allende waited, accused imperialism of plotting against him but still opposed the workers' seizures of U.S.-owned plants and mines and tried to keep the masses disarmed. The outcome was a disaster for the Chilean masses and for the worldwide struggle against oppression.

In Jamaica the workers' organizations are facing a similar test. The flight of capital from and the flood of guns into the island point to similar preparations by the U.S. and its Jamaican compradors. Manley rails against "destabilization" attempts by the CIA but prevents workers from mobilizing against the right-wing peril. The near collapse of the economy and the mounting violence against the working class show that there will be no peaceful transformation of this capitalist state into socialism. The working class can solve the crisis only by arming itself for defense, building a revolutionary party and using its organizational strength and crucial position in the economy, with the aid of the small farmers, to overthrow the bourgeois state and create its own proletarian state.

Therefore, a vital area for revolutionary intervention is the trade union movement. Socialists must point out the need for unity of the unions and their independence from the bourgeois parties and state as part of a united struggle by the workers and small farmers against the bourgeoisie. Programs to end unemployment by nationalizing the means of production, organizing public works and public services, etc., are indispensable for winning over the hundreds of youth who join the JLP gangs. It is the trade unions, the only mass working class organizations, that must be forced to fight for the class' needs. Revolutionaries can win the leadership of these mass organizations only by fighting for the programs that the workers need and by exposing the hesitations and outright betrayals of the bureaucrats now in charge. By fighting now for the programs that a workers' state will carry out, socialists can demonstrate the need for revolution. Only by showing the masses that they have the strength to win can they be broken from their allegiance to the PNP.

Revolutionaries must also launch an all-out attack on liberal bourgeois politics and Manley's program. An important tactic to use is "military support" for Manley against the threat of his overthrow by the reactionaries. In this way socialists can fight alongside the masses who have illusions in the PNP against their common enemy, and expose Manley's vacillating leadership. It is also vital to win over the workers and small farmers who mistakenly back the JLP out of a correct understanding of Manley's role in their misery, and there are large numbers of them. The military support tactic enables the revolutionaries to demand that Manley arm the workers and use his failure to do so to shatter the masses'



PNP march in support of Prime Minister Manley.

community control over production. Manley said in a speech quoted in the *Jamaican Weekly Gleaner*:

"I think we ought to ask ourselves why there is the continuing barrier of suspicion between workers and management so that each side sees the other in an adversary role. So that hostility is rife and strikes are the inevitable result ...

"The country I believe in is where the workers work. Immediately as he reaches work he starts to hustle. When lunch break comes he goes for lunch and immediately the time is up he returns to work. We must recognize that we are here to work.... The time to work is now or never. There is an historical inevitability about the transformation from capitalism to socialism. That is why I know history is on my side."

Manley invokes historical inevitability in order to persuade the workers not to take history into their hands.

Manley is forced to play off the masses against the imperialists. He and his ministers chase around the country assuring the landowners and capitalists that private ownership



Mass upsurges have broken out in the Caribbean throughout the past decade. The Unity March in Trinidad, 1970, showed solidarity between black power movement and Indian sugar workers.

illusions. The slogan also aids workers in building their own workers' militia, and the demand for a workers' militia should be placed on the trade unions as well. For revolutionaries, military support means a victory over imperialism today in order to overthrow the wavering Manley regime "tomorrow" by winning a favorable balance of forces among the masses.

The response of the major groups on the Jamaican left to the revolutionary crisis, however, has been to capitulate to Manley's liberalism. The Moscow-oriented Workers Liberation League (WLL) begs for stepped-up police "protection" and tells the workers to rely on Manley for their defense:

"Until the people move to crush them, there will be no freedom from attack by these murderers. But the government has a duty to defend the youths: every youth club function must take place under heavy military and police security. The government must tell the youth who are the real enemies." (*Struggle*, April 2, 1976.)

The WLL demands that Manley "get rid of the CIA police and CIA soldiers," but it is Manley who has strengthened and increased the police force since coming to power. The Stalinists consider Manley progressive because of his attitude towards Russia and Cuba and are doing their best to make sure that the masses do not overstep the limits placed on their struggle by the liberal bourgeoisie. Like the near-reformist Communist Parties in Europe, they use the threat of fascism and the real danger of imperialist intervention to justify their pro-government line. But the result, if the masses follow their lead, can be only another Chile.

The New Beginning Movement (NBM) is an influential group among English-speaking West Indians in the Caribbean and in North America and England as well. The NBM appears to recognize the gulf between a bourgeois state and socialism and seemingly argues against an Allendeist parliamentary strategy, but it brings both of these bankrupt ideas in by the back door. Consider the editorial in the special March 1976 issue on Jamaica of the NBM's magazine, *Caribbean Dialogue*. While it demands "not only the dismantling of the colonial capitalist state from top to bottom, but the construction of a workers' and peasants' state..." at the same time it refers to "the Manley government balancing in the middle" between the forces of fascism and

"revolutionary social transformation." This is false from the start, because the PNP is a *bourgeois* party ruling a colonial capitalist state, one which tries to balance between repression and reform but never leans toward revolution. This error is amplified:

"Parliamentary power is NOT state power. Manley's control of a majority in parliament in no way means that the PNP controls the armed forces, judiciary, civil bureaucracy etc. In fact, events have shown the contrary. In reality the PNP controls the weakest leverage of power in the capitalist state. The control of state power which is a pre-condition for socialist transformation is absent in the Jamaican situation. The first question, therefore, is this, can a leftist vanguard party take control of state power by first gaining control of parliamentary power?"

According to this, the control of state power needed for socialism is absent only because *the PNP* does not have hold of the army, etc. The PNP is now being treated as a party (perhaps even a leftist vanguard party?) that could, under other conditions, lead the way to socialism. An article elsewhere in the same magazine refers to the "threat of another socialist state emerging in the Caribbean" because of "the PNP's struggle."

"The experience of class struggles in underdeveloped societies since World War II has answered that question very concretely. The degree to which it is politically feasible to seize power, having gained parliamentary power, is dependent on the balance of class forces in terms of organized strength, armed power and position within the organizational hierarchy of production and exchange and other social institutions."

There may be "leftist" bourgeois nationalist parties that have gained power by this route, but never a working class party that dismantled the capitalist state and established a workers' state. Those "socialist states" such as Cuba and whoever else the NBM has in mind are in fact capitalist, states whose power is based on crushing the independent and revolutionary organizations of the workers. Their success in winning independence from imperialism is gravely limited because of their bourgeois and nationalist limitations. They remain tied to imperialism, either Russian (as in the case of Cuba) or, in most cases, American. Inspired by these un-

named examples, the editorial hesitates to give the unequivocal "no" answer to the parliamentary question that is justified by the entire history of the working class struggles. It gives a hesitant rejection in the case of Jamaica alone, but for the worst of reasons:

"In Jamaica, the ruling class is politically much stronger and more powerful than the working class and peasantry. Any attempt by the PNP to utilize its parliamentary power to undertake a programme of radical reforms in the present situation will lead to fascist rule."

In reality, the only reason the working class can be said to be politically weak is because its "leaders" are capable of this sort of cynicism! Now the PNP is treated not only as a "leftist" but as a working class party. And the editorial compounds the betrayal by pleading for the PNP *not* to undertake reforms, instead of demanding that the reforms be far-reaching enough so that revolutionaries can show the masses the limitations of parliamentarism and the need for revolution.

After thus attempting to derail a real revolutionary struggle by the masses for the defense of their livelihood and against Manley's double crosses, the NBM proposes its alternative:

"The socialist strategy today, therefore, must be the mobilization, organization and unity of the working class and peasantry in independent mass organizations and institutions in the process of struggle for the seizure of state power. And a cohesive revolutionary vanguard, revolutionary organization, revolutionary party (the name is irrelevant) of the most advanced workers and farmers is necessary for the implementation of that strategy. The workers' and farmers' state cannot be a party-state, but a state based on the independent mass institutions of workers and farmers."

The name, however, is far from irrelevant. The revolutionary leadership can only be a vanguard party at the head of the mass organizations of workers and peasants. Nothing but the uncompromising revolutionary program can make them independent of the bourgeoisie and imperialism and thereby organs of the revolutionary proletariat. The workers' state as well must be led by the revolutionary party in order to complete the victory against capitalism and spread the revolution internationally.

The NBM's call for mass organizations not *led* by the revolutionary party is parallel to the program of General Carvalho in Portugal, who favors mass organizations *without* any party. Carvalho's mass base was built by "revolutionary" groups who corralled the advanced workers into "independent mass organizations" independent of revolutionary leadership. Lacking the decisiveness of advanced workers' consciousness embodied in the revolutionary party, the mass organizations became vehicles for backward (i.e. bourgeois) consciousness. Following Carvalho, they supported the bourgeois state and in this way contributed to the working class defeat last November. In Jamaica, Manley (or someone else) will play the same role with such "independent" organizations.

The revolutionary party will certainly not be made up of people who spread illusions in the PNP and the parliamentary road, who regard the Manley government as any stage (if not the final one) on the road to socialism. The revolutionary party will consist of strugglers who resolutely fight at every stage against the workers' and farmers' outright enemies, their vacillating "allies" of the Manley stripe, and the obstacles in their path like the misleaders of the WLL and NBM.

The Revolutionary Marxist League (RML) formed in 1973 on a program of opposition to all forms of capitalism, including state capitalism as in Cuba and the popular frontism of Allende. It was engaged in discussions with the Revolutionary Socialist League (RSL) of the U.S. before we of the League for the Revolutionary Party were expelled (see *Socialist Voice* No. 1). Tragically, the degeneration of the

RSL may have contributed to the RML's failure to raise the necessary solutions to Jamaica's revolutionary crisis.

The RML still formally stands for the overthrow of the capitalist PNP regime, but in failing to call for the workers' state and the internationalization of the revolution as the concrete solutions to the crisis, they reinforce the masses' illusions in the capitalist state. Thus they fail to take a firm stand against Manley's state of emergency; at one time they implied that Manley could arm the masses (even though the masses should not rely on him "solely"); and they called for a people's militia and the disarmament of the police and military without making absolutely clear that it was not Manley who would do this. The RML does raise several demands to the left of the PNP's reformist program but it fails to fight for the program of a workers' state: nationalization of the means of production, jobs for all, etc. And without an international program, including the necessity of a Socialist Federation of the Caribbean to end the isolation of Jamaica's economy, the masses of workers are prey to the JLP's propaganda that Jamaica needs imperialism for its very survival.

The RML avoids trade union interventions that make demands on the union leadership, and they therefore forego the opportunity to both challenge the PNP and JLP bureaucrats for the support of the ranks and to demonstrate the actual strength in organization of the working class. The effect of not placing demands on the unions is to ask workers to act in small groups, in isolation rather than strength. The RML points instead to a "rank and file movement as the way to fight the present crisis," a slogan unfortunately reminiscent both of the NBM's "independent mass organizations" without leadership by the revolutionary party and of the RSL-U.S.'s latest maneuver, a turn toward militant rank and file-ism in order to conceal the need for the revolutionary party. The RML also suggests that the workers should form new trade unions rather than fight for the leadership of the existing ones. And given the upsurge against the Industrial Relations Act last year, when the workers looked to their unions to wage a struggle against the attack on their standard of living, to disdain such a fight in the unions is to stand outside the class struggle.

The RML also avoids a call for the revolutionary party and is satisfied, like the NBM, with an "organization of the working class." More recently, in a leaflet written in collaboration with another group, the RML surrendered its position in opposition to Stalinist and petty-bourgeois nationalist state capitalism:

"Since last year people of several colonies and neo-colonies have smashed imperialist domination and set out on the road to socialism: Vietnam, Cambodia, Laos, Guinea-Bissau, Mozambique, Angola."

Such a capitulation is the sheerest opportunism for an organization that claims to know that there is no socialism in any of these countries, even though they have won victories against imperialism. The RML's identification with petty-bourgeois nationalism is of a piece with its studied avoidance of internationalism. Even victories over imperialism can be consolidated only through a proletarian, internationalist program. The Socialist Federation of the Caribbean is a crucial slogan to point the way out of Jamaica's crisis and its domination by imperialism.

The tragedy of the Jamaican left, should the revolutionary party not be built in time, is not that of a few organizations but of the entire working class — as it was in Chile. But the failure to act in time is the responsibility of those who aspire to the revolutionary leadership of their class. The misleadership of the vacillating centrist groups is a deadly weapon in the service of capitalism. ■

Class Struggle in the U.S. South

Part 1:

The "New South" and the Old Capitalism

The Presidential campaign of Jimmy Carter has given the bourgeois mythologists the opportunity to popularize the notion of the "New South" as a region emerging into the mainstream of American life out of the shadows of backwardness and (now it can be told!) racial oppression. The notion has its material roots in the industrial rise of the so-called Sunbelt, the South and the Southwest, to the extent that the South is no longer a predominantly agricultural region. Awareness of this tendency, reinforced by Nixon's highly touted "Southern strategy," has led a number of Northeastern and Midwestern politicians to attempt to form a bloc to redistribute federal funds from the Sunbelt to the suffering North. *Business Week* magazine went so far as to predict a second "war" between the states.

These issues have been taken up on the left as well among New Left and socialist theorists. The seeming accommodation between blacks and whites in the South (most recently seen in the apparent appeal of a "conservative moderate" like Carter to a black community which was on the march only yesterday) has given rise to renewed interest in whether or not the South was or is an internal colony of the U.S., whether or not blacks constituted an oppressed nation in the South and a myriad of associated questions. A number of left writers conceive of a particularly malevolent faction of the U.S. ruling class in the Sunbelt which is primarily responsible for the evils of U.S. imperialism, and some say that there has been a "power shift" to this more or less independent bourgeoisie of the "Southern rim."

In this series of articles we will analyze the South in relation to the rest of the United States and assess the transformation which has occurred as well as its limitations. It is necessary to describe the class relations between the Northern and Southern sections of the bourgeoisie as they have developed historically. Central to the analysis is the origins and the state of the black revolution. Most critical is the condition

of the forgotten social force in the South, generally ignored in the bourgeois media, the working class.

This force is actually the key to what happens with the South. It is precisely the relative political quiescence of the working class, North and South, under the tutelage of the labor bureaucracy that has been the major factor in why the changes have occurred as they have. The period of working class silence on the political scene is rapidly coming to an end. And with this the possibility of real change in the South and the country as a whole arises. The underlying purpose of our articles is to show the necessary direction the struggle has to take and to arm the vanguard tactically and programatically for the great days of change that impend.



Tire yarn factory in Virginia. Unionizing the South's textile industry will have revolutionary consequences for the entire country.

A seemingly small but significant event is now occurring which is receiving modest attention from both the bourgeoisie and the left.

In the late spring of 1976 a new union emerged on the American labor scene, the Amalgamated Clothing and Textile Workers Union (ACTWU). The union is the product of a merger between the Amalgamated Clothing Workers and the Textile Workers Union and claims 500,000 members. With the merger, union leaders announced a campaign to unionize Southern textiles by declaring a national boycott of the huge J.P. Stevens Corporation "on a scale greater than that ever undertaken by the American labor movement."

We will deal later in more detail with the strategy of the merged union and its implications. One of the more acute bourgeois observers of the working class, A.H. Raskin of the *New York Times*, wrote that the battle with Stevens "has important implications for the future balance of strength between all American labor and management." Raskin is right: to organize the big textile companies or any other major non-union industry in the South would mean taking on the entire American bourgeoisie in a political struggle which would have profound revolutionary consequences. The ACTWU's most modest drive, projected to last many years and without a strike, has begun to reveal the top of a giant iceberg. The effort has been forced upon the bureaucracy by the submerged anger and militancy of Northern workers who fear for their wage standards in the face of competition from non-unionized corporations. The drive is being handled so gingerly for the reason Raskin cites. The revolutionary strategy we propose is necessary for deciding the outcome of the "balance of strength."

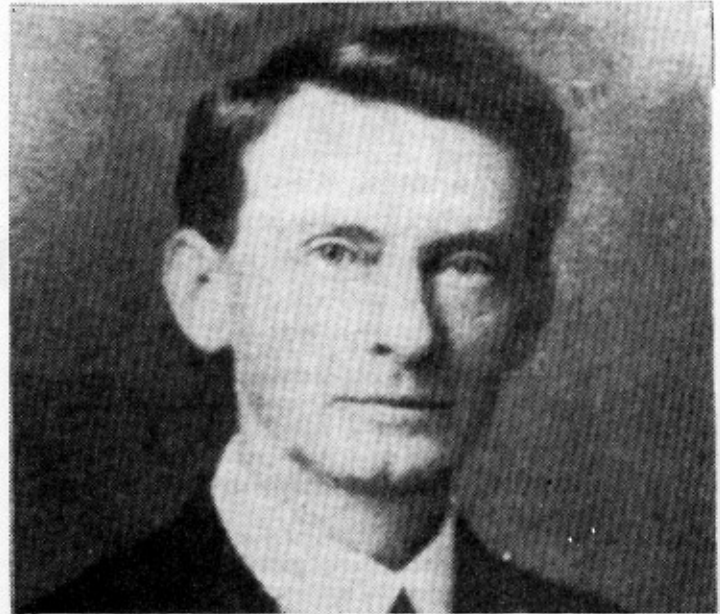
The Civil War of the last century was a class war, a conflict between industrial capitalism and that creation of developing capitalism, slavery. The emancipation of blacks from slavery was a consequence of this struggle but not its purpose. Questions of profit, capital accumulation and the political arrangements needed to secure them were the real issues, not fundamentally the rights of man. Since freeing the slaves was a necessity for the victory of Northern industrial capitalism, it was done. And since granting the demands of the freed blacks was an obstacle, it had to be stopped.

The slaves were emancipated in order to break the power of the slaveocracy. Yet the promised extension of the rights of bourgeois democracy to the freedmen was never carried through. For a time blacks did gain effective rights beyond freedom from slavery, such as the right to vote and citizenship. But the crucial bourgeois right for an agricultural population is the division of the land; without this all the other rights are undermined and the ability to survive is brought into question. The heralded "40 acres and a mule" was continually promised and continually denied. The newly freed blacks were cast into the economic limbo between slavery and a genuine farming class — sharecropping. Also, under the emergent system millions of poor whites were forced into a state of servitude that was only marginally superior.

In the middle of the 19th century Marx had already pointed to the fact that the bourgeoisie was an increasingly conservative force and that the democratic rights made possible by the bourgeois mode of production, and previously won by the struggles of the revolutionary petty bourgeoisie of the cities and countryside, would now have to be achieved by the proletariat through a revolution "in permanence." The change became even more pronounced as capitalism descended from its progressive epoch through a transition period in the late 1800's passing into its epoch of decadent monopolization and imperialism.

With its growth, capitalist power became decisively urban, although even in the advanced countries the bulk of the population remained agrarian. The potential alliance be-

tween the impoverished agriculturalists and workers struck fear into the bourgeoisie. In the cities the capitalists no longer faced the opposition only of radical artisans who still held a stake in private property. Rather, "the spectre of communism haunted Europe" (and the United States to a degree) as a propertyless proletariat grew in size, combativity and organization. Under this challenge the bourgeoisie had to defend *all* forms of property, including the remnants of defeated feudalism in Europe and the traditions of slavery in the U.S. The patterns of capitalist development led as well to

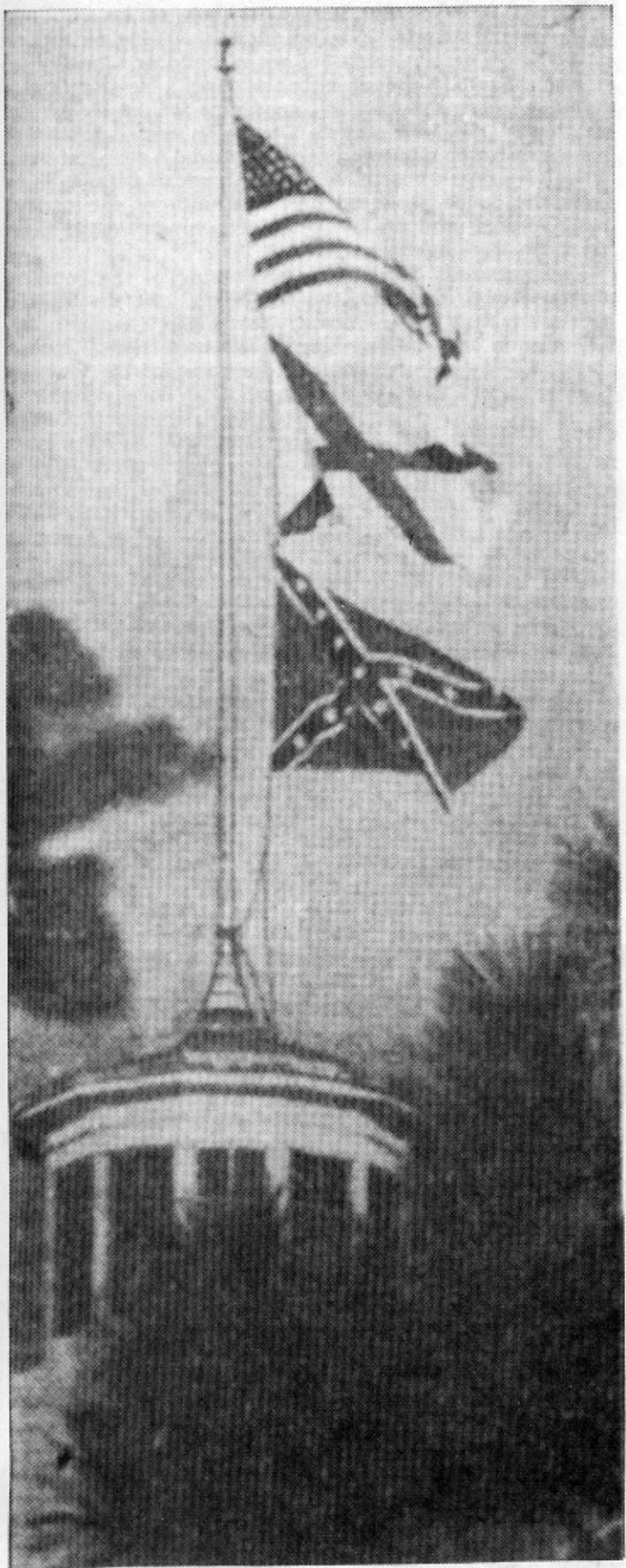


Tom Watson, Populist leader from Georgia, who backed racist Jim Crow forces when Populist movement declined.

the interpenetration of the various propertied interests under the dominant bourgeoisie. A blow against one form of property was a blow against all.

Once the slaveocracy was defeated the Northern bourgeoisie recognized the harmony of its interest with the Southern bourgeoisie and not the freed blacks. It not only reneged on "40 acres and a mule" but also abandoned completely the alliance with the blacks that had characterized the Reconstruction period after the Civil War. Although the Reconstruction governments in the Southern states were agencies of capital, they harkened back to the more radical and more dangerous period. Their base was the propertyless and restive black population. The Southern bourgeoisie which was occupied with making money both for the penetrating Northern capital and on its own account had in fact been freed far more than the blacks by the war. Its interests were hostile to the black-supported Reconstruction governments and lay with the "Redemption" wing of the Democratic Party. The price paid by Northern capital for the new alliance was the abandonment of all vestiges of black rights and the remains of Reconstruction, the removal of the noxious presence of Federal troops, and certain commercial commitments. The deal received its *formal* codification with the Compromise of 1877, in which the Redeemers threw the Presidential election to the Republican Rutherford B. Hayes and in return took over the few remaining Reconstruction governments.

Northern capital had reason to fear the volatility of the forces which led it to make the Compromise. Such forces were present and not only in the South: in the Midwest, farmers were moving into raging conflict with the railroads and big capital. The National Labor Union had been formed with a radical program in 1866. By the 1870's major working class



U.S. flag above Confederate banner atop state capitol building in Montgomery, Alabama, symbolizes dominance of Northern capital in the South.

riots were erupting in cities around the country. Rebellion seemed to stalk the United States. The stabilization achieved by the political *modus vivendi* between the different sectors of capital did not prevent the class struggle from being waged but it did prevent its victory.

"Redemption" was akin to Thermidor in the French Revolution: counterrevolutionary in that it halted the evolution of gains into the hands of the plebeians and seated the conservative bourgeoisie in power, but it did not turn the clock back to slavery. The patricians who participated were thoroughly agencies of the now-dominant industrial and financial capitalism. The alliance between the Redeemers and Northern capital set a class relationship in motion which has lasted in differing forms for a hundred years. As a result of the 1877 Compromise, the Northern bourgeoisie matured to dominate the country as a whole with the aid of its junior partners, collaborators and compradors. In turn, this hegemony was ensured by the political power in Washington of the conservative Southern bastion of capitalism.

Modern imperialism began to develop slowly in the late 1800's and began to make itself manifest in the United States, both in relation to the underdeveloped sections of the world and within the borders of the home country itself, although in a substantially altered form. The North exported capital to the South and invested there primarily in labor-intensive and extractive primary goods industries. Southern capital, while growing in size, shared in these enterprises as a junior partner. The capitalists extracted super-profits by exploiting Southern labor at a higher rate than Northern and raked in their gains most of all as a result of the oppression of the black plebeians. After 1877, tobacco and textiles were virtually the only major industries owned by Southerners, and in the 1890's even textiles succumbed to the Northern infusion of capital. All the well-known names of Northern capitalism (Morgan, Rockefeller, Gould, etc.) held a lesser-known share in Southern capital. The chain of financial investment reached from Wall Street through its Atlanta outposts into every village in the South. The poor sharecropper or tenant farmer, bargaining his family's future for credit against crops at the general store, was linked by the chain all the way to lower Manhattan. The rural Southerners were more brutally exploited than any other social element in the United States, and Southern workers were hardly better off.

As a result in part of this super-exploitation of the South, Northern capital was able to industrialize rapidly and move steadily to fashion the most powerful capitalist state in the world. In the process it was able to grant some reforms to Northern workers to stave off the looming rebellion and thus the start was made towards creating a conservative labor aristocracy that led to the craft based American Federation of Labor. The strategy of dividing the working masses was natural to the capitalist system, spawned by its own laws of development. While there may or may not at times occur plots and conspiracies to divide the workers, the system's drive to protect itself and expand arises organically out of its compulsion to weaken and disorient the massive numbers of propertyless workers and poor farmers arrayed against it. Nowhere was this rule by division more prominent than in the South.

The freed slaves were denied their essential bourgeois-democratic rights and systematically prevented from selling their labor power on the market as free workers. It was the denial of bourgeois rights that made super-exploitation possible by forcing the freedmen to sell their labor power cheaply. The denial of land as well to the blacks — and to poor whites in the South — meant that the scramble for slivers of land and crumbs to eat subjected the blacks to merciless attacks by the poor whites, straining to get ahead by the one advantage they had. The smashing of slavery had given birth

to new forms of the old bestialism. This was the origin of the Klan, the lynch mobs, the murder, rape and horror that capitalism wrought. It was the result of Redemption, of the betrayals of the blacks by their erstwhile allies who (like the liberals of today) promised them free access to the greater society and deserted them when the chips and the profits were down.

The bourgeoisie did not have its own way without a fight by any means. The resurgence of the agrarian movement led to the Populist rebellions of the late 1880's and early 1890's. More explosive and more explicitly revolutionary in the South than in the West, the Populists rebelled against the disastrous economic conditions and the control of Wall Street. They were defeated, but not before critical interracial experiences between black and white plebeians took place, the like of which had never before been seen in the South. It was the depression of the mid-nineties that the bourgeoisie used to rip this potential unity apart. The brutal competition between blacks and whites whipped up by the reaction turned the poor whites toward murderous conduct towards the blacks. Capitalism triumphed by paying the price of a little status and slightly lesser misery to the once radical and now venomously racist poor whites.

The bourgeoisie sought to seal off hermetically any possibility of unity between the poor of both races through the Jim Crow laws. Blacks were disenfranchised, terrorized, humiliated and isolated from white workers and farmers, forced to surrender many of even the tinier advances gained from the Civil War and their own struggles. The survival and continued struggle of the black masses under such conditions is a tribute to oppressed working people everywhere as well as to blacks in particular, and it signifies that the class struggle goes on even when capitalism seems to have conclusively won.

Subjugation of blacks through the poor white pawns meant that the latter became tools for their own subjugation as well. The bloody smashing of workers' strikes became the norm in the South. The convict-lease system was the American Way of slave labor camps. Mill towns, mining towns, company towns dotted the landscape; the life of the worker was isolation and

omnipresent control. The South as a whole was kept in backwardness and poverty. Capitalism was capable of ruthless extraction of surplus-value but not of building a modern or industrial South. Although earlier visions of a New South were rampant among the Atlanta compradors around the turn of the century, they were a myth. The region seemed doomed to meager cash crop monoculture of cotton and a near-starvation agriculture. With one-third of the American population by 1929, the South produced only one-ninth of the nation's manufactured products and contained only one-tenth of the American working class.

The barbarous division and weakening of the Southern masses through the attack on the blacks gave the South a political stability and increasingly reactionary character from Redemption on. The smashing of Reconstruction, Populism and strike movements furnished the basis for the longterm hidebound stabilization of the South. The Southern base of Northern capital, with its one-party system and petty political tyrannies held the fort both in the South and in Washington for its senior partners. Based upon this political stability the combine was able to pursue a growing imperialism abroad. Just as slavery and the slave trade had been a crucial factor in the primitive capital accumulation that laid the basis for developing capitalism in the U.S. and especially in Europe, so too was late decadent capitalism bolstered by the exploitation of the super-oppressed in the American South. And in turn, the super-profits garnered from imperialism overseas allowed American capitalism to partially transform the South at a later point.

The reactionary nature of the South became the butt of liberal, democratic, pseudo-sophisticated criticism from the Northern centers of bourgeois power. As Trotsky pointed out, democracy in the imperialist epoch is the most aristocratic system of all because it requires so many "slaves" to provide its super-profits and its consequent tolerance. The snobbish noblesse oblige of a Rockefeller is somewhat offended by the crudities of a Pinochet, but Pinochet is merely Rockefeller's overseer in the fields; Bilbo, Eastland and Thurmond were slave drivers in his own house. Thus in many respects the



Militant union-organizing strike at Gastonia, North Carolina in 1929 was violently suppressed by the state.

relationship of North to South was and is imperialist. But political analysis by means of formal and definitional equations is always dubious and in this case can lead to absurd and disastrous political conclusions. While the relationship has been substantially imperialist it has not been one that is a fundamentally colonial or national form of subjugation.

One can speculate that a successful Confederate secession might have led to the creation of a separate nation, much as



CIO leader John L. Lewis [2nd from right] on campaign platform with Franklin D. Roosevelt. Labor bureaucrats' backing of Democrats was key to New Deal with Southern conservatives.

Canada developed largely as a result of the Revolutionary War. This did not occur in the South, and moreover the South was never a colony except for the period of conquest immediately following the Civil War. When the Populist rebellion occurred it was framed in terms of rights for Americans and not in terms of a separate nation or nationality. Interrelated history, geographical affinity, early and continued commercial ties and inter-bourgeois class links, close communication, common arteries of transportation and cultural ties all played their role in preventing the South from becoming economically subordinate in the same way as the colonial countries. The decisive difference, however, lay in the political role of the South. Whereas Nepal furnished Great Britain its Gurkha troops, the South provided the core of the U.S. military's general staff in addition to cannon fodder. Whereas France's "overseas departments" were represented in the National Assembly, the Southern politicians dominated the Congress and became the bastion of stability in Washington. The Northern and Southern bourgeoisies were *allied* and their deals were quid pro quos, even though one ally was the dominant partner.

Not the least cementing factor was the despoiling of the South and its people. The very backwardness of its economy left many resources untapped. But quick-buck depredations reinforced the historic problems of the exhausted land, played-out mines, etc. Capitalism in its inevitable short-

sightedness thought nothing of sacrificing even future returns on capital for the sake of immediate rapine. This policy, of course, served to maintain the backward political structure which acted as ballast for the country as a whole. However, with the advent of the Great Depression of the thirties the ballast threatened to sink the entire ship. The already impoverished South was the hardest hit region, and the New Deal regime saw the need for reforms. Franklin Roosevelt stated in 1938:

"It is my conviction that the South presents right now the Nation's No. 1 economic problem — the Nation's problem, not merely the South's. For we have an economic unbalance in the Nation as a whole, due to this very condition of the South."

Certain changes were attempted, most notably the Tennessee Valley Authority and other schemes to prop up agriculture. Any serious attempt to modernize the South, would have meant division of the land and destruction of the cotton monoculture. This was impossible at the time because of the danger of an attack on property rights. In addition, the massive capital required for developing an industrial economy was not available. But the real problem was the upsurge of the working class.

Much of the AFL leadership and almost all of the leaders of the new and militant CIO were political allies of the liberal bourgeoisie clustered around Roosevelt. Both the John L. Lewis wing and the Communist Party within the CIO were often capable of industrial militancy under the pressure of the swelling rebellion of the workers. But they managed to hold the line against political independence for the labor movement which would have inevitably led toward a revolutionary confrontation with the bourgeois state. Their Popular Front tactics helped to consolidate the left-wing popular base for the New Deal. Roosevelt and the liberals could not have accepted this alliance, given the dangerous rebelliousness of the workers, without resting on the reactionary Southerners. And the Southern bourgeoisie, reactionary as it was, aligned itself to the New Deal and its sops because of the danger posed by the restive Southern masses. Any severe dislocation of race and class relations in the South, anything which allowed the unions in or gave the oppressed blacks an opportunity to move, would have hit the foundations of the ruling edifice. The capitulation to the Democratic Party of the reformist and Stalinist leaderships of the CIO upsurge maintained the coalition and enabled the Southern reactionaries to exercise their sway locally and nationally.

And yet the South now has been transformed. The New South seems to stand as a challenge to Marxists who believe that the revolution "in permanence" is the strategy for the working class in this epoch. Has not capitalism "revolutionized" a backward region? Have not both the South and the blacks now gained the bourgeois-democratic rights so long denied? And was this done by the workers and poor farmers, as the Marxists expected, or by the bourgeoisie? In fact, it is only through the theory of permanent revolution that the significance of the Southern development can be understood. The *extent* to which the South expanded and the bourgeoisie tolerated democratic gains was the extent to which the proletariat was defeated internationally and checked, contained and politically decapitated nationally. The *limit* upon this development is measured by capitalism's fundamental decay and the proletariat's fundamental strength, no matter what its immediate defeats and no matter how its gains are twisted and used against it. The South was transformed only when the proletariat was checked by the betrayal of the labor bureaucracy, which bases its pro-capitalist world view on the short-term interests of the labor aristocracy. World War II delayed the upsurge of the working class in the U.S. and abroad, although wartime resource allocation

permitted some development in the South. The real "take-off" occurred in the aftermath of the war with the worldwide restabilization of capital built upon the imperialist strength of the U.S. bourgeoisie and the defeat of the proletariat internationally.

From capital's point of view the record has indeed been impressive. The expansion of the Sunbelt region has far outpaced the rest of the U.S. in most important areas of capital development. For example, production of goods had already increased over five times from 1939 to 1955, and manufacturing employment has nearly doubled since then. Between 1967 and 1972 alone, capital spending in manufacturing rose 21 percent. There has been some industrial diversification as well. Construction became a critical industry, employing 7.3 percent of the work force compared to 5.2 percent nationally. In the past five years the region has become an important producer of capital goods. With industry its supporting services have also arrived: financing, advertising, printing, etc.

Industrialization implies urbanization, and the center of the South's economy has switched to the urban centers. By the late sixties, for example, the agricultural work force in North Carolina was only one-sixth of the total, in Tennessee, only one-seventh. Farm employment declined from 3.8 million in 1950 to 1.5 million by 1972, while manufacturing jobs went up from 2.4 million to 4.4 million in the same period. In addition, the old one-crop lien system has been supplanted. The mechanization and diversification of agriculture, and the application of scientific techniques to it, is in sharp contrast to the almost primitive methods used formerly to work the land. The development of the South has necessarily led to an increase in regional wealth. Per capita incomes are approaching national norms and sometimes exceeding them. Charlotte, North Carolina, like some other Southern cities, has surpassed the per capita income of New York and other major cities in the Northeast and Midwest.

The changes in the economic structure have profoundly affected Southern society as a whole. Health, transportation and communications have rapidly advanced. There have also been "cultural" changes: if the various patterns of Southern music, diet, idiom, etc. could have been loosely classified as an American "sub-culture" years ago (apart of course from the black sub-culture to be discussed later in this series), the South has now been penetrated by a more general Americana. The current fad among non-Southern whites for chomping grits, digging country music, and the like — "redneck chic" — should convince no one that this culture is becoming more distant from the American mainstream. Greater awareness is not greater distance. In fact, the popularity of Southern styles demonstrates how the regions have drawn closer; what were once localized customs can now be gutted, commercialized and peddled on a larger scale, North and South, as any Nashville music entrepreneur well knows.

These changes and the changing class relations within which they occurred have had significant reflections in Southern politics. After World War II, political power in the South rested with the troglodytes who largely represented plantation agriculture, extractive industry and were based in the small town and rural petty bourgeoisie. The increasingly powerful urban capitalists chafed under the domination of the reactionaries but tolerated their rule while the lingering threat of the CIO "reds" and the working class in general remained. As part of the initial post-war upsurge of the working classes internationally, the CIO threatened a massive Southern organizing drive. The fledgling New South urban bourgeoisie quivered and kept the retrograde elements in power — they, after all, knew how to string up a union organizer.

The CIO threat disappeared for a number of reasons: the setbacks to the post-war strike wave in the U.S., the

decapitation of the radical and revolutionary elements from the unions in the late forties and early fifties under the attack from McCarthyism and Truman's "Fair Deal." Basically the drive was abandoned because of the reformist labor leaders' recognition that organizing the South would have meant a confrontation with the whole political structure of the nation: its political regime, its dominant class alliance, its racism. Underlying the capitulation was the fact that U.S. imperialism, which had emerged from the war as the hegemonic world power and now extracted surplus-value from every corner, was able to buy off a thick layer of labor aristocrats and buttress the increasingly conservative line of the labor bureaucracy.

When the organizing threat receded, a new relationship within the bourgeoisie was made possible. The new urban capitalists resting upon an urban middle class base began to displace the reactionaries. Modern industrial development needed decent education for at least a layer of workers and an atmosphere of respectability, culture and modernity for its executives and technicians. As well, the new alignment of forces demanded a more flexible approach to general social questions. The result was New South politics. In North Carolina and Georgia, for example, this meant the landmark reapportionment cases which redefined electoral districts to better represent the urban, Piedmont centers. The rural rabble-rousing Talmadge machine in Georgia crumbled. Modern middle-class politicians like Dr. Frank Graham and Estes Kefauver arose. Urban middle and upper class voters turned to Eisenhower, who ran as a Republican. The solid Democratic South began to crumble. It was a controlled political revolution.

The most dramatic shift of social policy has been toward the race question. The rising colonial revolution taking place internationally, especially in the context of the Cold War, was an important factor in bringing the race question once more to the fore in the United States. The shift of blacks from dying agricultural employment to the cities (South as well as North) meant that the black masses were getting industrial jobs, although at the lowest rungs. A critical number of Southern black college students had their appetites whetted by increased education. The small middle class black population also sought to rise. The hope of social mobility opened up by the new development of the South contrasted with the continued disenfranchisement and segregation. An explosion took place. During the fifties, the struggle of Southern blacks against their oppression began to emerge openly, reaching the higher expression of the civil rights movement in the early sixties. The Atlanta-based financial, mercantile and real estate interests favored a policy of moderation and token reforms toward this upsurge. Racial peace was a necessity for attracting new capital investment. Industrial giants also understood the advantage of preventing racial warfare in and around their factories, and merchants were wary of black boycotts of their goods.

The withdrawal of the Southern organizing drive (and what it would have meant in terms of a united anti-racist struggle) allowed the black struggle to take place under the leadership of the black middle class. Symbolically, it was the veteran black labor leader E. B. Nixon in Montgomery who pushed a little known "sky pilot," the late Martin Luther King Jr., to lead the historic bus boycott in 1955. The absence of working class leadership signified that the black gains so bitterly fought for would not get out of hand and threaten the rising profit margins. The white Southern labor bureaucrats played little role except to tail the white bourgeoisie. National union leaders gave moral and monetary support — and of course maintained discrimination within the unions for as long as possible to benefit the labor aristocracy. Indeed, the Southern



Alabama's frame-up of Scottsboro Nine led to worldwide protest movement against racist persecution in the South.

white urban bourgeoisie was able to parade as the "progressive" section of the white population; this strengthened the racism that the bureaucrats refused to fight within the white working class.

Despite the new "progressive" image toward blacks, the Southern establishment tries to remain a bastion of conservatism and political stability for the nation. The New South bourgeoisie with its national bourgeois partners remains devoted to the old super-repressive labor policies in the still relatively cheap-labor South. This is graphically illustrated by the "right-to-work" laws; ostensibly giving workers the "right" not to join a union, their main intent is to suppress the basic right to organize by reinforcing the open shops of the South. In contrast, the now covert racism remains, but not as the central tool for defending capitalist power in the South. The collaboration of the black leadership is a far easier and more pacific solution.

For all the importance of the economic and social changes in the South, the stability and moderation that the New South proclaims is an illusion, perhaps the most powerful condemnation of the decay of American imperialism within its own borders. Southern industry still shows the marks of its origin. Despite the new plants, the old labor-intensive industries are still proportionately a huge factor. By 1971 almost half of the South's industrial employees were still in the five lowest paying industries: furniture, lumber, food, apparel and textiles. An important bourgeois journal admitted, "Undeniably, the South has attracted and encouraged primarily low-wage, labor-intensive industry in which even the fully employed worker often exists on the margin of poverty." (*South Today*, May-June 1973)

Moreover, there are important qualifications to the South's capital expansion. Tourism and the military are major enterprises in the region (tourism alone accounting for 20 percent of the gross state product of Florida), and neither "industry" fosters the self-expansion of capitalist production either locally or nationally. Nor has the transformation of the

South occurred independently of Northern capital and control. Northeastern capital is national capital; it is interpenetrated with every major nucleus of industrial and financial power in the country and abroad. By all accounts the "Southern" bourgeois is as likely as not to have been born elsewhere in the country (if not the world — South Carolina claims to have more West German investment than any country in the world except Germany).

The most important way in which historical continuity has been maintained is the super-exploitation of the Southern working class. Production workers in the South take home an average of \$162 per week compared to the national average of \$192. The South's reputed cheaper living costs are essentially a myth and by no means offset such a wage gap. Moreover, inflation is higher in the South than elsewhere in the nation, and Southern workers generally get lower pensions and other fringe benefits than workers nationally. This stems in part from the existence of a large reservoir of potential workers in the growing urban ghettos and on the remaining tenant farms. An enormous factor is the unions' weakness: only 15 percent of the South's non-agricultural work force is organized, as compared to 28 percent nationally. The *New York Times* (July 2, 1973) stated:

"One of the main attractions of the South for Northern industrialists has been the South's traditional attitude against unions. An industrialist moving South from St. Louis, Detroit, Cleveland or Chicago can easily find a place in the South where he will not be bothered with union work rules, union wage scales and continuing negotiations of contracts and grievances."

As well, in the South, even unionization is no guarantee of wages equal to the national standard. The "Southern differential" is frequently preserved in contracts. And the super-exploitation of Southern labor generally is exceeded by the level of exploitation of blacks in the South. Although socially significant only a small number of black workers have done well. Most despite their entry into industry still get the worst-

paying and roughest jobs, the highest unemployment rates, the worst living conditions, the least opportunity to move up — in general, rampant inequality remains the way of life in the homeland of slavery.

Thus the New South is developing not only along the lines of the old capitalism but with the traditions of the Old South. It buttresses U.S. capitalism as a whole not only by its political role in Washington but also by offering a cheap labor area to Northern capital which is used as a lever against Northern wages as well. The Old surviving in the New is a dialectical necessity for capitalism but it generates its own contradictions.



Jimmy Carter with Martin Luther King, Sr.

For the South has produced a very large and dangerous modern working class concentrated not simply in isolated towns but in major cities. The old migration to the North of both blacks and whites is reversing. The proletariat is more national as the cultural gaps narrow. Most crucial, capitalism has been forced out of its own needs to weaken its own weapon of racial division. It will no longer be as simple as it once was to resurrect the full venom of this tool within the Southern working class. The Southern masses were always volatile but racism could turn this to fratricide. The new proletariat, therefore, will be extremely potent. While it has less of a history of organization, it is also burdened with less of a bureaucracy and labor aristocracy. The basic unionization steps that it will naturally take will require a political onslaught against the national bourgeoisie. Such a struggle once begun can only lead to a revolutionary confrontation. But this seems far distant from the consciousness of the Southern worker, perhaps as distant as the notion of the most massive general strike in history seemed to the French worker even a few days before the May events of 1968. Right now what seems real is the appeal of politicians like Jimmy Carter.

Carter is a classic New South politician. Based in Atlanta, he blends a policy of adjusting to necessary changes in Southern society with a basic loyalty to the old order. He was hardly a staunch advocate of the civil rights movement, but he did not support the white plebeian backlash. As Governor of Georgia, he established firm links with the more conservative

black leaders (like Martin Luther King Sr.) in pursuing a policy of racial moderation. But of course, he had mixed his tokenism with deft appeals to racism as when he ran for Governor in 1970. He tolerates the existing docile unions in the South but is hostile to labor organizing (as in his own peanut operation) and has always fought to maintain "right-to-work" laws.

With his head in Jehovah's austere heaven and his heart seeking the approval of the jaded, sophisticated Northern *Playboy*, Carter epitomizes the contradictions of the New South bourgeoisie. This opportunist, sensitive to all pressures and counterpressures appeals to blacks while seeking to safeguard "ethnic purity." He dutifully cajoled labor leaders wherever he campaigned, but as one Southern capitalist, Robert E. Coleman, chairman of Riegel Textile Corporation commented (*New York Times*, August 15, 1976):

"As a politician, his first concern is getting elected so I don't take too seriously all his campaign promises to labor. It is inconceivable to me on his whole record that he could be anything but what he says he is, a businessman who recognizes the need for a reasonable profit."

Carter's contradictions affected his campaign in the form of his oft-noted capacity for talking out of all sides of his mouth. This was inevitable for such a consummate New South candidate, representing a basically contradictory class equilibrium which can hold together in its present fashion for only a historical moment. This contradictory moment in time can appear stable and long-lasting simply because the upcoming scene will be so radically different from the past. The most conservative factor in social history, consciousness frightened of the abyss, seeks to hold on to what is familiar. Southern domination of Washington politics, maintained for decades just below the topmost levels and now clambering into the White House in the person of Jimmy Carter, has grabbed for the pinnacle just at the point where its base is about to shatter. Capitalism in the pursuit of profit has once again reinforced its mortal enemy, the proletariat.

We have stated that the development of the New South was the product of the post-war defeat of the working classes which allowed imperialism to expand. We will show in future articles in this series how the development was largely sectoral, occurring at the expense of industry and growth elsewhere in the United States; and why the nature of these capital shifts is critical to the shape of the coming American revolution. The Southern take-off was certainly not the growth of a colonial or ex-colonial nation. In fact, it was financed by the rest of the world. This was a development based on imperialist-derived super-profits and far from an organic growth of capitalism. The upshot is that the South — and the North — can no longer allow the workers to keep even the relatively meager gains made in the past. The black advances are already atrophying as black labor is thrown out of work first in the developing worldwide downturn that succeeded the post-war boom. Bourgeois democracy and equal rights were temporary concessions based upon the imperial capitalists' ability to secure super-profits. As this erodes, Carter, the "New South," the labor bureaucracy and the whole constellation of bourgeois property will lie exposed before an undefeated working class on the march. *Business Week* (November 8, 1976) quoted an Arkansas businessman on the labor-black unity against "right to work" legislation:

"What bothers me is that blacks here don't seem to know what unions have done to them up North. If they stick with labor down here, then God only knows where all this is going to stop."

If God knows, Jimmy Carter will soon find out. And he will also find, like the Cheshire cat in Wonderland, that his ephemeral toothy grin has lost all the material reality behind it. ■

Editorial

continued from page 2

and no longer weakening. In fact, the Soviet Union and the CP's collaborated in seeing to it that the workers' and colonial revolutions developing in the wake of the war were contained and defeated. Stalinism survived the war and expanded its power into Eastern Europe and much of Asia. The Stalinist role also enabled world capitalism and its dominant American imperialism to restabilize and prosper during the fifties and sixties.

The Stalinist counterrevolution did triumph in a new bourgeois society at the end of the thirties; however this could only occur on the basis of what the workers had created through the Bolshevik revolution. Bourgeois restoration could not eradicate the accomplishments of the working class. Rather, it seized them like it has many another creation of the workers, and turned them on the working class itself.

Not the least blow rained upon the working class by the expansion of Stalinism was the annihilation of the Fourth International. Stalin had Trotsky murdered in 1940. Many militants were killed during the war by Stalinists and by the more traditional bourgeois forces. But the real victory lay in the complete disorientation of the Trotskyists as a result of the unpredicted capabilities of Stalinism and the quelling of the workers' upsurge.

By 1948-49 it was becoming evident to most elements in the Fourth International that the wave of workers' revolutions had been crushed, at least for a time, certainly in Europe. They felt that there was no need to revise Trotsky's essential notion that Russia was a "counterrevolutionary workers' state." They considered the Eastern European states to be "buffer states" and insisted that the Russians were maintaining state capitalism in these countries. Indeed, the Russians, fearful of both the West and especially the working classes, did not move to transform their satellites in the image of Russia until 1947-48 — once the working classes appeared to be safely tamed. Similarly, Tito's Yugoslavia could split with the USSR only when it was sure that the workers wouldn't rise and inherit the national revolution.

The transformations of the later forties set the gears of degeneration in the Fourth International going more rapidly than ever before. The "counterrevolutionary workers' state" was engaged in social revolution, the transformation of its buffers into "deformed workers' states." The petty bourgeois leadership of the Soviet Union, according to this notion, was leading the socialist revolution — hitherto thought possible only for a Marxist workers party in the leadership of the proletariat. Not only in Eastern Europe but later in China, Vietnam, Cuba, North Korea, etc., the social revolution was made without the proletariat and without the vanguard party

of the proletariat — when Trotsky had considered the question of the proletarian leadership to be the crucial question of our time! Tito, who broke with Stalin but not with Stalinism, was invited to join the Fourth International.

The post-war head of the Fourth International, Michel Pablo, took his ideas to their conclusion and urged the Trotskyists to join the Communist Parties and act as a left wing prodding them to the revolutions they had shown themselves capable of. Pablo advocated as well deep entries into the Social Democratic parties in countries where they were the strongest in the working class. His method was to capitulate to whatever bourgeois force, Stalinist or traditional, was available within the working class. And as later events (the Algerian national liberation struggle, for example) showed, he would adhere to bourgeois forces even outside the working class.

Partly in response to the consequences of Pabloism, the organizational inheritors split into many separate groupings. None was able to raise a fundamental challenge to Pablo's capitulation. They differed over the reasons for it and in the early days even over aspects of the fundamental theory. But their major disagreements were over how far to go in capitulating to specific Stalinist revolutions and over what specific petty-bourgeois forces should be touted and tailed. They all held to the erroneous theory that adopted Trotsky's words (degenerated workers' state) to an indisputably bourgeois phenomenon.

The desire of the Fourth Internationalists to maintain Trotsky's mantle was not simply opportunism. There had been tendencies that split away from the Fourth International, tendencies that considered Russia to be a new class society, "bureaucratic state capitalism" or "bureaucratic collectivism." These tendencies generally, in rejecting the degenerated workers' state theory, also rejected the understanding of what a workers' state must be if it is to serve the interests of the proletariat. As well, they rejected the past gains of the workers' revolution and adopted a cynical attitude toward the working class and its revolutionary capacity altogether. They saw the newly powerful USSR and its bloc as a new stage in human history transcending the state monopoly capitalism of the imperialist era that Lenin described. (These tendencies have previously been analyzed by us in *Socialist Voice* No.1.)

For the new class theorists, despite their proclaimed intentions, the central revolutionary dynamic lay no longer with the workers but with new social classes capable of huge social transformations. Trotsky's theory of permanent revolution had to be explicitly or implicitly junked. The intelligentsia, the labor aristocracy or bureaucracy, or some section of the enlightened petty bourgeoisie would have to become the vanguard of the new world — in the name of the workers, or with "the people" as the battering ram.

In reacting against the barbarism of Stalinism these

Subscribe!

..\$2.50 for six issues

..\$5.00 supporting subscription

..\$5.00 overseas airmail

Make checks payable to *Socialist Voice*. Send to:
Socialist Voice, 170 Broadway, Room 201, New
York, NY 10038, USA.

SOCIALIST VOICE

50¢



Published by the LEAGUE FOR THE REVOLUTIONARY PARTY

Reconstruct
the Fourth International!

Name

Address

Zip

elements viewed their own role as that of liberators, protectors and defenders of the workers and the people. They proselytized for democracy, which in one way or another became the central force in their opposition to Stalinism. Democracy without revolutionary proletarian leadership could only mean acceptance of some form of state monopoly capitalism. "Democracy" meant pluralism, toleration, consultation, incorporation of the masses — as in the post-war United States where a facade of prosperity permitted such leeway. The Shachtmanites, Johnsonites, Cliffites, et al eventually became the cheerleaders for George Meany or Julius Nyerere or Otelo de Carvalho, etc.

The Fourth Internationalists who recoiled from the conclusions of the new class theorists maintained the notion of "deformed workers' states" in order to hold on to the legacy of the working class gains and the centrality of the revolutionary party and international. But the deformed reed they clung to could not prevent them from making increasing capitulations to the very forces they sought to fight. Inexorably, support for Stalinism (critical though it was) led to support and adaptation, in country after country, to petty-bourgeois forces whether Stalinist or not.

As early as the middle forties, Pablo tried to get together with Shachtman, despite their seemingly polar opposite approaches to the world. To this day, the Shachtmanites and Pabloites have a great deal in common. The Lanka Sama Samaj Party of Sri Lanka, once the biggest party in the Pabloite Fourth International, has served in several governments in that bourgeois country. Even the leftist and centrist versions run in parallel channels. The differences between the Cliffite International Socialists in Britain and the Pabloite IMG are not qualitatively greater than the differences between the IMG and the equally Pabloite WRP of Gerry Healy. The capitulations of the SWP and the left-Shachtmanite IS in the US are cut from the same cloth. Only on Russia and the Stalinist states does the difference seem qualitative. It is very real but even here not as great as it appears.

The Shachtmanites and their ilk, fire-breathing anti-Stalinists though they be, nevertheless espouse a reformist attitude in practice towards Russian society. Thus they identify with the Soviet "dissidents" with only minor criticisms, when these reformers put forward no working class orientation much less a revolutionary socialist program. The well-known intellectuals admired in the West, heroic as they are, stand for a program to make the Stalinist system more liberal and tolerable — more like the West in its ability to incorporate the masses. As for the Shachtmanites, it is not their "revolutionary" anti-Stalinism that prevails but their reformist and pro-bourgeois sentiments which they sympathize with in their fellow-"dissidents." The Pabloites are the same, despite their greater pretensions to the banner of Trotskyism. Their vaunted "political revolution" against Stalinism has as little

content beyond reformism as does the "social revolution" proclaimed by the new class theorists. In both cases the demand for democracy takes precedence over any strategy of revolution.

We have previously outlined our attack on Shachtmanism as a general phenomenon. It is necessary to treat the views of the Pabloites as well. Understanding and unraveling their political confusions and capitulations is urgent for the reconstruction of the Fourth International and ridding the working class of the varieties of anti-party and anti-proletarian ideologies that abound. That is the purpose of the major article in this issue, "Capitalism in the Soviet Union." In addition to laying the foundations for a Marxist understanding of the USSR, it takes up and refutes the specific views of Ernest Mandel, the most noted Pabloite theoretician, a former ideological lieutenant of Pablo and now a central leader of one of the Pabloite strands.

Mandel's United Secretariat, itself factionally divided, is only the largest of a number of groupings which label themselves as *the* Fourth International. Mandel, however, is the one writer who has taken up the problems more extensively than others. Aside from Mandel's occasional articles, little of note has been produced on the question of Stalinism since a flurry of debate in the early years of Russian expansion. The various Pabloite groups do polemicize over important questions, but ones that are derivative, like the degree of deformity of Cuba, China, etc. After the initial debate petered out with no definitive explanations, no serious criticism of Mandel's understanding seems to have been made. Virtually all the Pabloite tendencies have admitted that substantial theoretical questions about the "workers' states" remain unanswered.

Such questions cannot be answered under the assumptions of Pabloism and that is why the Pabloites do not even try. It has been forty years since Trotsky wrote *The Revolution Betrayed* and raised the "instability" and "alternative prognoses" for Stalinism that we cited earlier. Cliffites, Johnsonites, Maoists et al have written books on the nature of Russia but there is nothing of the kind from the Pabloites. We do not worship books, but the point is that if a workers' state in whatever form has existed through decades there must be a rich history of lessons for the world proletariat to learn. Yet there is a shamefaced conspiracy of silence, even by Pabloites who believe that the Russian question is the central one of our time. The fundamental questions are a skeleton in the closet for those who maintain a fraudulent orthodoxy based upon silence.

The proletariat is once again resurgent. The world defeat that Stalinism inflicted is being overcome. Those who refuse to learn from the defeat become part of the problem and not the solution. They must be shunted aside as the proletariat demands real answers. The truth for the workers is fundamental for the reconstruction of the Fourth International.

Documents of Struggle

The League for the Revolutionary Party is publishing the major documents that the Revolutionary Party Tendency (now the LRP) issued during its fight inside the Revolutionary Socialist League. Two documents of the series are now available in pamphlet form.

No. 1, *The RSL in Crisis; Behind the Labor Party Slogan.* The first major re-evaluation of the labor party concept by Trotskyists in decades. The persistent use of this slogan regardless of time and place represents a denial of the need for the revolutionary party.

No. 2, *Statement of the Revolutionary Party Tendency.* This document examines the specific features of the decay of the RSL. It resurrects the Bolshevik position on the united front as a front for action, as opposed to a programmatic or propaganda bloc.

Price: \$.25 each. Order from: *Socialist Voice*, 170 Broadway, Room 201, New York, NY 10038, USA.

Capitalism in the Soviet Union

There are two tendencies on the left that consider the Soviet Union to still be a proletarian state, the Moscow-oriented Communist Parties and the Pabloites who claim to be the inheritors of the Fourth International founded by Trotsky. The CP's generally content themselves with the prevailing bourgeois opinion that socialism is equivalent to state ownership of the means of production and avoid uncomfortable questions of reality and theory. But the Pabloites have to come to grips with their Trotskyist heritage and attempt to give some foundation for their view of the Russian state. Ernest Mandel, the writer whose views are best known, holds the position that "the contradiction between the non-capitalist mode of production and the bourgeois norms of distribution" is the basic contradiction not only of the Soviet economy but of "every society transitional between capitalism and socialism" (*Marxist Economic Theory*, pp. 565, 571, 572). This analysis is wrong both because it denies the capitalist nature of production in the Soviet Union and because it sharply demarcates the realm of bourgeois survivals in the transitional society in general. Behind these errors lie fundamental misunderstandings of Marx's analysis of capitalism.

The Pabloite theory is the mirror opposite of the position held by certain reformists and many ultra-left tendencies that the Soviet Union is capitalist because bourgeois economic relations (wage labor, for example) have existed from the revolution onward. One variant of this reasoning is the Menshevik-Social Democratic thesis that Russia was too backward in 1917 for a socialist revolution and hence that only a capitalist society could be built, despite the intentions of the Bolsheviks and the Soviet proletariat. In contrast, the Pabloites believe that the Soviet mode of production was non-capitalist from the start. These opposite arguments are the two one-sided (and therefore false) interpretations of the economic aspect of the transition from capitalism to communism. Both Marx and Lenin explained that the transitional society — the dictatorship of the proletariat, or workers' state — as it emerged from bourgeois society must still retain characteristics of the old society. The complexity of the question is indicated by Lenin's observation in *State and Revolution* that the workers' state is itself a bourgeois state! Indeed, as Lenin went on to say,

"This may sound like a paradox, or simply a dialectical puzzle which Marxism is often accused of inventing by people who would not take the slightest trouble to study its extraordinarily profound content. As a matter of fact, however, the old surviving in the new confronts us in live at every step, in nature as well as society. Marx did not smuggle a scrap of "bourgeois" right into communism of his own accord; he indicated what is economically and politically inevitable in the society which is emerging from the womb of capitalism."

The "paradox" of the old surviving in the new is particularly sharp in the sphere of economic relations. It would be hopeless for Marxists to expect that the law of value, the fundamental law of motion of capitalism, would be abolished immediately by the socialist revolution; on the contrary, after the

revolution it must be gradually overcome. Thus it is wrong on the one hand to interpret the continued existence of the law of value in the Soviet Union as proof that capitalism was never overthrown, nor is this alone proof that capitalism has already been restored. On the other hand, it is not correct to pretend that the law of value has been suppressed (by the "plan" or whatever) because the superficial aspects of traditional capitalism seem to have disappeared. The law of value is capable of operating under the most varied conditions, as the history of capitalism demonstrates. The relevant questions for Marxists to consider are: how does a workers' state undertake to overcome the law of value, and what was the historical outcome of this struggle in the Soviet Union — that is, is Russia today a capitalist or a workers' state? A systematic answer to these questions requires an analysis of the operation of the law of value, especially its operation in the epoch of imperialism and capitalist decay. For it is this epoch out of which the Soviet workers' state arose in 1917, in which the Soviet Union degenerated, and which will engender the workers' states yet to come.

In its basic form, the law of value states that *the value of a commodity is determined by the amount of labor time necessary for its production*. This simple formula is the first approximation to the laws of motion of capitalist society, yet in itself it contains a number of implications which lay the basis for these laws. As Engels wrote, "The value form of products therefore already contains in germ the whole capitalist form of production, the antagonism between capitalists and wage workers, the industrial reserve army, crises." We shall sketch the unravelling of some of the implications which the value form contains "in germ."

First of all, the fact that products are produced as *commodities* means that they are made by private, that is, separate, producers and become social products only when they are brought into social use by exchange. (They are exchanged according to the value they contain; the law of value is the principle of equal exchange.) For this to happen the products must have a *use-value* required by others, or by society generally. It is the exchange of these separately produced commodities that brings their producers into a social relation with one another and constitutes their society.

Secondly, the fact that commodities all embody human labor means that their values can be compared and that they can be exchanged. The labor compared must be *socially necessary* labor; if one worker, for example, takes twice as long as the norm to produce a given commodity, the commodity's value is not doubled but, rather, half of the worker's labor time is wasted since it is not socially necessary. On the other hand, if one producer can find ways of producing a commodity with less expenditure of labor time than is normal, the value of the commodity need not immediately decrease. It remains the same until producers generally, or on the average, are able to reduce the necessary labor time for that commodity. (Those that fail to do so are driven out of business.) Most of the inspiration for innovation under capitalism derives from an inventive entrepreneur's ability to sell his commodity

at its value even though he may be able to produce it for less.

This leads to a further point: the value of a commodity is not constant but is constantly changing, according to the availability of skilled workers, tools and materials, and the developing techniques of production. In fact, the value of a commodity is measured by the amount of labor required for its reproduction. Thus, if production techniques improve during the useful life of a commodity, the value of the commodity will decline because its reproduction will require less time than its original production using less advanced techniques. This is because the labor time embodied in a commodity consists of two parts: the *living labor* expended by the workers who produce the commodity, and the *dead labor* previously embodied in the means of production (materials, tools, factories, etc.) used by the immediate producers. The entire value embodied in such means of production is transferred proportionately to the commodities they are used to produce during their useful life. An advance in the technique of production, then, will generally mean that a machine will be introduced that can produce more commodities during its lifetime or can produce more commodities in a given period of time. In the first case, the dead labor transferred to each newly produced commodity is less, while in the second case the living labor required for each commodity is less. In either case the value of the commodity goes down, reflecting the production of increasing amounts of commodities.

What makes commodity production specifically capitalist is the separation of the producers from the means of production, the creation of a class of proletarians who do not own or control the means of production and a class of capitalists, the bourgeoisie, in whose hands the means of production are concentrated as capital — as dead labor, alienated from the workers. This requires the introduction of the commodity *labor power*, the capacity of the worker to labor. Labor power is the commodity whose specific use-value is to create value. The value that labor power creates is distinct from, and generally greater than, the value of the labor power itself. As with all commodities, the value of labor power is the amount of labor time necessary for its reproduction, that is, the value of the food, clothing, shelter, training etc., needed for the existence of the worker (and the worker's family, since reproduction is required). Again, as with all commodities, the value of labor power is constantly changing: for one thing, because of the improvement of techniques of production of the worker's necessities, but also because the value of labor power contains what Marx called a "historical and moral element," the degree of education or civilization that a society expects from its workers.

Under capitalism, labor power is the only commodity that workers own, a commodity that they can sell only to a capitalist who owns the means of production that require their labor. In the production process, the living labor that the workers expend is divided into two further categories. One portion, the *paid labor*, is equal to the value of their labor power and is paid to the workers in the form of wages. The remaining portion, called *unpaid labor* or *surplus-value*, is appropriated by the capitalist. This is the source of capitalist profit.

It is also the source of the class struggle between the capitalists and the working class:

"The directing motive, the end and aim of capitalist production, is to extract the greatest possible amount of surplus-value, and consequently to exploit labor power to the greatest possible extent. As the number of the co-operating laborers increases, so too does their resistance to the domination of capital, and with it, the necessity for capital to overcome this resistance by counter-pressure. The control exercised by the capitalist is not only a special function, due to the nature of the social labor process and peculiar to that process, but it is at the same time a function of the exploitation of a social labor process, and is consequently rooted in the

unavoidable antagonism between the exploiter and the living and laboring raw material he exploits." (Marx, *Capital* Volume I, International Publishers edition, p.331)

The capitalists' drive to overcome the resistance of the workers takes the economic form of replacing living labor in the process of production by dead labor. This is known as the *accumulation of capital* (or, to the bourgeoisie, as the increase of productivity); it summarizes the achievements of capitalism during its progressive epoch. Marx and Engels wrote in the *Communist Manifesto* that "the bourgeoisie, during its rule of scarce one hundred years, has created more massive and more colossal productive forces than have all preceding generations together." The reverse side of this achievement, however, is that labor is condemned to be enslaved by capital; the law of value creates and magnifies the inequality within classes and between classes. At the same time it condemns the more primitive societies to relative backwardness (and in the epoch of capitalist decay, to permanent backwardness), for a society that possesses only meager means of production can produce only limited amounts of value (labor that is socially necessary on a world scale) and can therefore exchange for equally limited amounts. The equality of exchange expressed by the law of value results, *from the start*, in the maintenance and expansion of the inequality between rich and poor that is characteristic of capitalism, between and within capitalist societies. In the epoch of decay, as will be shown, the inequality rises to a higher level.

The accumulation of capital is therefore not simply the replacement of living by dead labor, but the domination of dead labor over living. Accumulation is capitalism's only answer to the workers' struggle, and the bourgeoisie strives to weaken the proletariat by increasing the "reserve army" of the unemployed, kept as a constant threat to replace employed workers. This is done by both forcing other sections of the population into the proletariat by depriving them of all means of production other than labor power, and by expanding the means of production to reduce the number of workers employed in each enterprise. The capitalist sees as well the competition from rival capitalists forcing him to accumulate. The result is the *concentration* of capital, the expansion of the capital in the hands of each capitalist in order to expand his surplus-value, as well as the *centralization* of capital, its ownership by fewer and fewer capitalists who concentrate larger and larger amounts. The weaker capitalists who are unable to expand rapidly are driven out of business and expropriated by the stronger. From the point of view of the bourgeoisie (even its surviving, strongest elements) there are two inherent dangers. One is the increasing concentration and organization of the proletariat, which is strengthened and disciplined by the socialization of labor created through the laws of capitalist concentration and centralization. The other is the weakening of the bourgeoisie's ability to expand its capital, brought about by that capital's very expansion. The reason for this "paradox" is what Marx called the tendency for the rate of profit to fall.

The rate of profit is the bourgeoisie's rate of return on its capital investment. Invested capital is divided into two categories by Marx: *constant capital* which pays for the means of production (dead labor), and *variable capital* which pays the workers' wages, the paid portion of living labor. The name variable capital was chosen because that portion of the capital increases during the production process as the workers produce more value (the entire living labor) than the amount that their labor power costs the capitalist. The bourgeoisie's profit is the surplus-value arising from the unpaid portion of living labor.

As dead labor replaces living labor in production, constant capital expands more rapidly than variable capital in the capitalists' investment. Since it is only variable capital that produces surplus-value, and since the amount of surplus-value

that can be produced in one working day by any worker is limited by the number of hours in the day while the value of the means of production that the worker employs can increase without limit, it follows that the surplus-value produced decreases as a proportion of the total capital (variable plus constant) invested. That is, the rate of profit falls. Naturally, this is not to say that every capitalist's rate of profit falls inexorably from day to day; Marx was describing only a dominating tendency but nevertheless one which is visible in the long term operation of capitalist society. For our present purposes the best proof of this will be the discussion of imperialism later in the article.

The falling rate of profit signifies the possibility that the bourgeoisie, or sections of it, will be unable to expand its capital. For it requires expanded capital to invest in expanded means of production, and new capital can only come from increased surplus-value. The falling rate of profit means that the surplus-value available for reinvestment may fall below the minimum level of capital necessary. As a consequence, the tendency for pooling capital (centralization) accelerated, and led historically to joint stock companies, monopolies, a growing and powerful banking system, etc. These developments occurred not smoothly but through the convulsions of capitalism's periodic crises. These measures taken to counteract the falling rate of profit (which itself arose out of the concentration of capital deriving from the class struggle) only intensify the very same tendencies.

The replacement of living by dead labor has another significant result: since it occurs unevenly between different industries and even within the same industry, it follows that different capitalists will have a different proportion of constant to variable capital. (This ratio was called by Marx the

organic composition of capital.) Just as a higher proportion of constant capital for the bourgeoisie as a whole leads to a lower rate of profit over a period of time, so does a higher proportion of constant capital for one section of the bourgeoisie compared with another mean that the first section will receive a lower rate of profit, and for the same reason: it is only the variable capital that produces surplus-value.

No section of the bourgeoisie can accept a distinctly lower rate of profit for long. Again, just as the falling rate of profit for the bourgeoisie as a whole signifies the dangerous possibility that expansion will be ruled out, so a lower rate of profit for one section signifies that that section will be unable to stand up to the competition of its rivals and will be driven out of business. Therefore, the capitalists with the lower rates of profit (that is, with the higher organic compositions of capital) will try to invest in the more profitable industrial sectors, those with the lower organic compositions of capital. At the same time these capitalists will set prices for their products above their values in order to realize a higher rate of profit closer to the average, while capitalists with lower organic compositions will be able to price their products under their values and still maintain an average rate of profit. The result of all this haggling in the markets, both the market for commodities and the market for capital investments, is that the rates of profit for all capitalists tend towards an average. Those capitalists with a higher-than-average organic composition secure more surplus-value than is produced in their own spheres of production; those capitalists with a lower-than-average organic composition appropriate less surplus-value than their industries produce.

This sharing of the total surplus-value by all the capitalists, in proportion to the size of their total capital investments so



Red Army troops defending the Bolshevik Revolution during the 1918-21 Civil War in Russia. The war's decimation of the revolutionary proletariat

was a setback in the continuing struggle against capitalism.

that the rates of profit tend to average out, was referred to by Marx as "capitalist communism." It is the extension of the law of value from the level of the exchange of commodities to the level of the exchange of capital. The capitalists themselves receive equal returns on their outlay — not of their own labor but of their capital, the fruits of the dead labor they appropriate and the living labor they exploit. Although capitalist communism seems to deny the law of value in that commodities are no longer sold at their values, it is only an alteration of the law of value according to the law itself. Commodities exchange according to their *prices of production*, which are fundamentally their values; the dead labor and paid living labor portions are unchanged but the surplus-value component is altered because of the equalization of profit rates.

Capitalist communism, although it symbolizes the capitalists' sharing of surplus-value, in reality illustrates inequality among the bourgeoisie, with the strong dominating the weak. For it is the strong who appropriate surplus-value produced in the enterprises of the weak; that is the meaning of capitalist "sharing." But this level of capitalist inequality is surpassed as a result of the falling tendency of the rate of profit. In the epoch of imperialism, to which we now turn, the organic development of capitalism in its progressive epoch is shattered.

Marx's prediction of an epoch of decay was laid in what he called the "guiding thread of my studies," the well-known passage in the Preface to *The Critique of Political Economy*:

"In the social production of their life, men enter into definite relations that are indispensable and independent of their will, relations of production which correspond to a definite stage of development of their material productive forces. The sum total of these relations of production constitutes the economic structure of society, the real foundation, on which rises a legal and political superstructure and to which correspond definite forms of social consciousness. The mode of production of material life conditions the social, political and intellectual life process in general. It is not the consciousness of men that determines their being, but on the contrary, their social being that determines their consciousness. At a certain stage of their development, the material productive forces of society come into conflict with the existing relations of production, or — what is but a legal expression of the same thing — with the property relations within which they have been at work hitherto. From forms of development of the productive forces these relations turn into their fetters. Then begins an epoch of social revolution." (Emphasis added.)

The first World War was regarded by Marxists as proof that the epoch of social revolution had begun. Lenin provided the analysis of economic developments which showed how the relations of production had turned into fetters on the productive forces. In his pamphlet, *Imperialism, the Highest Stage of Capitalism*, he wrote that:

"Capitalism only became capitalist imperialism at a definite and very high stage of its development, when certain of its fundamental characteristics began to change into their opposites, when the features of the epoch of transition from capitalism to a higher social and economic system had taken shape and revealed themselves in all spheres."

The foremost characteristic of this, according to Lenin, was the creation of monopolies as the decisive force in economic life, replacing and developing out of free competition as a result of the tendencies of capital to concentrate and centralize. The other economic features that Lenin listed were the coalescence of bank and industrial capital into "finance capital," the export of capital for investment (as distinguished from the export of commodities for sale), the formation of international cartels (monopolies on an international scale), and the territorial division of the entire world among the imperialist powers. (Lenin also noted the increased power of the state and the close relationship between state and monopoly. He called imperialism "state monopoly capitalism.")

The interpretation of these features in the light of the operation of the law of value shows the essential unity between the international aspect of imperialism (colonialism, other territorial conquests, export of capital, etc.) with the development of monopolies. For monopolies appear to violate the law of value; by dominating production in the spheres in which they occur, they restrict the commodity and capital markets that regulate exchange. Capitalist communism, the sharing of the surplus-value among the capitalists in proportion to their particular capitals and therefore the equalization of the rate of profit, is prevented. The monopolies have the power to allocate a higher proportion of surplus-value to themselves. The same is true internationally. The imperialists (the same monopolies, of course) do not



Berlin workers with a captured machine-gun during Spartacist rising, 1919. The revolution was suppressed by Germany's Social-Democratic government.

simply export capital out of generosity; they export capital in order to import the surplus-value produced with it — and not just that amount, but a higher-than-average proportion of the surplus-value produced in their colonies and the countries they dominate. It is not just the size and market power of the imperialists that enables them to do this. They have also built up military machines and other departments of their national states that spread and enforce the international "violation" of the law of value.

What brings imperialism about is the falling tendency of the rate of profit. When the rate of profit falls low enough so that even extensive centralization of capital does not amass sufficient surplus-value to reach the minimum level of investment, the strongest, most concentrated capitals cannot be satisfied with a proportional return of surplus-value on their capital. When the surplus-value produced is not enough to allow all capitalists to share in it proportionately, the only solution is the disproportionate appropriation of surplus-value, the violation of capitalist communism. It is naturally the largest capitals that appropriate the lion's share; hence monopolies, colonial conquests, cartels, etc. Lenin's point that capital is exported in search of higher rates of profit is part and parcel of this. The result is that the weaker capitalists whose "fair share" of surplus-value is expropriated cannot expand to the extent that would otherwise be possible. Their growth is stifled by the need of the dominant capitalists to grow. Thus the law of value becomes the fetter on the development of the productive forces that Marx predicted. Expansion of the productive forces by one country or sector of capital is possible only at the expense of others.

It is still the law of value at work, although the surplus-value component of the value of a given commodity is altered even

more than under capitalist communism. Moreover, the effect of imperialism in super-exploiting the colonies, backward regions, weaker industries etc., also means that the paid labor portion accruing to the proletariat is reduced; imperialism forces down the living standards of the weakest and most oppressed workers. In addition, imperialism takes its bite out of the constant capital portion of value: the spoliation of the environment in the ravenous extraction of raw materials, the physical destruction of means of production in war, etc., mean that constant capital included in the value of commodities is not replaced. The three components of value (constant capital, variable capital, surplus-value) still exist, but they are all systematically altered by the deprivations of imperialism. The law of value now operates by violating capitalist communism, that is, in an even more contradictory manner, but it still operates. Its entire mode of operation is through the process of contradiction.

The operation of the law of value under imperialism is not carried out in quite the same way as in the previous epoch. It operates not only through the normal market but through military force, commercial swindles and the like. All this of course occurred in capitalism from the beginning, but in the epoch of decay it becomes the rule, capitalism's systematic mode of operation. Imperialism is the epoch of wars and worldwide economic convulsions. The different national bourgeoisies, the weaker ones as well as the imperialists themselves, constantly vie with each other to upset the balance; the imperialist inequality is highly unstable. Witness the fall of Great Britain from the world's first and foremost imperialist power to its second-rate level today. This constant struggle among the bourgeoisie suggests that the tendency towards capitalist communism, the equalization of profit rates still exists. It does. But it cannot triumph as an equalizing tendency. It is indeed impossible for one super-imperialism or super-monopoly to dominate the world unchallenged, but this in no way implies that the offsetting factors can achieve a balance of equality among all the capitals. However the weaker imperialist powers strive to replace the former, however the colonies rebel against the colonialists, bourgeois equality is never achieved. World wars can upset the world balance of power and reconstitute the order of the great powers, but never is inequality overcome. The inequality is upset only to be replaced by a new inequality. Equality of nations or capitalists, like all the democratic programs of the bourgeoisie, will never be achieved under capitalist rule. Trust busting similarly is a utopian fantasy believed in by sections of the petty bourgeoisie.

The epoch of imperialism is also the epoch of social revolution. The immense accumulation of the means of production, the creation of the world market, the international division of labor, and especially the maturity of the international proletariat provides the material basis for socialism. Just as imperialism "violates" the law of value in the economic sphere, so does it "violate" its promised expansion of democracy. This political expression of capitalism's contradictory development was delineated most clearly in Trotsky's theory of permanent revolution. The bourgeoisie was once able to tolerate bourgeois-democratic rights (universal suffrage, national self-determination, division of the land, equal rights, etc.). In order to overcome feudal and aristocratic hindrances to the free development of commerce and capital it grudgingly accepted the rights demanded by the revolutionary petty bourgeoisie as its price for fighting feudalism. Lenin, Luxemburg and Trotsky all pointed out after 1905 that the bourgeoisie was no longer capable of tolerating a fight for its own program. The petty-bourgeois layers that had been revolutionary in the former epoch were now challenged by the threat to all property embodied in the organized and growing proletariat, and could therefore not take up the fight. Oppressed layers such as the vast sea of

Russian peasants that still wanted land could be won to the fight by the strong leadership of the proletariat. Thus Trotsky came to the conclusion that the proletariat through its socialist revolution would fulfill the bourgeois-democratic tasks, and this was demonstrated in practice by the Bolshevik revolution of 1917. The Russian bourgeoisie had been incapable of destroying absolutism, and even the overthrow of the Czar by the workers in the February revolution of 1917 (which handed state power to the Mensheviks and Social-Revolutionary Parties, the representatives of the labor aristocracy and the petty-bourgeois peasantry) failed to carry out the democratic tasks. Only the proletarian revolution for proletarian goals could carry out the goals of the now impotent bourgeois-democratic revolution.

The creation of the labor aristocracy is another example of the operation of the law of value in the epoch of imperialism, the violation of equality at the level of labor matching its violation at the level of capital. Lenin pointed out that the sops and reforms granted to the working class by the imperialists fall to a certain limited layer of the proletariat. This labor aristocracy remains strong so long as imperialist super-profits remain high enough to pay for it. Bought off by a share of the imperialists' surplus-value and therefore separated from the mass of the working class, this layer becomes the political agency of the bourgeoisie among the workers. In Russia, this layer followed the Mensheviks. In Western Europe, in every country the aristocracy followed its own bourgeoisie into the imperialist war of 1914.

The Bolshevik revolution was made possible by another aspect of the differentiation within the proletariat: the coalescence of its politically most advanced members into the revolutionary party. Unlike the economic aristocracy of labor created through the workings of the law of value, the political "elite" was formed in conscious opposition to it, dedicated to the overthrow of capitalism. The revolutionary party represented those workers whose return on the sale of their labor power was driven below reproductive subsistence by the law of value operating under imperialism, the most oppressed layers of the proletariat. The creation of this layer was the converse of the creation of the labor aristocracy; just as the equality among capitalists was destroyed, so too both the equality and the international solidarity of the proletariat was undermined. The very backwardness of Russia presented the Bolsheviks with the opportunity for the revolution, which they seized. On the one hand, Russia's retarded capitalist development made possible the introduction of highly concentrated and centralized capital from the start modelled on (and much of it owned by) Western capitalism. This created a concentrated and centralized proletariat, one whose level of organization was rapidly advancing, yet one whose aristocratic layer remained small because of the backwardness of the country as a whole. On the other hand, Russia's poverty resulted in the mortal crisis of Czarism during the world war and the utter devastation of the vast peasantry which ultimately came over to the support of the working class revolutionaries. The struggle that lasted more than a decade between the Bolsheviks and the Mensheviks for the leadership of the working class resulted in the victorious revolution. It was a struggle between the two extremes of the working class: the narrow labor aristocracy — the last resort of capitalism — lodged in the parties of the Provisional Government, versus the "Pravdisty lumpen," the poor (but not lumpen, despite the Menshevik phrase) workers backing the Bolsheviks who were increasingly conscious of their historical capabilities.

The permanent revolution is the proletarian solution to the bourgeois problem of inequality, for its goal is socialism. Socialism also provides the answer to the inequality developed under the law of value, the violation of equal exchange. To demonstrate this it is necessary to quote at length several well-known and as we shall see, often misinterpreted passages by

Marx from the *Critique of the Gotha Program*.

"Within the cooperative society based on common ownership of the means of production, the producers do not exchange their products; just as little does the labor employed on the products appear here as the value of these products, as a material quality possessed by them, since now, in contrast to capitalist society, individual labor no longer exists in an indirect fashion but directly as a component part of the total labor. ...

"What we have to deal with here is a communist society, not as it has developed on its own foundations, but on the contrary, just 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. Accordingly, the individual producer receives back from society — after the deductions have been made — exactly what he gives to it. What he has given to it is his individual quantum of labor. For example, the social working day consists of the sum of the individual hours of work; the individual labor time of the individual producer is the part of the social working day contributed by him, his share in it. He receives a certificate from society that he has furnished such and such an amount of labor (after deducting his labor for the common funds), and with this certificate he draws from the social stocks of means of consumption as much as costs the same amount of labor. The same amount of labor which he has given society in one form he receives back in another.

"Here obviously the same principle prevails as that which regulates the exchange of commodities, as far as this is exchange of equal values. Content and form are changed, because under the altered circumstances no one can give anything except his labor, 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 producers is concerned, the same principle prevails as in the exchange of commodity-equivalents: a given amount of labor in one form is exchanged for an equal amount of labor in another form." (Emphasis added in last paragraph.)

What is this "same principle" which prevails under the first stage of communist society which Marx explains in detail? It is of course the principle of the law of value in its original form, the equality of exchange. But as Marx pointed out in the first of the paragraphs quoted, value no longer exists; it has been abolished by the socialization of labor (the formation of the "social working day") when commodity exchange is no longer possible. Only the abolition of value can restore the "law of value," that is, equal exchange of labor time; and this is possible only under the rule of the proletariat. It is the same with the permanent revolution: only the "abolition" of the bourgeoisie can achieve the promises of bourgeois democracy.

So far it has been shown that the economic development of capitalism into the epoch of imperialism symbolized by the alteration in the operation of the law of value is mirrored by political developments, especially the permanent revolution. The most controversial questions arise over the transition period between capitalism and communism. Marx provided the political definition:

"Between capitalist and communist society lies the period of the revolutionary transformation of the one into the other. There corresponds to this also a political transition period in which the state can be nothing but the revolutionary dictatorship of the proletariat."

Thus the "cooperative society based on common ownership of the means of production," what Marx called communist society in its lower stage (and which Lenin later relabelled the socialist stage), does not emerge from capitalist society all at once. There is a prior stage of the proletarian dictatorship or workers' state, which has the tasks of suppressing the bourgeoisie and engaging in the titanic struggle to overcome all of its laws, including the law of value. If this suppression could be accomplished overnight and value and the law of value eliminated in an instant, then the anarchists would have

been correct. Marxism does not disagree with anarchism, as Lenin pointed out, in regarding the state as a dangerous phenomenon. Communism can be achieved only by negating the state, which is bourgeois by its nature. But no system leaves the face of the earth without fulfilling all of its potential. In capitalism's epoch of decay, the bourgeoisie and its dominance over the constantly socializing means of production have become a barrier to the production of the abundance that would enable communism to exist. Under the workers' state, capitalism's accumulated dead labor which was once used against the proletariat is now seized by the workers and used to eliminate capitalism and the scarcity which forces class society upon humanity.

Thus the proletariat in the course of struggle negates itself as a bourgeois class; all people then have the same relation to production and society. It concomitantly eliminates its state and all other bourgeois relics. Without the workers' state these tasks could not be accomplished. Value and the law of value inhere in scarcity and cannot be flicked away by anarchist (or other petty-bourgeois) wishes; they must be harnessed, ridden and broken — and finally destroyed. The law of value is ended with the triumph of socialism. The reflection of exchange that Marx described lingers into socialism itself to be extinguished with the triumph of communism, the highest stage.

"In a higher phase of communist society, after the enslaving subordination of the individual to the division of labor, and therewith also the antithesis between mental and physical labor, has vanished; after labor has become not only a means of life but life's prime want; after the productive forces have also increased with the all-round development of the individual, and all the springs of cooperative wealth flow more abundantly — only then can the narrow horizon of bourgeois right be crossed in its entirety and society inscribe on its banners: From each according to his ability, to each according to his needs!" (Emphasis added.)

That is, only in the higher stage of communism is the law of value in the sale of labor power fully overcome. "To each according to his labor" becomes "according to his needs."

While Marx foresaw the economic and political tasks of the transformation period, it remained for the Bolsheviks who created the first lasting proletarian dictatorship to work them out for the epoch of imperialist decay. For the Bolshevik revolution did not take place in capitalist society as a whole, but only in one of the most backward of the imperialist countries. Responsibility for its defeat elsewhere lay with the labor aristocracy and its Social-Democratic parties (in Germany especially, where the Social-Democratic government after the World War crushed the revolutionary proletariat and slaughtered its leadership). The Bolsheviks were faced with the continuing tasks of permanent revolution: extending the revolution from one country to the world, overcoming the backwardness of Russia and expanding the revolutionary consciousness of the working class from its leadership to the entirety of the class. In post-revolutionary Russia (now the Soviet Union), a struggle like that between Bolsheviks and Mensheviks was waged within the Bolshevik party itself.

The Bolsheviks, both in the immediate aftermath of the 1917 revolution and after the devastating civil war that ended in 1921, were faced with the task of dealing with the survivals of capitalism. One of its forms was "state capitalism," a term which had several meanings. For Lenin, it meant the supervision and control by the state of capitalist enterprises, including foreign-operated concessions in Russia, petty-bourgeois marketing cooperatives, licensed merchants of state-owned goods, etc. Lenin distinguished state capitalism both from the familiar petty capitalism and from socialism, by which he meant the state owned and operated enterprises. Lenin posed the task of the day as the development of state capitalism at the expense of petty capitalism, which if successful would both expand the Russian economy and bring it further under the conscious direction of the workers' state. It

was fallacious, Lenin argued, to demand the replacement of petty capitalism by socialism, because the state did not have the resources nor did the proletariat yet have the expertise to run all of Russian industry without enlisting the aid of bourgeois elements, at a price. Hence with the N.E.P. of 1921, he fought for a "bloc" between state capitalism (under the workers' rule) and socialism against petty capitalism; that is, against Russian backwardness.

Whereas Lenin used "state capitalism" to refer to certain spheres of the Soviet economy, the term is often used to denote a national economy where all the major means of production

capitalist nature of the productive forces. In the joint-stock companies and trusts this is obvious. And the modern state, again, is only the organization that bourgeois society takes on in order to support the external conditions of the capitalist mode of production against the encroachments as well of the workers as of individual capitalists. The modern state, no matter what its form, is essentially a capitalist machine, the state of the capitalists, the ideal personification of the total national capital. The more it proceeds to the taking over of productive forces, the more does it actually become the national capitalist, the more citizens does it exploit. The workers remain wage-workers — proletarians. The capitalist



Left Opposition members photographed on the way to exile, 1928. Left to right: Serebriakov, Rakovsky,

are owned by the state. With either use of the term state capitalism, of course, it must be made clear whether a bourgeois state or a proletarian state is in power. (Trotsky objected to Lenin's use of "state capitalism" because he feared that the term would generally be misunderstood to refer to a bourgeois-dominated state.)

Whether it means the entire economy or only a part, state capitalism is a development that clearly grows out of the laws of motion of capitalism in the imperialist epoch, and is not at all foreign to Marxist theory. Marx wrote (*Capital*, Volume I, p. 627):

"In any given branch of industry centralization would reach its extreme limit if all the individual capitals invested in it were fused into a single capital. In a given society the limit would be reached only when the entire social capital was united in the hands of a single capitalist or a single capitalist company."

Engels took the point a step further (in *Socialism: Utopian and Scientific*):

"But the transformation, either into joint-stock companies and trusts, or into state ownership, does not do away with the

Radek, Drobni, Trotsky, Beloborodov, Boguslavsky, Seznovsky, Preobrazhensky.

relation is not done away with. It is rather brought to a head. But, brought to a head, it topples over. State ownership of the productive force is not the solution of the conflict, but concealed within it are the technical conditions that form the elements of that solution."

Capitalism's tendency towards centralization and therefore statification brings out the social character of modern production — but in bourgeois form, for the means of production remain in private hands, those of the ruling class or its state. The "solution" that Engels cites, of course, is the socialist revolution that puts industry, already largely socialized, into the hands of the workers' state. Thus socialized industry becomes socialist — not immediately, but after a process of struggle against the remaining bourgeois forces and traditions. In this sense, as has been explained, the economic task of the workers' state can be summarized as the conscious struggle against the law of value.

But why then refer to Soviet state capitalism, as Lenin did? For one thing, there was the continued existence of privately-owned enterprises tolerated by the workers' state under the New Economic Policy. It is also true that the economy of a

workers' state bears a definite resemblance to state capitalism with its centralized and state-run production and distribution; the difference, of course, is working class power in the state. And above all there are the bourgeois tasks that the workers' state must undertake.

The newly-born workers' state, especially one as backward and isolated as the Soviet Union was, is forced not only to seize the accumulated dead labor held by the bourgeoisie but also to accumulate further. Not at first in order to eliminate living labor from production but, on the contrary, to increase the numbers of the employed workers at the expense of the surviving petty bourgeoisie, to improve the conditions of the masses, and to defend itself from the competition of the bourgeois forces within the state and from imperialism without. Since the bourgeoisie is no longer capable of accumulating at a rate sufficient to expand the productive forces (which include the proletariat itself), the workers' state takes up this task.

As a bourgeois task of the workers' state, accumulation is necessary but dangerously contradictory. Capitalist accumulation, accumulation for the sake of further accumulation, runs counter to the task of raising the masses' cultural and living standards. As Stalin would prove during the 1930's, making accumulation the supreme goal must in fact lead to a restoration of all the implications of the law of value: inequality, a labor aristocracy, imperialism, etc. For a time, accumulation can be accomplished far more speedily if the conditions of the masses can be held down and all resources dedicated to the production of the means of production. This means the domination of dead labor over living and from it follow all the characteristics of capitalism in its epoch of decay.

The severity of the problem of accumulation was compounded in the Soviet Union by the bureaucracy's decision to go it alone through its policy of building "socialism in one country." This path was inspired by the defeats of the revolution outside of Russia and it in turn was a major contributor to further defeats — internationally and inside the Soviet Union. For Russia could not be raised up from backwardness in isolation. The only way to avoid doubling the masses' suffering by enforcing the law of value against them was to hold out for (and politically work for) the international spread of the revolution to the advanced countries. This was the second but not lesser aspect of the permanent revolution. Not only was it impossible for the bourgeoisie to complete the bourgeois tasks, but it was also impossible to complete them under the bourgeois fetters that survived the Bolshevik revolution — the restriction of the revolution to the boundaries of one nation being the harshest. In turning away from the international struggle for the socialist revolution the bureaucracy turned away from the struggle against the law of value.

One of the first Bolsheviks to develop the idea of a struggle between the socialist consciousness of the workers embodied in the workers' state and the law of value was the Left Oppositionist Preobrazhensky, who formulated it as a struggle between two laws, the law of value and the "law of primitive socialist accumulation." By this he meant the need to expand production in the state-owned sector of the economy, mainly the largest enterprises, by siphoning off a portion of the surplus-value produced by the peasantry. If the state sector were left to expand on the basis of the surplus-value it produced itself, its growth would proceed only "at a snail's pace" (as advocated by Bukharin, the theoretician of the Stalinist leadership of the party in the mid-twenties) and the working class would remain a minority of the population for a long time.

Preobrazhensky's strategy for accumulation in the state sector was a necessary one, but it should not have been regarded as equivalent to the factor of consciousness in the

struggle against the law of value. There is for one thing no "law" of primitive socialist accumulation nor any objective law that regulates conscious planning, the production of use-values, by the workers' state (other than the law of value which holds it back and restricts it). The element of consciousness is precisely the overcoming of objective laws that express themselves as blindly-working averages behind the backs of the producers. As well, there is nothing socialist about accumulation, not even in the hands of a workers' state. It is one of the unfulfilled bourgeois tasks that the workers' state must carry out. Moreover, even accumulation by the state at the expense of the petty-bourgeois peasantry is not specifically socialist; such accumulation, achieved by the transfer of surplus-value from the weaker and smaller entities to the larger and more centralized one is typical of capitalism especially in its imperialist epoch.

Further, even if the entire economy were brought under state ownership accumulation would still be a capitalist survival and the socialist tasks would still remain: the advancement of the cultural and living standards of the masses, the shortening of the working day, etc. The struggle against the law of value would continue. For as long as the need to accumulate lasted (under communism accumulation is replaced by production for use), there would survive the tendency to accumulate at the expense of living labor, and such a tendency would find its embodiment in, at first, a privileged layer within the working class and, later, a class separate from and above the working class. That again is what Stalin proved in the 1930's.

The Stalinist faction of the Russian Communist Party, dominant from the mid-twenties on, is known for its vacillating policies on relations between the working class and



Dining hall in unfinished Soviet factory, 1931. First 5-Year Plan meant massive accumulation at workers' expense.

the peasantry. It capitulated to the upper layers of the peasantry (the kulaks) in the 1920's by refusing to appropriate the surplus-value from this sector for the expansion of the state sector; Bukharin went so far as to address the slogan "Enrich yourselves" to the kulaks. Later, when the peasants attempted to enforce their demands by withholding grain from the cities, Stalin responded with a virtual civil war against the peasantry, forcibly collectivizing its property and driving the resisting kulaks (and many others) into labor camps. These policies are less contradictory than they may appear, for in both cases the Stalinists capitulated to the law of value. At first they neglected measures that would have advanced the working class more rapidly (the program of the Left Opposition); afterwards, they tried to accumulate in the industrial sector at a breakneck pace, and crushed not only the peasantry but the

workers as well. The war against the peasants caused a setback to Soviet agriculture that has not been made up to this day, and, together with the forced accumulation at the expense of the workers in the early 1930's, this drove the standard of living of the proletariat down by half. The law of value is a two-edged sword: in a backward society it holds back the level of production, and in the process of accumulation it victimizes the working classes. Stalinism wielded both edges against the proletariat.

The economic task of the workers' state is the struggle of the revolutionary consciousness of the working class led by its revolutionary party against the operation of the law of value; only in this sense can the economy of the workers' state be regarded as transitional from capitalism to socialism. What happens when the struggle was not carried out successfully as in the Bukharin-Stalin rule of the 1920's or was deliberately betrayed as during the forced accumulation of the 1930's? Stalinism created both a privileged caste above the working class and an aristocratic layer within it to embody the defense of the law of value (in the form of *unequal exchange* that it takes in the epoch of capitalist decay). The pre-revolutionary struggle between Bolsheviks and Mensheviks emerged in a new form and in a new setting under the degenerating workers' state as the struggle between revolutionary Oppositionists (later Fourth Internationalists) and Stalinists. To the extent Stalinism was victorious, the transitional society was headed on the road back towards capitalism. The questions that have to be answered are: under such material conditions, how long can the struggle to defend the workers' state continue? Can capitalism be restored by a triumph of "the law of value" over "revolutionary consciousness"? The answer begins with Trotsky's definition of the Soviet regime as he saw it in the mid-thirties (from *The Revolution Betrayed* p. 255):

"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 toward primitive accumulation created by want breaks out through innumerable pores of the planned economy; (c) 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 situation of the toilers, promotes a swift formation of privileged strata; (e) exploiting the social antagonisms, a bureaucracy has converted itself into an uncontrolled caste alien to socialism; (f) the social revolution, betrayed by the ruling party, still exists in 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 counterrevolution 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."

It is often argued by the Pabloites who claim adherence to Trotsky's views that the key question for the continued existence of the workers' state is half of point (f) above, the property relations; that is, nationalized property. Whether or not this was in fact Trotsky's own view, there are two serious problems with it: 1) What is the relationship between the "consciousness of the toiling masses" and the property relations, the two points coupled together in this very definition?, and 2) What is the significance of nationalized property for the workers' state?

Writing several years later about Stalin's occupation of eastern Poland during World War II, Trotsky wrote (*In Defense of Marxism*, p. 19): "The primary political criterion for us is not the transformation of property relations in this or another area, however important these may be in themselves, but rather the change in the consciousness and organization of the world proletariat..." How are such changes measured, if not by the strength and program of proletarian institutions

like the trade unions, the soviets, and above all the revolutionary vanguard, the Communist International and its national parties? In the 1930's the Soviets, trade unions, etc. had already been brought under the heel of the bureaucracy, the Communist International was dead as a revolutionary organization, and as for the Bolshevik Party Trotsky wrote at about the same time (*Stalin*, volume 2, p. 229):

"This process of decomposition set in, slowly at first, in 1923, and rapidly increased in tempo. The old Bolshevik Party and its old heroic cadres went the way of all flesh; shaken by fevers and spasms and excruciatingly painful attacks, it finally died. In order to establish the regime that is justly called Stalinist, what was necessary was not a Bolshevik Party, but the extermination of the Bolshevik Party."

The great purges of 1936 to 1938, which Trotsky more than once called a "civil war," exterminated the Bolsheviks. Foremost among the victims were the Fourth Internationalists, the embodiment of Marxist consciousness within the working class. Faced with a proletarian danger no bourgeoisie can exterminate the class that it must still exploit, but it can most seriously defeat the class by wiping out its revolutionary and potentially revolutionary leaders. Thus Stalin and the new ruling class eliminated not only the left oppositionists but the former right oppositionists and the Stalinist core of the 1930's as well — even the pitiful vestiges of the revolutionary heritage of October were considered a danger. The purges were not confined to the party leadership but extended deep into the proletariat; any worker who stood out in defense of workers' rights or the tradition of Lenin was denounced as a Trotskyist and deported to the labor camps. The purges decapitated the party, the state apparatus and the army, the armed power of the workers' state. Revolutionary consciousness or anything close to it was an anathema to be smashed. And this in turn had its effect on nationalized property.

The significance of nationalized property for a workers' state is that it casts aside the bourgeoisie and helps harness the available resources so that economic planning is made possible; it is the instrument through which the developing consciousness of the working class can be carried out in the economic sphere. By eliminating private ownership of the means of production, nationalization ensures that all the surplus-value produced in every sector can be distributed according to the will of the associated producers, the working class — that is, not according to the demands of "capitalist communism" as in 19th century capitalism, nor necessarily according to the workings of the monopoly capitalism of the 20th century. Nationalization meant the complete centralization of property by the workers' state. However, nationalization can have other meanings. Under Lenin's New Economic Policy of the 1920's the land was nationalized but ceded to the individual peasants to be worked, and they owned their produce; there was no direct central allocation of surplus-value, no state planning that directly governed the peasant economy. State industry, on the other hand, even though separate enterprises had their own managers, was governed by the state — and later was under the Five Year Plans. But if this central control was to break down, the nationalized character of the property would remain only as a juridical cover for property that was fundamentally decentralized; conscious planning would have been lost.

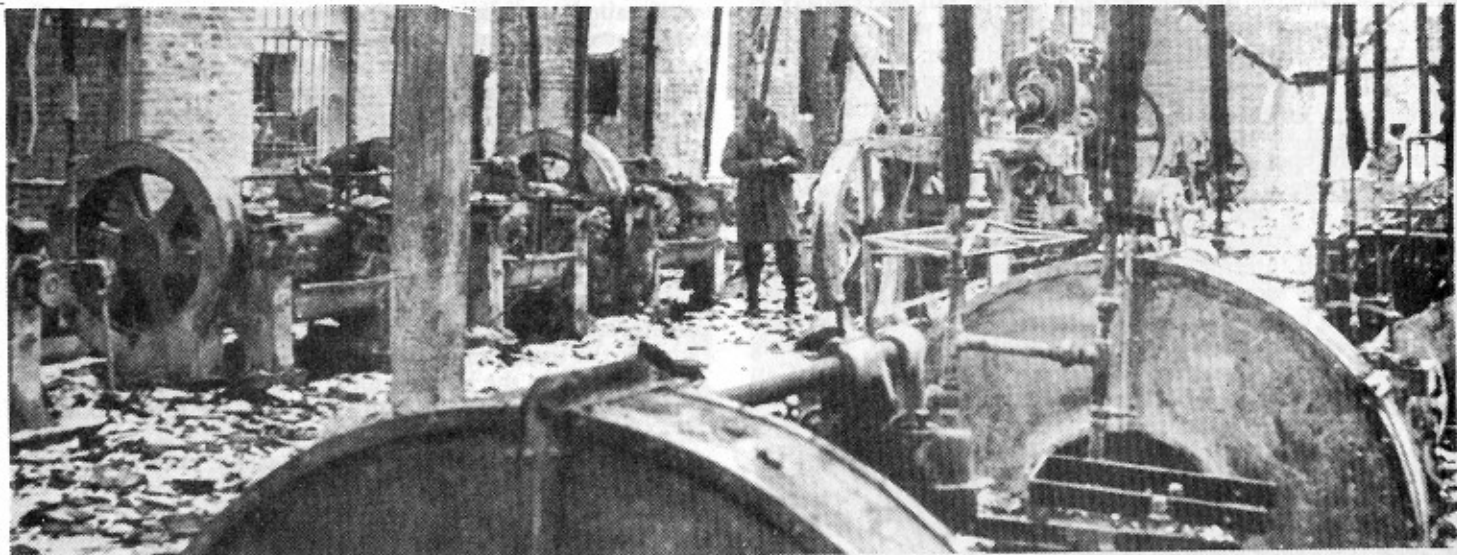
Such a breakdown occurred in the years after the great purges, according to the analyses of observers whose accuracy has been verified by post-Stalin revelations. For example, Baykov (*The Development of the Soviet Economic System*, p. 257): "In 1939 many branches of industry ceased of their own accord to produce some kinds of goods and concentrated on the production of others in spite of the fact that this was in contradiction to planned requirements. They found it more profitable for themselves to produce one kind of goods and not the other." Jasny (*Soviet Industrialization, 1928-1952*, pp. 183-184) reports that the third Five Year Plan, scheduled to

begin in 1937, was never approved or published in final form; the annual plan that was produced for 1937 was incomplete, and annual plans were never produced for 1938, 1939 and 1940. One of the results was that the high rates of economic growth that the Soviet Union had reached in the mid-thirties collapsed into stagnation in the years leading up to World War II. Even the planned targets of the annual plans (which were not reached) fell below the rates of the mid-thirties. There was an especially large decline in investment in the state sector. Mandel, to take another example, writes (*Marxist Economic Theory*, p.590) that from 1941 onwards "the system of *direct contracts* between enterprises and central administrations (*glavki*) was made general. Negotiation and competition suddenly achieved an overwhelming importance

The modern USSR, with its state capitalist economy retaining no vestige of working class power, is a capitalist society. In form, it is state capitalist, a possibility recognized in theory by Marx and Engels but one which was not considered likely to occur in reality. As revolutionary optimists (the only form of revolutionary possible) they predicated their world views upon proletarian victory. Trotsky put it this way:

"Such a regime never existed, however, and because of the profound contradictions among the proprietors themselves, never will exist — the more so since, in its quality of universal repository of capitalist property, the state would be too tempting an object for social revolution." (*The Revolution Betrayed*, p. 246)

For the reason cited by Trotsky among others, no



Rubber factory in Manchuria dismantled by Soviet Army in 1946. Russia emerged from World War II as the in relation to delivery conditions." These developments of the post-purge era only predated the the better known "reforms" that were carried out later under Khrushchev and Kosygin.

The crushing of the proletariat by the Stalinist bureaucracy accelerated in the same period. Jasny as well as Nove (*An Economic History of the USSR*, p.260) report the following changes in the Soviet labor laws in the period from 1938 to 1940: the working day was increased from seven to eight hours, and the work week from six to seven days; labor books were issued to all employees to control discipline; absenteeism and lateness at work became criminal offenses; leaving a job without official permission was banned; specialists and skilled workers were subject to job transfers without their consent; etc. These measures were not justified at the time by the approach of World War II, but rather by the state's need to discipline the proletariat.

The Soviet proletariat now had to be disciplined by force, not by its own socialist consciousness. The new ruling class, having crushed socialist consciousness among the workers, was unable to control the individual centers of economic power, the managers and administrators of enterprises and departments. Nationalization of the economy was maintained, but the devolution of Soviet state capitalism in the direction of decentralization had begun. The theory of permanent revolution showed that in the epoch of capitalist decay it is only the proletariat that can carry out progressive tasks and defend its conquests. The final step in the counterrevolution against the Soviet workers' state was the destruction of the last remnants of the Bolshevik Party, symbolizing both the elimination of revolutionary socialist consciousness from the state and the start of the destruction of the economic achievements of the revolution.

world's second imperialist power.

bourgeoisie of the traditional kind has been able to centralize itself and its property completely into a state bourgeoisie ruling over state property. Nationalization of the means of production could be carried out by the proletarian revolution alone, and Russian state capitalism despite the subsequent defeat of the proletariat stands as a conquest of the workers. The great industrialization of the Soviet Union in the 1930's, notwithstanding the tremendous cost taken out of the backs of the workers and peasants, was only possible because the Soviet Union remained a workers' state. Although other state capitalist societies have since been modeled upon Stalin's Russia, none has achieved the expansion of the forces of production that the Soviet workers did (nor has the USSR since that time matched its earlier growth) and none has reached the level of economic centralization of the Soviet Union. Property was not nationalized in Eastern Europe, China, etc., until some years after the Stalinists gained power, time enough for them to weaken the working class so that the "temptation" of the universal repository of capitalist property could not be seized. It is no accident that the decentralizing reforms undertaken in Russia and Eastern Europe in the past decade or so have coincided with the renewed upsurge of the workers. Trotsky's comment holds true and confirms the capitalist nature of the Stalinist societies as well as the permanent revolution: no bourgeoisie or petty bourgeoisie can match the achievements of the proletariat. State capitalism is no new world system. It has come into existence in several countries as a necessary prop for maintaining state monopoly capitalism — imperialism — throughout the world.

The post-war Stalinist rulers came to power in a world where the workers had been temporarily disoriented and defeated. But they learned from their Russian class-mates the

importance of reconstituting a base in the proletariat, the only creative social class in this epoch, in order to transform their societies in the Russian image. Even where the Communist Parties had deliberately removed themselves from any base among the highly volatile proletariat characteristic of imperialized countries (Mao in China, Ho in Vietnam, Castro in Cuba), it was recognized that national development, the goal of Stalinism, was impossible without support from the proletariat. Thus they oriented towards the workers by creating a new labor aristocracy through sops, reforms and social mobility for a few; Stakhanovism was only the first example. But even with their "fifth columns" in the working class the Stalinist bourgeoisies are unable to duplicate the achievements that the proletariat created in 1917.

The basis of Russian state capitalism is the use of the workers' gains, the expanded and nationalized means of production in particular, against the working class. Vulgar pragmatists cannot grasp what is commonplace under capitalism: capital itself is dead labor created by the proletariat but turned to the suppression and domination of living labor. Nationalization, centralization and concentration are vitally important forms propelled into existence by the workers' struggle. As capital, both form and content are utilized by the bourgeoisie against the workers. Labor's creation alienated from the workers under capitalism will be recaptured by the workers' revolution.

To examine Mandel's view of the Soviet Union as a "non-capitalist" society (he is sometimes shy about labeling it a workers' state), it should first be pointed out that he begins with a serious confusion about what Marx meant by a workers' state and by communism. Thus he defines the Soviet economy as "marked by the contradictory combination of a non-capitalist mode of production and a still basically bourgeois mode of distribution," and defends this definition by referring to Marx's description of the first stage of *communist* society. As has already been shown, this stage is not the same thing as the transitional stage under the dictatorship of the proletariat, which is what Mandel supposedly thinks the USSR is. Why then the confusion? Mandel distinguishes between "non-capitalist" production and "still basically bourgeois" distribution for two reasons. He wishes to suggest that the mode of production in the Soviet Union is basically socialist (which was never true even when the Soviet Union was a workers' state; see Trotsky's definition cited earlier); and he also would like us to believe that distribution *even under socialism* is fundamentally bourgeois, so that the USSR's bourgeois characteristics won't appear so incongruous. However, distribution under socialism (the first stage of communism) is not "basically" bourgeois, although at this first stage it is constrained to retain certain bourgeois inequalities. Marx's description in the *Critique of the Gotha Program* has already been cited; here is his summary:

"If the material conditions of production are the co-operative property of the workers themselves, then there likewise results a distribution of the means of consumption different from the present one. Vulgar socialism (and from it in turn a section of the democracy) has taken over from the bourgeois economists the consideration and treatment of distribution as independent of the mode of production and hence the presentation of socialism as turning principally on distribution. After the real relation has long been made clear, why retrogress again?"

Mandel indeed presents socialism as "turning principally on distribution," at least as he compares it with the transitional phase. Marx's thrust against "vulgar socialism" is exactly on the mark, for we shall see that it is not only on this question that Mandel takes his conceptions from the bourgeois economists.

From what has been said so far, it is clear that the question of the class character of the Soviet Union can only be answered historically, by an analysis both of capitalism in this epoch and

of the Soviet workers' state as it degenerated. The objections to considering the USSR capitalist raised by Mandel and others, however, tend to be of a different kind; in a manner made famous by Shachtman's checklist approach, they isolate specific aspects of the Russian economy and claim that these differ from traditional capitalism. Where they do in fact differ it is only because capitalism can operate in different forms, as has been shown by the alterations over time in the working of the law of value. It is futile for Mandel and his allies, or for that matter his critics who consider Russia to be capitalist, to try to deal with aspects of Russian capitalism without the historical developments in mind.

Take for example Mandel's objection that investment in the USSR is not governed by the capitalist laws that regulate profit. In *Marxist Economic Theory* (pp.561-2) he writes:

"Capitalist economy, subject to the tyranny of profit, develops in accordance with quite precise laws — tendency of the rate of profit to fall; flow of capital into sectors with rates of profit higher than average; concentration and centralization of capital leading to the seeking of monopoly super-profit, etc. — from which result the particular features of its present-day phase. Soviet economy escapes completely from these laws and particular features. Despite the immense territory open to it in Asia, beyond its frontiers, it 'exports' thither very little 'capital,' although the 'rate of profit' is certainly higher in those countries, owing to the lower 'organic composition of capital' and the lower cost of labor (countries like China, North Korea, Outer Mongolia, North Vietnam, etc.). Despite the huge accumulation of 'capital' in heavy industry, investments continue to go primarily into this sector, instead of spilling over more and more into the marginal sectors, as happens in capitalist economy in its declining phase."

What happens in capitalist economy in its imperialist phase, however, is that investment is controlled by the dominant monopolies and the state and is directed into the largest and most capital-intensive industries. The entire development of capitalism, with its rising organic composition of capital, shows that surplus-value tends to flow towards investment in means of production ahead of the means of consumption. Mandel's observation of Russia's continued accumulation of capital in heavy industry as opposed to consumer industries testifies to its obedience to this law of capitalism, not its absence.

Mandel's gibe about the lack of Soviet capital exported to Asia is an ill-considered attempt to prove that Russia does not follow Lenin's characterization of an imperialist power. Russia does, nevertheless, export capital (witness the large loans at interest to India, Egypt, etc.), but Russia's own capital requirements rule out the level of capital investments that its Asian "allies" require. (The same is true for the backward dependencies of Western imperialism.) The unequal trade with China and Russia's low capital exports there because of greater profitability and safety in places like Siberia, from the Russian bourgeois nationalist point of view, contributed to the Sino-Soviet schism. The USSR has managed to import considerable surplus-value from its satellites as well as its internal empire — Russia is again a "prison house of nations" with many exploited and underdeveloped areas held as colonies of Russian power — which is of course the imperialist purpose in exporting capital. After World War II, Russia's military conquest of Eastern Europe and Manchuria enabled Stalin to exact reparations, confiscate whole factories, set up mixed companies half-owned by the USSR to exploit the resources of his new colonies, and organize trade at unequal exchange rates to further exploit them. After the workers' uprising in East Germany of 1953 the mixed companies were liquidated, but the exploitation of the satellites still continues through trade, "economic integration" and forced loans. Query: can a proponent of the degenerated and deformed workers' state point of view do a serious analysis of the economic relations between Eastern Europe and Russia? It would be a notable contribution to the literature of fantasy if

nothing else.

Mandel's insistence that the Soviet economy "escapes completely" from such laws as the concentration and centralization of capital leading to monopolization is astonishing: on the one hand, the Soviet economy as a state capitalism is monopolized to the highest degree; on the other hand, Soviet economic reforms (such as those of 1973) are designed to centralize individual factories into corporations to increase the efficiency of industry at the same time that planning is decentralized. As for the falling tendency of the rate of profit, this can be judged most accurately (in the USSR as in the West) by the rate of accumulation, which is dependent on the rate of profit. In the USSR and in Eastern Europe, rates of accumulation have shown a steady pattern of decline since World War II.

Another favorite argument of those who deny that the USSR is capitalist is that the means of production are not commodities, unlike consumer goods which are exchanged money in the USSR as elsewhere. The argument originated with Stalin in his *Economic Problems of Socialism in the USSR*: "As a matter of fact, consumer goods, which are needed to compensate the labor power expended in the process of production, are produced and realized in our country as commodities coming under the operation of the law of value. It is precisely here that the law of value exercises its influence on production." Mandel develops this notion to its absurd conclusion in his article "The Soviet Economy Today," (*International Socialist Review*, June 1972):

"In distinction to the distribution of capital goods among the state enterprises, *distribution of consumer goods among individuals is not regulated by the plan*. Thus, work performed in the enterprises producing consumer goods is not automatically social labor recognized as such. A portion of these products may prove unsalable. *Their use-value cannot be realized if their exchange-value is not realized.*

"The Soviet workers cannot use a suit if it is too expensive or seems to be too expensive. And, if the garment remains unsold, the labor expended for its production is pure loss. In contrast, nothing prevents the state from making use of machinery even if its prime cost was extremely excessive. In the first case the use-value is wasted. In the second case it is realized. That is a difference which no mountain of more or less scholastic arguments can dispose of either in theory or in practice."

Mandel, however, has overlooked one little molehill of a question: what if the state's excessively expensive machinery is designed to produce suits of clothing? Then the suits will also be too expensive, since their cost is partly based upon the costs of the means of production used in their production whose value is transferred to the suits. Therefore the use-value of the suits will be wasted, and so will the use-value of the machinery that made them. Mandel has tried to isolate one sphere of the economy (consumer goods) as the sole carrier of the dreaded law of value; he thinks that the rest of the economy uses "social labor recognized as such." But as Marx pointed out in the *Critique of the Gotha Program*, labor (which is of course social) will be thought of as individual until the first stage of communism when individual money-wages are replaced by certificates for shares of the social working day. Mandel overlooks that the means of production contain value because they are produced by application of the commodity labor power, not simply when they are bought and sold. In concealing the capitalist nature of the USSR Mandel again slips into a description appropriate to the socialist stage, granting the Stalinist society progressive characteristics that Trotsky never did. Indeed Trotsky wrote (*The Revolution Betrayed*, p.237):

"In order to become social, private property must as inevitably pass through the state stage as the caterpillar in order to become a butterfly must pass through the pupal stage. But the pupa is not a butterfly. Myriads of pupae perish without ever becoming butterflies. State property becomes the property of 'the whole people' only to the degree that social privilege and

differentiation disappear, and therewith the necessity of the state. In other words: state property is converted into socialist property in proportion as it ceases to be state property. And the contrary is true: the higher the Soviet state rises above the people, and the more fiercely it opposes itself as the guardian of property to the people as its squanderer, the more obviously does it testify against the socialist character of this state property."

Mandel's attempt to quarantine the law of value into one sphere has led him to see "socialism" in the other sectors, a theory that might be called "socialism in half a country." This is a capitulation to Stalinism, not an accidental slip. The reactionary character of Stalinism which prevented the workers' state from becoming socialist, the essence of Trotsky's revolutionary view, has had to be junked by Mandel. His theory is even more absurd than the Stalinist model to which it capitulates. In a workers' state the law of value will infect every sector of the economy, because all sectors are interconnected and all depend on living labor and the commodity of labor power; nevertheless, the law of value is not the unchallenged governing law because of the struggle of the working class and its state against it. In the USSR today there is no conscious, organized challenge to the law of value and it does its duty behind the back of even the plan. Thus not only has the rate of growth declined, and not only has the growth of the means of consumption, agriculture especially, suffered in comparison to the means of production (all following the law of value), but the actual growth in the means of consumption has tended to lag behind the planned growth. This shows that even when the planners attempt to take the law of value into account they are unable to overcome it.

If Mandel does not recognize the law of value as the governing force in the modern Soviet economy, what does drive the economy? Here is his answer:

"...it is simply not true that all ruling layers (classes and castes) in history have had an urge to pump more and more surplus product out of the producers. And it is even less true that they all have an urge to 'accumulate capital.' This 'urge' is typical only for the capitalist class, under the concrete conditions of the capitalist mode of production (universal commodity production and private property in the means of production, i.e., the existence of 'several capitals,' i.e., competition). Now the Soviet bureaucracy is *not* a capitalist class. It does *not* manage factories under conditions of universal commodity production. It is *not* in the process of competition for markets with other capitalists. So it is *under no economic compulsion to maximize output and under even less economic compulsion to optimize resource utilization*. In fact, it accepts the 'tyranny of the plan' ... only because it wants to keep its managerial position, as a means of achieving the optimum standard of consumption available under the given conditions. In other words, the *consumption desires of the bureaucracy* (like the consumption desires of the precapitalist classes) and *not the need to maximize accumulation and output*, are the motive force behind bureaucratic management." (*The Inconsistencies of State Capitalism*, IMG pamphlet, p.14).

Mandel denies that the bureaucracy is under an economic compulsion to accumulate, yet he accepts Preobrazhensky's "law of primitive socialist accumulation" for the Soviet workers' state of the twenties. That is, although the bureaucracy accumulates because of its consumption desires only, the working class is obliged to accumulate by economic "law." Mandel ascribes consciousness to the bureaucracy and not the proletariat! The bureaucracy's consumption desires, however, are only the surface reflections of the economic compulsion, and (as Mandel rightly states) this compulsion "is typical only for the capitalist class." To petty-bourgeois observers, of course, the underlying economic compulsions always take the form of greedy "desires." Indeed, Mandel apparently believes that capitalist production (not just Soviet) is driven by the consumption desires of the privileged:

"An economy governed by the law of value is an economy in which production, and therefore investment, is guided by

effective demand. What operates here primarily is not so much the difference in the intensity of the different needs of different individuals; what is decisive is the difference in incomes. Thus production is directed toward satisfying the needs of the privileged layers first. Production of luxury items is stimulated before the needs of the mass of the population are met." ("Economics of the Transition Period," in the SWP pamphlet *Key Problems of the Transition from Capitalism to Socialism*, pp. 41-42.)

That is an entirely bourgeois analysis complete with the use (and emphasis) of "effective demand." What Mandel finds wrong with capitalism is the capitalists' rip-off, the standard petty-bourgeois muckraker's view of the "economic royalists" or the "malefactors of great wealth." It has nothing to do with



Budapest 1956: Hungarian workers toppled Stalin's statue in revolt against Russian and Stalinist domination.

a Marxist understanding of the law of value. The "difference in incomes" as the motive force is an observation worthy of a bourgeois sociologist; it is far from the same thing as the difference in class interests which a Marxist would point to. Mandel considers that the law of value is a law that regulates exchange first of all, and then only in a secondary sense influences production. No wonder that Mandel (in an earlier quotation) "forgot" that capitalist investment concentrates in the means of production. It is a myth of bourgeois economics that capitalism is propelled by consumer desires; Mandel's more democratic or populist version complains only that production of luxury goods comes ahead of the needs of the masses.

It is beside the point that Mandel's description above of "an economy governed by the law of value" matches his description of the Soviet economy. This does not prove that the Soviet economy is capitalist, since Mandel is wrong on both counts. But at least he is consistent. His petty-bourgeois understanding of capitalism and his well-known advocacy of

"structural reforms" for capitalism fit his prescriptions for reforming the Soviet economy. In the course of his familiar argument that the law of value can govern consumer production but can only "influence" production in the state sector and exchanges between sectors (the same point he attempted to make in his parable of the expensive suits), Mandel reasons:

"In this sense, but in this sense only, it may be said that the plan can 'utilize' the 'law of value' (more exactly, the market mechanisms) to facilitate a more rapid and precise adaptation of the supply of consumer goods to demand, which would take account of the elasticity of this demand both in respect to incomes (and their structure) and to prices (which the plan may have the ability to modify). This is the rational kernel of the Liberman reforms currently being applied in the USSR." (*Ibid.*, p.44).

Despite his inability to recognize the law of value in operation in the USSR, Mandel is able to applaud a "rational" use of it when the bureaucrats find one. Indeed, the bureaucratic reforms are intended to take the law of value into account, and not only in the sector of consumer goods. Stalin's successors have learned that bureaucratic planning is an inefficient way of running an economy and would like to adapt market mechanisms to their uses, just as they cannot do without importing Western technology and techniques of professional management. They and Mandel would rather utilize the law of value than struggle against it. The thought is not an original one with him, since Stalin made the same point in his work cited earlier:

"Consequently, our enterprises cannot, and must not, function without taking the law of value into account. Is this a good thing? It is not a bad thing. Under present conditions, it really is not a bad thing, since it trains our business executives to conduct production on rational lines and disciplines them. ... It is not a bad thing because it teaches our executives systematically to improve methods of production, to lower production costs, to practice cost accounting, and to make their enterprises pay. It is a good practical school which accelerates the development of our executive personnel and their growth into genuine leaders of socialist production at the present stage of development."

Stalin's statement is openly capitalist, advocating as it does the use of the law of value in order to aid "our business executives" in becoming the "genuine leaders of socialist production." Nothing about the *workers* becoming genuine leaders or *overcoming* the law of value. Mandel's qualified version of the same conception is, if anything, worse, for he wishes to take into account "the elasticity of (consumer goods) demand ... in respect to incomes," that is, the ability of the rich to buy more. Mandel, who believes that "the consumption desires of the bureaucracy ... are the motive force behind bureaucratic management," advocates using the law of value to give greater sway to the consumption desires of the privileged bureaucrats and labor aristocrats. In his capacity as self-appointed adviser to the Stalinist bureaucracy, he accepts the tremendous inequalities that the law of value has already produced and recommends their continuation. That Mandel also recommends "direct consultation of the consumers" and proletarian market research ("discussion in rank-and-file assemblies can be utilized to the same end of balancing supply and demand") is irrelevant. Once he accepts "rational" planning according to the given inequalities, his pleas for reform amount to nothing but petty-bourgeois reformism.

Mandel, however, is not a Stalinist but a Pabloite, and what he thinks he really wants is not the law of value but democracy, the consent of the governed. In the following passage he puts forward his own solution for the Stalinist economies.

"For as soon as the problem is seen from the standpoint of an efficiently functioning socialist workers' democracy, the dilemma in which the majority of the 'reformers' in the East and their apologists in the West are trapped (and which is formulated as follows: either bureaucratic overcentralization

or the market mechanisms, arbitrary orders from above or automatic economic stimuli) is viciated at its base. From the point of view of the mass of workers, sacrifices imposed by bureaucratic arbitrariness are neither more nor less 'acceptable' than sacrifices imposed by the blind mechanisms of the market. They represent only two different forms of the same alienation. Even when certain sacrifices are objectively inevitable, they lose their bitterest edge only when they are the result of free debate and majority vote, that is, when they are freely consented to by the proletariat as a whole.

"The real answer to this false dilemma then is neither overcentralized or overdetailed planning on the Stalin model, nor too flexible, too decentralized planning along the lines of the new Yugoslav system, but democratic-centralist planning under a national congress of workers' councils made up in its large majority of real workers. (Footnote: This should be assured by setting a maximum income for the great majority of members of this congress so as to prevent the workers' councils from being essentially represented by the bureaucrats.) The congress would choose among different planning variants and the majority of the debates would be public and with an opposition present. The planning authorities would be strictly subordinated to it. And it would have the right to abrogate after free discussion any decision made by an enterprise which would endanger the plan's internal cohesion or execution." (Ibid., pp. 45-46.)

Mandel's plea for workers' democracy under Stalinism is the crowning proof of the feebleness of petty-bourgeois desires to reform a capitalist society. Its tone alone as addressed to the bureaucrats makes his role as adviser clear. But its content is explicit as well. Why are workers' congresses a good idea? Because they sweeten the "bitterest edge" of the "sacrifices" the bureaucrats demand of the workers by giving the workers the opportunity to "freely consent." Mandel accepts the objective necessity of sacrifices, whether imposed by the market or by the bureaucracy; he merely suggests that they not be imposed but voted for. Mandel is even explicit in allowing for the continued existence of the bureaucracy, but he wants to make sure that it stays behind the scene at the workers' congress. Unlike Marx, who took from the Paris Commune the idea that no officials would be paid more than the skilled workers, Mandel prescribes his maximum income for the congress majority only, leaving the officials with their bureaucratic privileges and power intact. Unlike Trotsky, who advocated "driving the bureaucracy and the new aristocracy out of the soviets," Mandel wants them to stay if only as a minority. This was not a minor point for Trotsky, and he polemicized heavily in its defense (against the future Shachtmanites) and gave it major stress in the Transitional Program. Mandel's backsliding is no accident. The viewpoint of Pabloism is that of the bureaucracy and its ally inside the working class, the labor aristocracy. Mandel's program mimics the bureaucrats' goal of socially engineering the society; he adds only a more leftist, incorporatist, twist.

Furthermore, Mandel's democracy is a qualified one: only "the majority of its debates" would have an opposition present. Presumably the opposition could be excluded if the "objectively inevitable sacrifices" got too tough. Finally, Mandel's reformism towards Stalinism is linked with his reformism towards ordinary capitalism, for he says that the sacrifices demanded by the market and the bureaucracy "represent only two different forms of the same alienation." But for a Marxist such sacrifices represent class *exploitation*. Instead of a fight against exploitation (in other words, against the law of value), Mandel favors a sweetening of the workers' "alienation" with a pinch of democracy.

Democracy, however, is itself a reflection of the law of value and commodity production. The worker under capitalism is free in a double sense, according to Marx: deprived of, alienated from, the means of production, and free to sell his labor power as a commodity to the highest capitalist bidder. The existence of bourgeois democracy is the result of the centuries of advances made by the freed serfs, the artisans and

petty-bourgeois layers against the chains of feudalism and slavery that tied the oppressed classes to the land or made them part of the means of production. The outcome was the modern proletariat. Thus the fundamental democratic right is the worker's ability to exchange his only commodity, labor power, and this is the basis for the other rights.

The real meaning of Mandel's struggle for democracy as opposed to a struggle against the law of value is made clear by the theory of permanent revolution. To fight for democracy is to fight for bourgeois equality even under a workers' state, since workers' rights are still bourgeois rights and democracy is still a form of state coercion that will be rendered unnecessary by socialism. Bourgeois inequality, as we showed earlier, will never be overthrown by a struggle for bourgeois equality but only by destroying every remnant of the bourgeoisie and its laws. The reason is that bourgeois equality is itself a form of inequality based on the division into classes and differentiations within classes. It will end when "to each according to his labor" is finally replaced by "according to his needs." Mandel has to ignore the necessary struggle against the law of value because the democracy he desires implicitly presumes the law of value.

Proletarian democracy will exist in the workers' state and is something to fight for, but it also will reflect the continued existence of the law of value. Democracy and the state will wither away under the blows of the struggling proletarian consciousness. But the key question, as Lenin stressed, is not democracy but dictatorship, the rule of the proletariat over the bourgeoisie and petty bourgeoisie. That is why Trotsky insisted that what makes the soviets or workers' councils *revolutionary* is their Marxist leadership; that is why the crucial question of the epoch is the question of the revolutionary party. The revolutionary party is the instrument of the advanced, Marxist consciousness of the working class. Backward consciousness is still bourgeois and so cannot lead to revolution by itself. The soviets are necessary and desirable, but Soviets without Bolshevik leadership become simply instruments for retaining capitalism by incorporating the masses — as Mandel's model limpidly illustrates.

Making democracy the center of the struggle against Stalinism is not simply an accident or a whim of Mandel's; it is the logical outcome of Pabloite thinking. One reason for this is that Stalinism, contrary to Trotsky's expectation, proved itself to be a force which could conduct *political* revolutions against the traditional bourgeoisie where the fabric of world capitalism was too weak to maintain power in the old way. Where capitalism is not so weak and where the workers are too strong to risk political revolution, Stalinism supports popular front alliances with the bourgeoisie to prop its power up. This verifies Trotsky's correct understanding that Stalinism has become a bastion of counterrevolution in the world. But the Pabloites can use "counterrevolutionary" only as a rhetorical word, since they see the Stalinist "workers' state" inexorably expanding. For them, Stalinism is a flawed, nasty and thoroughly second-best way to achieve the socialist revolution, but since they believe it does that they can attract the advanced workers only by seeming to make the system more palatable by favoring greater democracy. In other countries, the Pabloites see themselves as more consistent revolutionaries than the Stalinists, but the traditional accusation that Stalinism will betray every opportunity for proletarian revolution carries little weight when made by those who believe that the Stalinists have made the socialist revolution in over a dozen countries since World War II.

The other reason has to do with the economies of the Stalinist states. Mandel in particular, and the other Pabloite tendencies as well, hesitate to interpret the economic reforms as capitalist or even — from their point of view — steps back towards capitalism. It is as if the Soviet Union has stopped degenerating as a workers' state and has reached a plateau,

lodged firmly in the category of degenerated workers' state. Therefore the Pabloites have, wittingly or no, forgotten one of Trotsky's two alternatives for the USSR, the possibility that the bureaucracy can lead the country back to capitalism. If this counterrevolution is excluded in practice, the Stalinist bureaucracy is hardly counterrevolutionary in Trotsky's sense (although it may still be charged with innumerable brutalities and betrayals). The struggle for democracy, the struggle to reform the system by incorporating the workers, becomes the only reasonable course for the Pabloites, even if they continue to inscribe the "political revolution" on their banners.

Why the Pabloite refusal to see the economic reforms as retrogressive? To do so would undermine their faith in nationalized property as the solid rock underpinning the workers' states, and to allow that would open up all the questions of the existence of commodity production throughout the economy, the meaning of non-centralized planning, the reason for abandoning the state monopoly of foreign trade in these countries — in a word, it would point to the

liberation struggles in the colonial countries, the black integrationist and nationalist leaderships in the United States, student movements everywhere, etc. All struggled for a greater equality which during the temporary eclipse of the proletariat could challenge the dominant capitalists while staying firmly within bourgeois bounds. But they could not fundamentally succeed; as we showed previously (*Socialist Voice* No. 1, pp.16-18) the national bourgeoisies are forced to beg imperialism for investment capital and the other petty-bourgeois leaderships have likewise made their peace. Throughout this period the Pabloites came to reflect the interests of the petty-bourgeois intelligentsia. They joined, and put forward programs representing, the left wing of the student, anti-war and women's movements in the U.S. and Europe, the guerrillaists in Latin America, etc., who tried to get larger shares of the capitalist pie under the trappings of socialist ideology and without the organized working class.

The visible resumption of the capitalist crisis in the late sixties both enabled the working class to come back to the fore and formed the impossibility of winning lasting



Prague 1968: Czech workers and students confront Russian tanks. Awakening of the masses poses rising

The Pabloite capitulation to the law of value is not merely a question of theory; they have in practice become its agents, its political expression. We have already described how the struggle for bourgeois equality in this epoch can be waged but never won. After World War II, the Russian state (based on nationalized property forged by the proletariat and maintained by the bureaucracy afterward) became the world's second imperialist power as a result of the collapse of Germany and Japan and the weakening of France and England. Similarly, the worldwide defeats of the working class through the depression, the world war and Stalinism brought a variety of petty bourgeois-led movements to the fore: national

threat to East European state capitalism.

and meaningful reforms from decaying capitalism. The Pabloites, with Mandel in the lead, made the turn from the dying petty-bourgeois movements to the working class, where they rest in its most petty-bourgeoisified sectors. Mandel's heralded strategy for reaching the workers, "from the periphery to the center," mirrored this move. It meant involvement in those sectors of the working class closest to student occupations, white collar especially, and using this aristocratic base to attract other workers.

Mandel's strategy is the same in Russia and the East. While the Russian rulers themselves (and the Chinese even more

continued on back page

CORRECTION

The obstructed lines on page 31 should read as follows:

Column 1:

foreign trade in several countries -- in a word, it would point to the continued operation of the law of value.

Column 2:

foreground and confirmed the impossibility of winning lasting

Capitalism

continued from page 31

grossly) have made overtures to the dominant bourgeois sectors out of fear of the rising proletariat, they have also attempted to win greater leverage among the workers through reforms that try to incorporate sections of the class. Mandel speaks to the same favored but (so far) dispossessed layer of labor aristocrats and reformist bureaucrats as in the West. In both East and West the workers are moving, and the old mechanisms to contain them are insufficient. Incorporation of the workers through "co-determination," "workers participation," joint productivity committees, etc. abound in the West where they are favorites of the left bureaucrats and radical professors. Mandel's schema for Russia and the East is an explicit version of the same thing, and this is what the Pabloites in reality stand for everywhere.

The democracy that the Pabloites (and their parallel tendency of Shachtman and Cliff) stand for is impossible either in Russia or in the West under capitalism in this epoch of decay. It is a utopia which can only derail and set up the

destruction of the workers' movement. As we have shown, it is based on the acceptance of the law of value, the dynamic of bourgeois society. But the democratic aspirations of the workers and oppressed are real. Underneath, the workers want the end of class exploitation which can be achieved only through the socialist revolution and the workers' state. Without this, state monopoly capitalism will survive, not in its crumbling democratic form but in the shape of Bonapartism, fascism and Stalinism.

Therefore, the Pabloite attempt to co-opt the law of value is not simply an erroneous interpretation of Marxist economics. The Pabloite "political revolution" against Stalinism is not simply the socialist revolution under a mistaken name. It is the politics of a leadership which attempts to win leftward-moving and advanced workers to a petty-bourgeois democratic consciousness. The victory of such politics will mean another massive defeat for the proletariat and the maintenance of bourgeois power, both East and West. But the advanced workers attracted to Trotskyism are in the process of evaluating the lessons of the past, and the attempts to incorporate them while the reforms and aristocratic sops dissipate in the capitalist crisis will lead them to reject the dead hand of the past. Their struggle for a genuine Trotskyist consciousness will sweep Mandel and the other Pabloites aside in the process of reconstructing the Fourth International. ■

