

# Communist

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# Voice



Successor to the  
*Workers' Advocate*

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# What is Communist Voice?

*Communist Voice* is a theoretical journal which not only exposes the capitalist system, but deals with the tragedy that has befallen the revolutionary movement. It confronts the thorny questions and controversies facing progressive activists today, and holds that the crisis of the working class movement can only be overcome if Marxist theory again enlightens the struggle for the emancipation of the oppressed. The liberating ideas of Marx, Engels and Lenin have been twisted beyond recognition, not only by outright capitalist spokespeople, but also by the false "communist" regimes of China, Cuba and others today, and of the Soviet Union and Eastern Europe of yesterday. *Communist Voice* denounces these distortions (revisions) of the ideas of Marxism-Leninism — whether Stalinism or Trotskyism or reformism — and stands for placing revolutionary theory on a solid basis through the criticism of revisionism and by analyzing the new developments in the basic economic and political structure of the world today. Through this work, the *Communist Voice* seeks to pave the way for communism to once again become the red, fighting banner of the revolutionary working class movement. Only the influence of the real communist theory can help the goal of a classless, communist society again spread among the workers and oppressed here and around the globe. Only the spread of anti-revisionist Marxism can overcome the influence of liberal, reformist and petty-bourgeois nationalist trends and allow the struggle against capitalism to break out in full force.

The revolutionary parties and movements of the working class in the 19<sup>th</sup> and 20<sup>th</sup> centuries never achieved their full goals. The working masses fought monarchy, fascism, colonialism, and various capitalist classes, and also made their first attempts to establish a new social system — however these attempts never went beyond the first steps. This class struggle will be renewed in the 21<sup>st</sup> century, as the masses are faced with how to escape from the escalating misery brought by capitalist development around the world. To hasten the day

of the revival of the revolutionary movement, the *CV* opposes the neo-conservative and reformist ideologies that are dominant today. It holds that progressive work today requires more than opposing the ultra-conservatives and more than trying to reform the marketplace. It means helping reorganize the working class movement on a basis independent of the liberals and reformists as well as the conservatives. The *CV* sees its theoretical tasks as helping to clear the way for a future reorganization of the working class into, first and foremost, its own political party, as well as other organizations that truly uphold proletarian class interests.

*Communist Voice* thus continues the Marxist-Leninist and anti-revisionist cause to which its predecessor, the *Workers' Advocate*, was dedicated. For a quarter of a century, the *Workers' Advocate* was the paper of a series of activist organizations, the last one being the Marxist-Leninist Party. The demoralization of the revolutionary ranks included the dissolution of the MLP and, along with it, the *Workers' Advocate*. But the *Communist Voice* continues, in a different form, with fewer resources, and with more emphasis on theoretical work, the struggle of the *Workers' Advocate* to contribute to the development of a mass communist party.

The *Communist Voice* is published by the **Communist Voice Organization**, which links together members in a few cities. The CVO calls on all activists who want to fight capitalism in all its guises to join with us in opposing all the bankrupt theories and practices of the past — from Western-style capitalism to Stalinist state capitalism, from reformism to anarchism, from reliance on the pro-capitalist trade union bigwigs to "left" communist sectarianism toward "impure" struggles. It is time to lay the basis for the revolutionary communism of the future by revitalizing the communist theory and practice of today. Only when communism spreads among the millions and millions of oppressed can the struggle against capitalism again become a force that shakes the world!

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Editor: Joseph Green



# Strike wave against anti-worker laws in South Korea

by Mark, Detroit

The South Korean workers are locked in a major battle against the government. They are fighting against legislation aimed at suppressing trade union activity independent of the government and making it easier for companies to break strikes and layoff workers. From the end of December through mid-January, several hundred thousand workers went on strike, shutting down work places of the rich monopoly corporations and other sectors of the economy. South Korean president Kim Young Sam mobilized thousands of police to suppress the strikes and protests and threatened union leaders with arrest. Meanwhile, since mid-January the union leaders have called off most strike actions. Three weeks of mass actions have forced the government to say it would consider letting the national legislature make some changes in the law. But so far nothing concrete has been won. The Korean workers are rightfully skeptical of the government's promises and new strikes are scheduled if the laws aren't abolished by February 18.

## South Korean "democratization": anti-worker laws

The Kim Young Sam government, which has ruled since 1992, has been touted as an example of how the South Korean rulers have become "democratized" after several decades of military dictatorship. But even though society is more open than under outright military rule, the regime continues to deny workers the most basic rights. Indeed, while the regime has gained fame for punishing former members of the dictatorship, the new legislation carries on the repressive tradition. Even the way the new legislation was passed revived memories of dictatorship. On December 26, 1996, the ruling party organized a secret session of the national legislature and passed the anti-worker laws with no opposition parties present.

The new laws overturns certain restrictions on layoffs enjoyed by a section of workers. Layoffs hit the Korean workers especially hard because unemployment benefits are non-existent. The legislation also makes it easier to lengthen work hours, allowing unions-management agreements which require 56 hour work weeks before overtime pay kicks in. (The South Korean work week is among the longest in the world.) The measures continued to put severe obstacles in the way of the workers getting organized. It continues to stall in giving legal recognition to any trade union except those tied directly to the government. Thus, recognition of the 500,000-member independent union, the KCTU, was delayed for several more years. Moreover, provisions banned having more than one union at a workplace, thus assuring the larger 1.2 million-member government-approved union, the FK TU, from any competition at enterprises under their control.

Union leaders are also forbidden from supporting strikes outside of their place of employment. There are provisions that make it easier to hire scabs to replace workers during labor disputes. As well, employers are given the right to sub-contract work during strikes. The new law also apparently tries to maintain restrictions on unions participating in political activity. At the same time, one of the new laws expands the powers of the South Korean political police, the NSP, formerly known as the KCIA.

## Background to new laws

The South Korean workers have had to wage a long, heroic struggle for their rights. Rivers of blood were spilt in illegal strikes and uprisings that helped topple military dictatorship in the 1980s. The South Korean bourgeoisie was forced adopt to the new situation. Limited rights were granted the workers, and democratization also meant free elections, a novelty in South Korea. But bourgeois class rule remained and the government continued to lash out every time the workers movement tried to advance. The workers used their limited rights to develop a struggle that went beyond the bounds set by their oppressors. A powerful wave of mainly illegal strikes at the end of the 80s paved the way for a significant increase in the workers' living standards.

The South Korean capitalists are now out to drive the workers back down. They are locked in competition for export markets with other industrializing countries in Asia as well as Japan and other top capitalist countries. They want to be able to produce with cheaper labor and fewer workers to gain the competitive advantage. In this way, the South Korean bourgeoisie hopes to reverse its record trade deficit of about \$20 billion.

The December 26 laws are the ruling party's way of settling an impasse that had developed among the bourgeoisie over how to contain the workers' movement. The December 26 measures were the final version of a bill proposed by a presidential commission that was supposed to develop a new labor law. But there were divisions within the commission. An earlier draft of the bill would have legalized the independent unions and allowed them to compete for the workers' allegiance against the government-backed unions. Apparently, at least some representatives of the ruling class realized that repression alone had failed to stop the workers. So they considered moving to a system of legalizing the independent trade unions, but providing the employers with all sorts of weapons to undermine militant struggle. But the small openings given the workers in the 80s had led to a powerful strike wave. So President Kim, and his party, the NKP, balked at legalizing the unions. In the face of the recent protests, however, even some higher ups in the NKP have suggested that it would be better to legalize the KCTU

than endure the strikes demanding recognition of the independent unions.

### **The workers fight back**

The news of the government's surprise attack brought a swift and strong reply from the workers. Within hours after the law passed, major industrial facilities were shut down by strikes including giant shipbuilding yards and plants at all the big auto companies. Within a few days, the KCTU unions had over 200,000 workers on strike. The sentiment among the workers was such that even the government-sanctioned FKTU was forced to call some strike actions. By December 29, some 214 work places were on strike. Numerous protest marches and rallies broke out across the country.

President Kim at first took a hard-line stance, stating he would never rescind the December 26 laws. Warrants were issued to round up the union leadership, and thousands of police were mobilized to take on strikers and their supporters. But the intimidation tactics only fueled the movement. Newspaper, hospital, broadcast, transport, and employees in the finance sector were among those joining the workers in basic industry. Among the other protests, 15,000 Hyundai workers demonstrated at the city hall in Ulsan on January 7, while on January 9 some 10,000 workers battled riot police in the streets of Seoul. The strike movement grew still larger. By the end of the second week of January, 70% of all KCTU membership was participating and the timid FKTU unions finally increased their mobilization. All told about 750,000 workers were on strike.

President Kim kept up his intimidation tactics. Union offices were ransacked. A government propaganda campaign tried to appeal for support of the laws and slander the workers' movement as a creation of the supposedly "communist," actually state-capitalist, North Korean regime. Nevertheless, the strikers enjoyed a good deal of support across the country. Dissension began to appear even within Kim's ruling party. On January 21, President Kim announced he would allow the National Assembly to review the hated law.

### **Issues facing the workers**

While the workers have made the government retreat a bit, this struggle is far from over. Even if the law returns to the Assembly, the ruling NKP party has a majority there. Even if they eventually concede to legalize the independent unions, they are certain to try to couple this with restrictions to take away the power of the workers' struggle as well as allowing the employers to make more layoffs.

What then of the bourgeois opposition parties? The two main opposition parties have criticized the government for not following due procedure in passing the December 26 laws in secret. But according to the January 23 *New York Times*, "during much of the strike the [opposition] parties declined to clearly state their opinions on the new labor law, waiting to see which way the wind was blowing." Clearly these parties, which have the same basic class interests as the ruling party, cannot be trusted.

The South Korean workers will have to rely on their own fighting ability and class organization. This requires a sober appraisal of the trends organizing among the workers. There are the FKTU bureaucrats who run the largest and most meek unions. At best, they have been a reluctant participant in the recent strikes. The FKTU officials generally only mobilized a tiny portion of their membership. In the first days of the strike, it threatened to call out all its membership and then backed down. In mid-January, it finally mobilized about a third of its members, but by then it was already clear that the strikes were about to be canceled for the time being. FKTU leaders also issued empty threats to bring into the strike their unions among postal, rail, electric utility, port, taxi workers and apparently also subway and telephone workers. Strike actions by such workers would have greatly increased the strike's ability to disrupt the economy. But this weak stand is not surprising considering that the FKTU leadership has enjoyed cordial relations with the South Korean government. Indeed, a battle for the rights of other unions to organize could threaten the power of the FKTU bosses.

The KCTU union leaders have been the main organizers of the independent trade union movement and the current strikes and protests. They have engaged in many militant actions and have braved government repression. They are not a revolutionary trend, however. The KCTU leaders have waged a struggle for union rights and improvements for the workers. But it also seems worried about the well-being of the capitalist exploiters. In the current strike wave, for instance, it seems they were worried about the doing heavy damage to the financial health of the big corporations where they were organized. A social-democratic group sympathizing with the KCTU's efforts reported that KCTU local union leaders stated that they were ending the strike at the Asia Motors plant in mid-January "in consideration of the adverse impact the strikes had on the company and regional economy." Of course, the more adverse the impact on the big companies, the stronger the pressure would be on them to drop the anti-worker laws. Such misguided reasoning was evidently behind the KCTU leadership's decision to generally call off the strikes without having secured any definite concessions from the government.

The KCTU leaders have rightly called for international support. Unfortunately, they seem to be banking on the International Confederation of Free Trade Unions, a group based on the principles of class conciliation, to which the KCTU recently affiliated. The ICFTU's official stands pledge allegiance to capitalist growth but pretend that some minor tinkering with capitalist growth plans will make them compatible with the workers' interests and ending poverty. Among the vice-presidents of this organization we find such labor traitors as AFL-CIO head John Sweeney; Fidel Velazquez, the notoriously corrupt boss of the government-tied CTM unions in Mexico; and a leader of the Israeli Histadrut, long-time defender of the Israeli tyranny over the Palestinian masses. This does not mean that the KCTU necessarily supports everything such labor traitors do. But whatever the differences among national union federations in the ICFTU, they are all supposed to uphold its basic outlook of seeking to reconcile with the capitalists.

The South Korean workers have proven themselves a brave and formidable force. They have started to build organizations to advance their fight. They have established unions independent of the repressive South Korean rulers. But the task of establishing a trend that is really independent of the capitalist framework still lies ahead. This is an important task not only because the liberation of the workers lies with the overthrow of

South Korean capitalism. The spread of consistent class organization will help strengthen the fighting capacity of the workers in the present day battles.

*Down with the anti-worker laws!  
Victory to the South Korean workers! □*

## *Detroit newspaper strike update*

# Union leaders declare their failure a victory

The following is a first draft of an article intended for publication in the next issue of the *Detroit Workers' Voice*. The *Communist Voice* and the *Detroit Workers' Voice* have carried a number of articles supporting the newspaper strike and hailing the militant actions which at first took place. See for example "Report from the picket lines" in *CV* vol. 1, #4, 15 Sept. 1995. We also pointed out that the abandonment of mass action to shut down the production plants was the turning point of the struggle, and that unless the strikers were able to break out of the wimpy, capitulationist tactics imposed by the bigshot labor union leaders the situation didn't look good. See for example the previously mentioned "Report from the picket lines" and also "Will rank-and-file militancy overcome labor bureaucrat obstacles" in *CV* vol. 1, #5, Nov. 15, 1995. The strikers had a fighting chance to win with mass tactics, and there were a number of favorable factors, from overall support in the local area and an incipient movement to support them from other unionized workers, to potential splits in the forces opposing them. But the force of the strike has been trittered away with months and months of diversionary tactics by the labor leaders, where the rank-and-file are sent on make-work assignments while the strike slowly dies. Meanwhile various opportunist groups — including the Trotskyist SWP and WWP and Spark — prettified the outright betrayal by the union leaders and hoped against hope that the reformist bureaucrats would change their spots.

The draft article below concentrates on exposing the labor bureaucrats arguments that really the strike isn't over, it's just using clever tactics. If the sacrifice and heroism of the Detroit newspaper workers isn't to be wasted, then we must all learn something from their struggle. This requires recognizing that the reformist and legalist tactics of the pro-capitalist labor union leaders have led the strike down the garden path and led the unions to a ruinous defeat. Then workers can consider why this has happened, and what to do about it. Sooner or later, this will lead to militant workers taking matters into their own hands and organizing a fighting trend against both the capitalists and the

pro-capitalist stand of the present-day "labor leaders". Only then will the workers' movement flourish, with a revival of fighting unions, with the development of workers' political organization that is a real alternative to the capitalist politicians, and with workers taking the lead in fighting for a new society.

After a year-and-a-half on strike, the *Detroit News/Free Press* employees have suffered another major betrayal by the sellout AFL-CIO bureaucrats. The union officials have told the greedy newspaper capitalists that they are calling off the strike and are willing to have the workers return to work under even worse conditions than those that initially led to the strike. So far the newspaper management has refused to let striking workers replace their scab workforce, however.

The labor traitors swear they are ending the strike only to launch new tactics that will make the struggle more powerful. They have undertaken a big public relations campaign to smother widespread skepticism about this decision among the workers and their supporters. But the great "new" tactics are merely a continuation of the same basic course that has undermined the struggle from the start. Long ago the union bureaucrats sabotaged the workers' militant blockades of the main production and distribution points. Scab production was allowed to continue because supposedly encouraging advertisers and others to boycott the scab papers was all that was needed. Time and again the union leadership boasted that its tactics would bring the newspaper bosses to their knees. But actions speak louder than words. No matter what the bureaucrats say, these "effective" tactics have led to ending the strike on unfavorable terms. Yet the bureaucrats want to continue down this road to nowhere. Their "new" campaign continues to bank everything on boycotts and ignores the mass mobilization of workers necessary to shut down scab production.

Thus the newspaper workers are fighting against steep odds. Not only do they face the wealthy and ruthless Knight-Ridder and Gannett media magnates, but they are being betrayed by their so-called leaders. This pattern is being repeated in strike

after strike across the country. There is no way out unless the rank-and-file workers get organized in a new way, in a way that allows them to really exercise their potential might that today is held in check by the lords of the AFL-CIO.

### **Sacrificing the workers jobs and conditions**

While the sellout union leaders have called off the strike, the *News/Free Press* managements have refused to take back more than a handful of their former employees. So the union heads are basing their hopes on getting the National Labor Relations Board to order the company to accept back many of their former employees. It is not clear how the NLRB will rule. But if the AFL-CIO gets the NLRB injunction it wants, what will it mean for those who had been on strike? According to the union-run *Detroit Sunday Journal* of February 16, 300 fired workers will still not get their jobs back. And the *Journal* admits that "the company only has to return enough strikers to meet its production needs." Since newspaper management has eliminated about 600 positions while running their operations on scab labor, apparently a like number of former strikers will also not be called back. Thus, a strike that began largely because the company wanted jobs eliminated is being called off with *at best* the loss of jobs for 900 of the 2,000 employees who had continued on strike. On top of that, workers called back would still be without a contract, and an injunction does not necessarily stop the company from imposing worse conditions of employment on former strikers. So if the union leaders' wishes come true, the company will still get the job cuts and other assaults on the workers that they originally wanted.

Of course, it may be that the NLRB rules that the newspaper corporation does *not* have to take back any ex-strikers. Then again, even if the ruling favors the union bureaucrats, the company can hold up the decision with lengthy appeals. Even a labor consultant who the union leaders quote as a supporter of their plans admits that "the appeals process is so notoriously prolonged that a favorable judgment for the unions would be years past the point when the bargaining unit would be destroyed." (Steve Babson in *Crane's Detroit Business*, Feb.24-March 2, 1997) Time and again the newspaper barons have stated they will not fire their scab workforce. So its quite possible that any NLRB decision will simply be ignored while, as a *supporter of the AFL-CIO misleaders' scheme* admits, the workers will slowly "be destroyed."

### **New tactics: see "old tactics"**

Of course, once some of the workers are back at work the union leaders say they will continue the struggle much as before. The fight "as before" however, is what led to the present crippled state of the struggle. Before the strike, the unions thought they could follow the old rotten pattern of granting a certain amount of concessions in order to placate the company. This time, however, the company was determined to ram all its demands down the workers' throats. The strike began. In September 1995, the union leaders organized several thousand workers to hold a march to the Sterling Heights production

plant. They wanted a mere symbolic protest where the police would be allowed to let the scabs in. But once the workers gathered together, they put their own stamp on the action. The plant was shut down and the company goons and hundreds of police were unable to stop the militant action. These powerful actions had the newspaper corporation reeling. But seeing that they could not subdue the militancy of the workers, and cowering before a court injunction limiting the plant actions, the union leaders called off the plant protests.

Having given up the most effective actions, the union centered its attention on having groups of workers picket advertisers and encouraging people not to buy the paper. A number of advertisers pulled their ads out of the newspaper, and many people stopped buying the papers. But it was clear that the giant newspaper chains were willing to use their empire-wide resources to weather some losses and wear down the workers. As the strike dragged on, it took its toll on the workers. Some left the area for other jobs while the cowardly stand of the union sapped a good deal of militancy from the struggle. Meanwhile, the newspaper bosses began to cut the extent of their losses as production was normalized with scab labor. Time and again the national and local AFL-CIO officials promised some new version of the boycott would be the key to victory. But a series of scattered pickets at advertisers or brief sit-downs on city streets, while OK in themselves, was woefully insufficient.

Now these tactics have proven so "effective" that the strike itself has been called off with nothing won. Sure, sometimes retreats are necessary in a struggle to allow the workers to gather their strength for a more powerful assault on the capitalists. But the union leaders are not merely taking a step back to gather strength for a more powerful onslaught. They are promoting their defeats as victories. They are doing this so they can keep continuing the same futile tactics. They will continue to have some sporadic actions here and there, while the newspaper owners continue to normalize their production and circulation without interference. In fact, since ending the strike has exposed the failure of the tactics recommended by the union leadership, and since the same tactics are to continue, this will spread further demoralization among the workers and confusion among strike supporters.

### **Deception used to sell the new tactics**

The unions have rammed through their new policy despite much suspicion from among the rank-and-file. For instance, when Typographical Union Local 18 workers were initially told that the union leaders wanted to make an unconditional offer to return them to work, they voted overwhelmingly against it. So the unions officials have tried to rally support with a campaign of lies about what the new tactics mean. Even while basing their tactics on returning to work and while removing the words "on strike" from picket signs, the union bosses shouted that the strike was still on. As well, the union-run *Detroit Sunday Journal* has been falsely claiming that offers to return to work and circulation boycotts have produced wonderful results in other strike struggles.

In the *DSJ* of February 23, the Bridgestone/Firestone strike

is mentioned as an example of such tactics, but the outcome of this struggle was that the company won their main demands such as 12-hour shifts. Meanwhile, the *DSJ* falls silent about how these tactics failed miserably in such major battles as the Staley and Caterpillar struggles that ended in 1996. In these struggles too, the national AFL-CIO leaders promised to always stand with the workers, and local leaders sold this bill of goods to the rank-and-file. Instead, the bureaucrats imposed rotten settlements on the workers where many strikers were left jobless and working conditions were gutted. Indeed, even in the examples chosen by the *DSJ* to illustrate the "success" from following the union tactics, they confine themselves to bragging that an NLRB injunction got some workers their jobs back, and avoid mentioning whether or not the workers actually won the main issues for which they originally went on strike.

The bureaucrats are now attempting to salvage their tattered reputation by agreeing to hold a large national solidarity march in Detroit in mid-June. Gathering thousands of workers for a show of solidarity is a good idea. But it in no way changes the overall path of betrayal taken by the AFL-CIO bureaucracy. Keep in mind that the AFL-CIO organized a big solidarity march in support of the CAT and Staley workers. They sabotaged militancy during the march and used such events to promote their bankrupt "boycott" tactics. Despite the occasional show of solidarity, the workers were eventually sold down the river. Militant workers should try to put their own stamp on the Detroit march, but no one should have illusions that the AFL-CIO bosses are changing their stripes.

### **What should the workers learn from these setbacks?**

There is no point in pretending that continuing on the path of the bureaucrats will result in anything but generally undermining the ability of workers to resist the capitalist offensive. For the situation to improve, the workers must learn from these setbacks. The AFL-CIO apparatus is based on class collaboration, confining the workers' struggle and opposing any strides

towards building unions that boldly defend the workers. When John Sweeney assumed leadership of AFL-CIO, he promised a new course, but nothing much has changed. Meanwhile, Teamster president Ron Carey, who is supposed to be one of the most radical top union leaders, has been a big force behind the tactics of betrayal in the Detroit newspaper strike. Until the rank-and-file organizes itself independently they will constantly be sabotaged by the bureaucrats, and further defeats are inevitable.

When the newspaper and other workers were able to briefly break free from the shackles of AFL-CIO policy and shut down the newspaper plant, they got a glimpse of the workers' potential power. But for such glimpses to become a strong trend, the workers' movement must undergo a basic reorganization. Rank-and-file organizations oriented toward militant mass tactics are part of the solution.

As well, the setbacks the workers are suffering everywhere shows that each struggle is part of an overall class struggle. The corporate onslaught against the workers also raises the question of what sort of future the workers can expect so long as the economy and political system are in the hands of a handful of wealthy corporations. The workers' present dilemma raises the question of building a class political party. Only a political force that is the most resolute opponent of capitalism itself, that isn't concerned with assuring the profit margins of the corporations, and that doesn't depend on the bourgeois establishment, can guide the present struggles along the most militant possible course. A party of this type is needed to carry out the tasks today that will put the workers on course to face the larger class battles of the future. Such a party will explain how it is that the end of the capitalist profit-system, and the end of the division of society into exploiter and exploited, is not only a nice dream, but that the material conditions for this are being created by capitalism itself. Such a class reorganization is needed if our potential power is to be utilized both in the immediate skirmishes and in the revolutionary struggle of the future. □

# State capitalism, Leninism, and the transition to socialism—part two: The anarchy of production beneath the vener of Soviet revisionist planning

by Joseph Green

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In part one of this article, I reviewed Marx and Engels's concept of the nature of communist society, and their view of the transitional steps needed to reach such a society.<sup>1</sup> I briefly contrasted Marxist socialism to other views of how to reach socialism, from introducing communism by decree on the day after the revolution, without any transitional period, to looking towards small-scale production and ownership of the individual means of production by each collective and commune separately. I then dwelt in detail on Lenin's views of the economic measures needed, after a proletarian revolution, in order to implement the Marxist idea of a transitional period between capitalism and socialism. Much of the focus was on discussing Lenin's views on the economic role of the state in the transition period. A report on this issue by a former comrade, Jim, was criticized, where Jim equated such transitional measures to the same type of exploitative economy as in the Soviet Union under Stalin or in China today.

In part two, I return to the theoretical foundation of Marx and Engels's views, rather than dwelling on specific transitional measures. Marx and Engels held that socialism did not spring from some good idea about how to avoid the evils of capitalist

exploitation, but was prepared by the progress of large-scale production and the development of the class struggle. So long as small-scale production and small enterprises predominated, the rule of the marketplace was inevitable. But large-scale production not only prepares the material conditions to allow socialism, but also prepares the forces that will support socialism, the modern proletariat, and gives rise to the sharp contradictions that result in socialist revolution. They held that the economic evolution of capitalism itself was preparing conditions for the working class to dispossess the capitalists of their control of an economy built up by the whole population, eliminate the private ownership of the vast productive forces of modern-day society, take over the direction of the entire economy, and end the division of humanity into different classes of people, some who toil and others who rule over them.

As a transition measure to the classless society, Marx and Engels held that, after a socialist revolution, the workers would build a revolutionary state that would take over the means of production. But when class distinctions have finally disappeared and the population as a whole is really running production, the state itself would wither away.

The Marxist theory is attacked today on the grounds that the state-capitalist regimes such as Stalinist Russia allegedly developed a full social control of production, and look what a mess resulted in these countries. Such an attack is based, theoretically speaking, on the view that Marxism simply calls for the state, any state, to carry out widespread nationalization. But from the first Marxism held that nationalization alone does not necessarily mean that society as a whole directs production. And an examination of the facts of economic life in China today or the Stalinist Soviet Union yesterday shows that these countries had state-capitalist regimes, where the economy is subject to the conflicting interests of the various power groups among the capitalist ruling classes there. These regimes did not and could not eliminate private interests and run the economy according to a social control by the working people. Thus, far from Marxism being refuted by the experience of these countries, the basic Marxist economic and political theses are verified by the 20th century experience of state-capitalism. The inability of a capitalist ruling class—whether bureaucratic capitalists in a state-capitalist country or market capitalists in a mixed economy—to eliminate the anarchy of capitalist production confirms the Marxist analysis that fundamental change can only come from the social control of production by the working class as a whole.

## The economic soil for socialism

What type of society will replace capitalism? It is common

<sup>1</sup>See *Communist Voice* vol. 2, #3 June 1, 1996.



to envision socialism as having simply the good features one would like to see in the future. There are as many different "socialisms" of this type as there are different preferences and different theorists. Lenin pointed out that at one time

"socialists thought that to substantiate their views it was enough to show the oppression of the masses under the existing regime, to show the superiority of a system under which every man would receive what he himself had produced, to show that this ideal system harmonized with 'human nature,' with the conception of a rational and moral life, and so forth. Marx found it impossible to content himself with such a socialism."<sup>2</sup>

Lenin pointed out that Marx, instead of simply judging and condemning the present system, analyzed the economic laws underlying the capitalist system. Instead of arguing about which economic system harmonizes with "human nature", he showed how economic development was undermining the basis of capitalism and creating the necessity for its transformation into socialism. Instead of trying to invent a new utopia, with institutions cleverly devised according to the author's idea of what's good, he looked at the type of economic system whose conditions were being prepared for by the economic evolution of capitalism itself.

Marx studied the various steps of the process whereby small-scale production by the guild worker in industry or the individual peasant in agriculture was replaced by capitalist large-scale production. He noted that the specific features of capitalism, in which it differed from previous exploiting systems, such as that production was carried on through the cooperation of larger and larger masses of people although the fruits of this cooperation were owned and disposed of by only a handful of capitalists. This contradiction between the social character of production and the private character of ownership was at the base of capitalism. It accounts for the business cycles, the possibility of masses starving while the unsalable goods pile up in the warehouses, etc.

Some people wish to avoid the evils of capitalism by returning to small-scale production. In essence, they dream of overcoming the social character of production. Marxism on the other hand holds that the capitalist marketplace can only be overcome by a revolution that would remove the private character of the means of production. The increasing socialization of production, rather than being the enemy, points the way forward—to the need to socialize ownership.

### **The contradiction between social production and private ownership**

Thus the contradiction between social production and private

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<sup>2</sup>What the 'Friends of the People' Are and How They Fight the Social-Democrats (A Reply to Articles in 'Russkoye Bogatstvo' Opposing the Marxists), Part I, pp. 30-31, Progress Publishers.

ownership is key to the Marxist critique of capitalism. Engels described the development of this contradiction as follows:

"In commodity production as it had developed in the Middle Ages, the question could never arise of who should be the owner of the product of labor. The individual producer had produced it, as a rule from raw material which belonged to him and was often produced by himself, with his own instruments of labor, and by his own manual labor or that of his family. . . . His ownership of the product was therefore based *upon his own labor*. Even where outside help was used, it was as a rule subsidiary, and in many cases received other compensation in addition to wages; the guild apprentice and journeyman worked less for the sake of their board and wages than to train themselves to become master craftsmen. Then came the concentration of the means of production in large workshops and manufactories, their transformation into means of production that were in fact social. But the social means of production and the social products were treated as if they were still, as they had been before, the means of production and the products of individuals. Hitherto, the owner of the instruments of labor had appropriated the product because it was as a rule his own product, the auxiliary labor of other persons being the exception; now, the owner of the instruments of labor continued to appropriate the product, although it was no longer *his* product, but exclusively the product of *other's labor*. . . . Means of production and production itself had in essence become social. But they were subjected to a form of appropriation which has as its presupposition private production by individuals, with each individual owning his own product and bringing it on the market. The mode of production is subjected to this form of appropriation, although it removes the presuppositions on which the latter was based. In this contradiction, which gives the new mode of production its capitalist character, *the whole conflict of today is already present in germ*. The more the new mode of production gained the ascendancy . . . , *the more glaring necessarily became the incompatibility of social production with capitalist appropriation*."<sup>3</sup>

Marx described this contradiction in *Capital* as follows:

"The capitalist mode of appropriation, the result of the capitalist mode of production, produces capitalist private property. This is the

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<sup>3</sup>Engels, *Herr Eugen Dühring's Revolution in Science (Anti-Dühring)*, Part III. 'Socialism', a few pages into Chapter II. 'Theoretical', emphasis as in the original.

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

"The transformation of scattered private property, arising from individual labor, into capitalist private property, is, naturally, a process, incomparably more protracted, violent, and difficult, than the transformation of capitalistic private property, already practically resting on socialized production, into socialized property. In the former case, we had the expropriation of the mass of the people by a few usurpers; in the latter, we have the expropriation of a few usurpers by the mass of the people."<sup>4</sup>

Thus Marx and Engels held that large-scale production not only provided more goods, but also opened a path to a social system run by all. The point wasn't to invent a new social system, but to help usher in a system that is being prepared for by economic progress itself.

### **The socialization of production doesn't only refer to giant factories**

Some people have suggested that the Marxist view is outdated, and the socialization of production is no longer proceeding, because factories aren't growing ever larger. For example, in the last issue of the *Communist Voice* I discussed the views of Sarah, of the *Chicago Workers' Voice* group. In essence, she presented the Marxist view of the growing socialization of production as being supposedly "bigger is automatically better". In opposition to this, she wrote that "the current level of technology and new developments in manufacturing techniques and organization have brought capitalism from an era where gigantic factories ruled to an era where merely large factories rule." This, she believed, provided a basis to believe that "small-scale non-modernized farming' . . . should have at least some place in socialism."<sup>5</sup> I pointed out that she confused the size of individual factories and workgroups, with whether large-scale or small-scale production was being carried out. The modern auto factory may not be near as large as Ford's giant River Rouge complex of the 1930s, but it is generally part of even larger auto companies and the individual workplace is in

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<sup>4</sup>*Capital*, vol. 1, the last two paragraphs of Part VIII, chapter XXXII "Historical Tendency of Capitalist Accumulation".

<sup>5</sup>See "Once again on peasant socialism" in *CV* vol. 2, #6, p. 24, col. 2.

contact through fiber optic cables or satellite links or computer technology with an entire global network. The size of the individual workteams, factories, etc. will grow and shrink according to technology and circumstance, but they will get further and further away from the "small-scale non-modernized" production of the past.

In fact, Marxism has never identified the socialization of labor as only referring to the size of the individual workplace. That is only one aspect of the socialization of labor, which is why the continuing progress of large-scale production and the socialization of labor cannot be judged simply by the size of factories. A century ago, in 1894, Lenin wrote that

"The socialization of labor by capitalist production does not at all consist in people working under one roof (that is only a small part of the process), but in the concentration of capital being accompanied by the specialization of social labor, by a decrease in the number of capitalists in each given branch of industry and an increase in the number of separate branches of industry—in many separate production processes being merged into one social production process. When, in the days of handicraft weaving, for example, the small producers themselves spun the yarn and made it into cloth, we had a few branches of industry (spinning and weaving were merged). But when production becomes socialized by capitalism, the number of separate branches of industry increases: cotton spinning is done separately and so is weaving; this very division and the concentration of production give rise to new branches—machine building, coal mining, and so forth. In each branch of industry, which has now become more specialized, the number of capitalists steadily decreases. This means that the social tie between the producers becomes increasingly stronger, the producers become welded into a single whole. The isolated small producers each performed several operations simultaneously, and were therefore relatively independent of each other: when, for instance, the handicraftsman himself sowed flax, and himself spun and wove, he was almost independent of others. . . . The manufacturer who produces fabrics depends on the cotton-yarn manufacturer; the latter depends on the capitalist planter who grows cotton, on the owner of the engineering works, the coal mine, and so on and so forth. The result is that no capitalist can get along without others. . . . The character of the regime changes completely. When, during the regime of small, isolated enterprises, work came to a standstill in any one of them, this affected only a few members of society, it did not cause any general confusion, and therefore did not attract general attention and did not provoke public interference. But when work comes to a

standstill in a large enterprise, one engaged in a highly specialized branch of industry and therefore working almost for the whole of society and, in its turn, dependent on the whole of society (for the sake of simplicity I take a cause where socialization has reached the culminating point), work is bound to come to a standstill in all the other enterprises of society. . . . All production processes thus merge into a single social production process; yet each branch is conducted by a separate capitalist, it depends on him and the social products are his private property. Is it not clear that the form of production comes into irreconcilable contradiction with the form of appropriation? Is it not evident that the latter must adapt itself to the former and must become social, that is, socialist?"<sup>6</sup>

Today this socialization has proceeded quite far. Several years ago, an accidental fire in a single factory in Japan producing a specialized electronic component caused quivers through the world personal computer industry. And meanwhile, while individual factories may not be the giants they once were, multinational corporations comprising a network of factories and corporate centers continue to grow in size and influence. A couple of years ago, in 1994, Richard Barnet and John Cavanagh wrote that the corporate giants of today are even larger and more influential than they were 20 years ago:

"The emerging global order is spearheaded by a few hundred corporate giants, many of them bigger than most sovereign nations. Ford's economy is larger than Saudi Arabia's and Norway's. Philip Morris's annual sales exceed New Zealand's gross domestic product. The multinational corporation of twenty years ago carried on separate operations in many different countries and tailored its operations to local conditions. In the 1990s large business enterprises, even some smaller ones, have the technological means and strategic vision to burst old limits—of time, space, national boundaries, language, custom, and ideology."<sup>7</sup>

Barnet and Cavanagh are not Marxists, sometimes pass over from description to glorification of these giants, and have no interest in trying to prove Marxist theses correct, yet that is what their work does. They even show how the growing socialization of capitalist enterprise has extended to popular music, which one might have supposed immune from standardization and monopolization due to its individualistic nature. They state that:

"Six global corporations dominate the popular-music industry, not only in the United States but

across the world. These 'six sovereign states of pop music,' as one student of the industry puts it, supply almost every record in music stores in the United States, and 'there is virtually no American pop singer or rock band of national stature that a major does not, in one way or another, have a piece of.'"<sup>8</sup>

They list these six corporations as the American firm Warner; the German media company Bertelsmann; the well-known Japanese firm Sony; the British defense contractor (!) and electronics firm Thorn-EMI; the British firm Polygram (owned by the Dutch electronics firm Philipps); and MCA (owned by the Japanese electronics firm Matsushita). A number of former large music companies have been swallowed by these six: for example, CBS Records is now Sony Music, and Bertelsman now owns the RCA and Arista labels.<sup>9</sup>

Indeed, music provides an interesting example of monopolization. The songs are written and produced by a multitude of individual artists and bands, and yet the industry is dominated by a few major multinational corporations. It is common among bourgeois economists to point to the continuing existence of a multitude of small firms and individual entrepreneurs as proof that monopolization is not taking place or is not important. But the domination of an industry by a handful of giant firms is not impeded in the slightest by the existence of a large number of dwarf enterprises who cannot threaten the giants and who are dependent on the giants. Still less does the existence of the small firms prove that the socialization of labor has been eliminated. Small firms still exist, but they are subordinate to large corporations and the forces unleashed by the socialization of production; their fate depends mainly on factors they cannot control.

### Monopoly, imperialism, and the socialization of production

Engels points out that: "The contradiction between social production and capitalist appropriation reproduces itself as the antithesis between *the organization of production in the individual factory and the anarchy of production in society as a whole.*"<sup>10</sup> As giant firms and monopolies developed, they sought to plan production in wider and wider spheres of the economy. Does this eliminate the anarchy of production and thus overcome one of the chief features of the contradiction between social production and private appropriation? As we shall see later, Engels thought that neither joint-stock companies (the giant firms of his day) or nationalization by a capitalist government could actually provide social direction of the

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<sup>8</sup>Barnet and Cavanagh, p. 26.

<sup>9</sup>*Ibid.*

<sup>10</sup>Engels, *Herr Eugen Dühring's Revolution in Science (Anti-Dühring)*, Part III. 'Socialism', a third of the way into Chapter II. 'Theoretical', emphasis as in the original. International Publishers, p. 299.

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<sup>6</sup> Lenin, *What the 'Friends of the People' Are*, pp. 48-9.

<sup>7</sup>Richard J. Barnet and John Cavanagh, *Global Dreams/Imperial Corporations and the New World Order*, p. 14.



economy.

The corporations have grown considerably larger since Engels's day. Lenin who lived later and saw the development of monopoly into imperialism, argued that the huge strides made in capitalist planning did not eliminate the contradiction between social production and private appropriation, but intensified it. He wrote:

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

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

"Production becomes social, but appropriation remains private. The social means of production remain the private property of a few. The general framework of formally recognized free competition remains and the yoke of a few monopolists on the rest of the population becomes a hundred times heavier, more burdensome and intolerable."<sup>11</sup>)

He added that:

". . . the monopoly created in *certain* branches of industry increases and intensifies the anarchy inherent in capitalist production *as a whole*."<sup>12</sup>

## Did the Soviet economy run like a single workshop?

How has this Marxist theory stood up to the test of the 20th century? One of the key questions is evaluating the nature of the revisionist countries such as the late Soviet Union, China, Cuba, etc. These countries have carried out extensive nationalization and claimed to be "socialist" or "communist", and yet the working class remains oppressed. If they really are socialist, then it looks like socialism is undesirable and Marxism is just one of many plausible theories that turned out to be false. But if these countries are state-capitalist countries which are forced to falsify Marxism in order to present their economies

as "socialist", then Marxism turns out to be an invaluable tool for mobilizing the working class to fight for its true interests. Moreover, a closer look at these regimes will show that not only aren't they socialist, but their economies have some notable features that provide a dramatic confirmation of Marxism that is more powerful for occurring in some unexpected places.

The main bourgeois theory equates extensive nationalization with Marxist socialism, and points to the government ministries and "command economy" in the revisionist countries. It basically presents that the Soviet Union was run from a single center, and this is the root of all evil. One source puts it: "Soviet-style nationalization changes the economy into 'one big factory.'"<sup>13</sup> Before showing how far from the truth this is, let's note that a variety of views accept this bourgeois view that nationalization is socialism and present that the revisionist countries were essentially run like a single workshop, spread across an entire country.

\* The Stalinist and other fake "socialist" regimes claimed that the widespread nationalization in their countries was equivalent to socialism. They claimed that the managers and bureaucrats can't really be a new bourgeois class, replacing the former ones, because they don't individually own the factories.

\* Trotsky's view on this is similar to that of Stalin's. While he denounced Stalin and wanted a change of leadership in the Soviet Union, he held that so long as the nationalized property wasn't privatized, the Soviet Union was still a "workers' state", albeit a "degenerated workers' state". The main Trotskyist trends still follow Trotsky's view. If a country has nationalized industry and replaced the former owners with a new ruling class claiming to speak on behalf of the workers, this suffices for them to regard it as at least a "degenerated" or "deformed workers' state".<sup>14</sup> It doesn't matter who actually ruled these countries and whether they oppressed the workers, so long as the factories were still nationalized and a certain rhetoric was used. Despite their preaching against Stalinism, the Trotskyists would support the Stalinist regimes even as these regimes committed crimes against the working people. Thus various of these groupings supported the Soviet invasion of Afghanistan, or said in the 1980s that they would support a Soviet invasion of Poland, or even pledged support in general to Soviet military actions. Some of these groups still think that the Russian economy is basically socialist, because privatization hasn't yet

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<sup>13</sup>For example, Stanislaw Wellisz, *The Economies of the Soviet Bloc/A Study of Decision Making and Resource Allocation*, 1964, p. 47. Wellisz distinguishes between the "Soviet-type system" in the USSR and Eastern Europe and the system in China, Yugoslavia, etc. as well as mixed economies such as Norway or Sweden (which he regards as "socialist", see p.9).

<sup>14</sup>The term "degenerated" is used if the Trotskyists feel that the country had at one time had a proletarian revolution, "deformed" if it hadn't. Thus, the Trotskyists feel that a regime which had nationalized industry could be a "workers' state" even if there hadn't even been an attempt at socialist revolution.

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<sup>11</sup>*Imperialism, The Highest Stage of Capitalism*, midway in Chapter 1 or *Collected Works*, vol. 22, p. 205.

<sup>12</sup>*Ibid.*, a few pages further on, or *Collected Works*, vol. 22, p. 208, emphasis as in the original.

been completed. They may call for a "political revolution" in the Stalinist countries, but in their terminology, this means that they didn't see the need for an economic or social revolution (since the economic base was supposedly already socialist), just a change in leadership. Some Trotskyist groups no longer even call for a "political revolution" in certain revisionist countries. For example, the Socialist Workers' Party glorifies today's Cuba as basically socialist, on the same Trotskyist basis that the nationalized economy means socialism.<sup>15</sup>

\* Another section of Trotskyist groups, that allied with the SWP of Britain, follows the trend of Tony Cliff. They correctly call the Stalinist regimes not workers' but state-capitalist regimes, and they do not identify socialism with nationalization. Nevertheless, Cliff's picture of the Soviet economy, as presented in his book *State Capitalism in Russia*, has some striking similarities to that of the orthodox Trotskyist trends. Although Cliff denounced the Stalinist regime in the most extreme terms he could think of, he pictured it as having overcome commodity production and the anarchy of production and pictured Russia as if it were simply one large workshop. He referred to the difference in a capitalist country between the planned nature of production in a single workshop and the blind forces that work in the economy as a whole, and wrote:

"No such distinction exists in Russia. Both individual enterprises and the economy as a whole are subordinated to the planned regulation of production. The difference between the division of labour within, say, a tractor factory and the division of labour between it and the steel plant which supplies it, is a difference in degree only. The division of labor with Russian society is in essence a species of the division of labor within a single workshop."<sup>16</sup>

Continuing on to a particular example, he discussed the relations between the Soviet workers and the enterprises where they work as follows: "In essence, the laws prevailing in the relations between the enterprises and between the labourers and the employer-state would be *no different* if Russia were one big factory managed directly from one centre, and if all the labourers received the goods they consumed directly, *in kind*."<sup>17</sup>

Thus Cliff believed that the "the Russian economy is directed towards the production of use values"<sup>18</sup> and that the law of value and the manifestations of production for profit

only affected Russia due to its relations with its trade and competition with other countries. After discussing this, he wrote that: "The law of value is thus seen to be the arbiter of the Russian economic structure as soon as it is seen in the concrete historical situation of today—the anarchic world market."<sup>19</sup> And he held that

". . . the division of labor is planned. But what is it that determines the actual division of the total labour time of Russian society? If Russia had not to compete with other countries, this division would be absolutely arbitrary. But as it is, Stalinist decisions are based on factors outside of control, namely the world economy, world competition. From this point of view the Russian state is in a similar position to the owner of a single capitalist enterprise competing with other enterprises."<sup>20</sup>

\* An earlier article of mine on the question of the structure of the revisionist economy was written in part against the views of a former comrade who was in the process of abandoning anti-revisionist Marxism-Leninism.<sup>21</sup> He began to denounce Marxism as disproved by the experience of Stalinism. To do so, this person claimed that the Stalinist nationalized economy had in fact overcome all forms of private ownership and private appropriation, and thus implemented Marx's idea of socialism. He said that there were no "distinct asset-owning property units" in the Soviet Union, although it is well-known that the Soviet nationalized industry was divided into separate and distinct enterprises, each with its own legal status, which in fact own their machinery, stockpiles, buildings etc., maintain their own financial balances, and within certain limits can enter into relations with each other. Thus, basically, he too presented the Soviet economy as basically like one large workshop.<sup>22</sup>

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<sup>19</sup>*Ibid.*

<sup>20</sup>*Ibid.*, p. 209.

<sup>21</sup>See "Some notes on theory (2)" in the *Workers' Advocate Supplement* for 25 July 1992 (vol. 8, #6).

<sup>22</sup>Interestingly enough, after having denounced Marxism as responsible for Stalinism and reached the point of opposing the theory of the proletarian class struggle, he then began presenting Stalinism in a positive light. He held that it was part of a "progressive" stage of "human social development" and something that "advance[d] the civilizations of various peoples", although he admitted it was built "on the basis of the oppression of the majority". This is commented on in my letter "Is revisionism progressive?" (Detroit #32, March 24, 1994) which appeared in a debate conducted by e-mail among a network of former members and supporters of the late Marxist-Leninist Party. Some defenders of his in Boston suggested that the implication of all this was that the next step forward, the "next stage of social development", might be "less glorious than socialism" and "exploit the lower mass in a more refined way", something like "Stalin's state capitalist model". (See Boston #8, (continued...))

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<sup>15</sup>See the articles in the last issue of *CV* on the SWP and Cuba.

<sup>16</sup>Tony Cliff, *State Capitalism in Russia*, Pluto Press, 1974, Chapter 7, subsection entitled "The marxian law of value and the Russian economy, viewed in isolation from world capitalism", p. 203,

<sup>17</sup>*Ibid.*, p. 209, emphasis as in the original.

<sup>18</sup>Cliff, Ch. 7, the subsection entitled "The marxian law of value and the Russian economy viewed in its relations with world capitalism, p. 212.

\* Another former comrade, Jim, whose article "Lenin's views on state capitalism—review" was discussed in a previous issue of *CV*<sup>23</sup>, claimed in discussion with me that even if the Soviet economy didn't run like a single workshop, Cuba's did. Later he briefly visited Cuba in Jan. 1993, while apparently still maintaining this view. But the series of articles by Mark in *CV* shows that Cuba has not overcome the anarchy of production, and that its economic organization is quite similar to that of the Soviet Union.

### The anti-revisionist critique

Thus the above-mentioned views hold that the Soviet Union did basically overcome the anarchy of production and resolve the contradiction between social production and private appropriation. Anti-revisionist Marxism (Marxism freed of the distortions introduced by the state-capitalist apologists) holds, to the contrary, that private appropriation remained in the Soviet Union. It turns out this is true in two different ways:

a) The Soviet ministries planned production in the interests of the ruling class, which was a new bourgeoisie. Marxism has never held that nationalization necessarily means planning on behalf of all society—it means planning on behalf of the class that controls the state. Appropriation on behalf of a minority of bureaucrats is not social appropriation on behalf of all.

b) Moreover, the individual and small-group interests of the members of the new revisionist bourgeoisie<sup>24</sup> played a crucial role in how the revisionist economies work. The various bureaucrats and groupings fought for their own enrichment, their own power, and their own interests. This didn't just introduce some minor corruption or deviations that were secondary to the planning on behalf of the government as a whole (representing the interests of the bureaucrats, the new bourgeoisie, as a whole). On the contrary, as we shall see, these private interests of the new bourgeoisie were responsible for major features of the revisionist economy which cannot otherwise be understood. The revisionist economy can only be explained through recognizing the class interests involved in it; and the class interests of the new bourgeoisie comprise the mass of its individual interests as well as its overall interests.<sup>25</sup>

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<sup>22</sup>(...continued)

an open letter from Joe in Boston.)

<sup>23</sup> See *CV*, vol. 2, #3 for Jim's article, and for part one of this article, which replies to it.

<sup>24</sup>The term "small-group" interests is being used here to refer to the interests of individual groupings of the bourgeoisie to enrich themselves, as distinct from the overall interests of the bourgeoisie.

<sup>25</sup>For that matter, the overall interests of the new bourgeoisie consist in maintaining the political and social conditions that allow its members to pursue their own personal interests. Of course, some members of the revisionist bureaucracy may sincerely believe in their system and think that they are

(continued...)

Anarchy of production remained in the Soviet economy and other revisionist economies, although it manifested itself in ways different from how it would in a mainly market economy. Just as competition between capitalists, however transformed by the existence of monopolies and state regulation, remains a fundamental feature of the western market economies, so cloaked forms of competition and jockeying between the members of the revisionist new bourgeoisie were key parts of the revisionist system. They can be seen whenever the system lasted for any period of time. This is a vivid reflection of the fact that the revisionist economy did not overcome the contradiction between social production and private appropriation.

Nationalized production on behalf of a new ruling elite does not abolish private appropriation—such an abolition would require the working masses themselves learning how to run production. It does not mean the social ownership and control of production. From the point of view of empty generalities, which bourgeois economics is full of, nationalization and socialization are the same—control by a single center, the state. From the point of view of Marxism, they are not. The control of the entire economy on behalf of society as a whole can only be achieved through the emancipation of the working class. Indeed, Marxism holds that the state will wither away after the achievement of the full social ownership and control of production. Marx and Engels did not live long enough to see the temporary flourishing of the revisionist regimes, and their theory about the contradiction between social production and private appropriation was developed decades before such regimes ever existed. They did not even conceive of these regimes. And yet the inability of the revisionist bourgeoisie to eliminate the anarchy of production confirms their theory and its distinction between nationalization and the social ownership and control of production. This shows that the Marxist theory isn't simply a description of current events, made out to look like a general theory. Instead this theory does in fact describe general economic laws that have continued to work themselves out in situations far removed from those existing at the time the theory was first formulated. This is a confirmation of Marxism from an unexpected source, and is therefore all the more important and decisive.

Now let's turn to some facts about the revisionist economies, concentrating on that of the late Soviet Union.

### The ministry rules!

The most obvious feature of the Soviet economy was the large Moscow ministries which controlled everything and

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<sup>25</sup>(...continued)

upholding the interests of the working masses, just as some capitalist ideologists may genuinely believe that the dog-eat-dog world of the marketplace is the best system for the people. This doesn't change the fact that the actual class-wide interests of the bourgeoisie—whether the Western bourgeoisie or the revisionist bureaucratic bourgeoisie—consist in maintaining a system that permits the continuation of exploitation.



interfered in everything, not simply directing the overall economy but stifling the initiative of everyone else. And when one has little personal knowledge of the late Soviet Union and of the other features of its economic life, it is tempting to reason about the Soviet Union simply from the idea of overbloated Moscow ministries running everything. For that matter, no matter how much information they have about the Soviet Union, many people and political trends do reason about the Soviet economy this way. It is such a simple picture, does reflect a bit of the truth, and is basically in accord with both the revisionist and western views of the Soviet economy, so that it has a certain persuasive power. The idea is that the revisionist economy was simply a "command economy" where the Moscow ministry commands and everyone else either obeys, or pretends to obey (i.e., slacks off). Thus everything is to be explained by the decrees of the center, with the action of subordinates and localities simply introducing inefficiency into the system (beyond the inefficiency that comes from inaccurate decrees).

The ministries certainly were an important feature of the Soviet economy. There are obvious major differences between the bureaucratic revisionist economy and western capitalism. It is not the point of this analysis to deny these differences. Quite the contrary, it is show how bourgeois class interests manifest themselves in economies that are outwardly quite different. This helps provide an understanding of what is necessary to overcome capitalism in general, and not just this or that particular style of capitalism.

### **The ministry doesn't rule!**

But however important the ministries, however much they could allocate massive resources to one sphere of the economy or starve other spheres, there were other factors in the Soviet economy whose power the ministries never succeeded in overcoming. And there were also apparently irrational decisions that were made over and over by the ministries and can't be explained by any overall interest of the Soviet bourgeoisie. All these things make a mockery of the idea that the ministries could simply do what they pleased.

### **The anarchy of production**

For one thing, when one looks closely at the Soviet system, one finds a swirling struggle of manager against manager and factory against factory underneath the overall planning by the ministries. A former comrade involved with others in an intensive study of the First Five Year Plan in the Soviet Union (1928-1933) claimed that ". . . what resulted could not really be characterized as the abolition of planlessness. It was not infrequently closer to giving new insight into the term 'anarchy of production'."<sup>26</sup> The first five-year plan specified incredibly

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<sup>26</sup>From Manny's speech to the Fourth National Conference of the Marxist-Leninist Party, USA in Fall, 1990, which appeared under the title "From the October Revolution to the (continued...)

rapid growth, but the enterprises were often on their own in finding raw materials and supplies needed to produce what was required. They couldn't rely on the general plan or the decisions of the ministry, but were desperate to obtain supplies at all costs.

In one form or another, this continued after the First Five Year Plan. It was so widely recognized that managers openly wrote about it in the Soviet trade journals and newspapers. They said that they had to violate the law and the planning directives in order to fulfill their obligations under the plan. Even during the height of the bloody repression of the mid-1930s, when economic managers were among those most vulnerable to arrest, imprisonment, or even execution, they continued to write about how they flouted the law. One professor, David Granick, who has studied Soviet management extensively, wrote that:

"In actual fact, plant directors have possessed great authority. But in theory, they have not; and so they have constantly struggled to legitimize their power. During the course of this perennial battle, they have often felt sufficiently self-confident to ridicule publicly the laws they were violating. Even at the height of the 1930's purges, there were some plant directors who went out of their way to write signed articles in the national press describing how, in their own work, they had been violating both the law and instructions from superiors, announcing that they considered these violations to be quite proper, and stating flatly that in the future they had every intention of continuing and even extending the violations."<sup>27</sup>

It might be said that this shows the extreme pressure to fulfill the mandated plan. And indeed, it was one thing to write in the Soviet press about how one moved mountains to fulfill the plan, and another to make excuses about why the plan wasn't fulfilled.<sup>28</sup> However, if an enterprise fulfilled the plan by obtaining supplies outside the plan, it thereby disrupted the planned supply of other enterprises. If this became commonplace, which it did, then it made a mockery of the planned flow of producer goods from one factory to another. This type of plan fulfillment resembles the push of Western firms to make

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<sup>26</sup>(...continued)

first five-year plan/Some questions of Soviet history" in the *Workers' Advocate Supplement*, 20 July 1991, vol. 7 #6, p. 14, col. 1. Manny, however, may have derived the conclusion that this issue showed the importance of utilizing more sophisticated mathematical methods in planning and in economics, rather than seeing the class basis underlying the phenomenon.

<sup>27</sup>Granick, *The Red Executive/A study of the Organization Man in Russian Industry*, 1960, Ch. 10, "Bureaucracy and how to live with it", pp. 134-5.

<sup>28</sup>Granick, *Management of the Industrial Firm in the USSR/A Study in Economic Planning*, 1954, p. 117.

a profit no matter what the effect on other firms. Moreover, the comparison extends even further. The payment or prestige of the Soviet manager was just as dependent on plan fulfillment as that of the Western manager is on profitability.

This problem was never overcome right up to the dissolution of the Soviet Union. The lack of guaranteed supply gave rise to a special type of executive, the "expediter", whose job was to actually obtain the raw materials and supplies that the enterprise was supposed to receive under the plan. The "expediter" remained a part of the Soviet economy right up to the end. The historian Alec Nove, writing in the 1980s about the Soviet economy, said that:

" . . . We will be repeatedly examining the causes of persistent supply shortages in subsequent chapters. Their existence gives rise to the phenomenon of the *tolkach*, the 'pusher,' expediter, unofficial supply agent, who nags, begs, borrows, bribes, to ensure that the needed supplies actually arrive."<sup>29</sup>

### Hoarding, and lack of specialization

The individual enterprises and ministries were quite aware of this anarchy of production, and took a certain account of it in their plans. Thus stocks of needed materials and equipment were hoarded by enterprises and ministries. Instead of the economy running as single workshop, each division of the economy sought to be as independent of the rest as possible. This went to the point that much equipment and a good deal of supplies weren't produced in the appropriate factory, but in makeshift arrangements in other plants. And the ministries were no better than the factory, each ministry competing with the other.

Such inefficient production and such hoarding throughout industry harmed the overall position of the ruling bureaucratic bourgeoisie. It was not some sophisticated scheme by Moscow, but occurred in direct opposition to official pious statements and repeated denunciations. It cannot be explained on the basis of accidental requests for too many resources or mistaken plans that simply contained wrong estimates. It was not a momentary aberration. It took place because of the individual and small-group interests of the managers in their own plants and of the ministry bureaucrats in their own sectors, let the devil take the rest of the economy. Moreover, since each manager knew that

others felt the same way, there was no other way to act.

Since this is such a dramatic illustration of the way anarchy manifested itself in the revisionist economy, I will give a long extract from Granick about it:

" . . . Probably the main area in which central policy has been steadily ignored for thirty years is that of organizational autarchy, or self-sufficiency of supply. Central authorities in Moscow are quite aware of the cost advantages to be gained through the specialization of individual factories on particular products. Each separate industrial organization, however, is anxious to be as self-sufficient as possible, and thus achieve independence of its neighbors and of an often whimsical national system of allotting necessary supplies.

"Since no ministry could be sure of getting the materials, parts, and equipment needed for its operations, the natural tendency was for each to try to expand the coverage of its production so as to supply its own needs. Each ministry was quite willing to pay the price of high-cost production in order to achieve independence. Thirty years of denunciation from Moscow, accompanied by reasoned explanations of the advantages of division of labor, had absolutely no effect.

"In 1951, only 47 percent of the brick production of the Soviet Union was accounted for by the Ministry of the Industry of Construction Materials. . . . In 1955, 390 units of a particular type of excavator were produced. Two thirds were produced within the appropriate ministry, but the rest were produced elsewhere at a cost 50 to 100 per cent greater. Of the 171 plants in 1957 which specialized in machine-tool production, only 55 were under the appropriate ministry. The other plants were organized within ministries which used their machine tools.

"Each ministry, in fact, seemed to act much like an independent nation engaging in foreign trade. Each inevitably dealt with other ministries, but cautiously, jealously safeguarding its independence. . . .

"What made this situation even more difficult is that each individual plant copied the example of its ministry, and strove to become an autarchic principality within an autarchic nation. . . .

"In 1957, no more than half of the nation's standard tooling, nuts and bolts, and electrodes were produced in specialized plants. Yet it was officially recognized that the cost of producing such items in the consuming plants was several times as great as the cost of production in factories where economies of scale could be

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<sup>29</sup> Alec Nove, *The Soviet Economic System*, third edition, 1986, ch. IV "Industrial Management and Microeconomic Problems", p. 95. Professor Nove attributes this problem to the supposed impossibility of the social planning of production as a whole, a theme which he returns to repeatedly not just in this book but in other ones as well, whereas I attribute it to the class structure in the Soviet economy. Bourgeois ideologists, including serious historians of a reformist bent, such as Nove, attribute to "planning" in the abstract the specific features that flow from state-capitalism. I hope to deal with this issue in the future.

achieved."<sup>30</sup>

Several decades later, the same problem still existed. Writing in 1986, Nove refers to "a vast and growing Soviet literature on the subject of the scattering of production among a very large number of ministries and enterprises."<sup>31</sup>

### Uncompleted and slow construction—*dolgotroi*

Another dramatic feature of Soviet economic problems was the growing mass of uncompleted construction that made a mockery of one Soviet plan after another. It took ever-longer periods to complete construction projects. This problem was continually denounced, and continually worsened. The Russians gave its own name: "dolgotroi" ('long-build'), the long delays in completing construction of all but the topmost priority projects.<sup>32</sup>

The problem was not that construction workers dawdled or refused to work. Instead, it was pretty universally attributed to the plans containing an impossibly large number of projects. As Nove says,

"In virtually every year since 1930 a Soviet leader has deplored what is called *raspylenie sredstv*, the 'scattering' of investment resources among too many projects. Measures are taken to prevent this, to concentrate on completing what is already started, but the ineffectiveness of these measures is attested by the fact that they have to be repeated, while the percentage of uncompleted investments rises. . . . It is plainly in the interest of sectoral and local officials to start as much as possible, and to try to divert resources to projects of particular interest to them, and it is equally plain that the central co-ordinating power is unable to combat this tendency effectively. As is so often the case, the centre is able to ensure that a few key activities are given priority, but cannot cope with the task of controlling everything."<sup>33</sup>

The plan calls for investment that exceeds what the ministries know is the total of resources available.<sup>34</sup>

Meanwhile the length of time for a project extended further and further. Some Soviet economists claimed that the plans allotted twice as long for construction as in the West, and yet

the construction took twice as long as the plan allowed. Combined with other delays, this might result in it taking 10 to 15 years between when a project is conceived to when it is finished, giving rise to the possibility that the machines in a new factory were obsolete on the day the plant opened.<sup>35</sup>

The overextension of resources was repeated over and over. It wasn't just a mistake in this or that plan, but something which occurred repeatedly. Western economists often smugly claim that this took place because the revisionists were prejudiced against the concept of calculating "interest" on the use of capital, and hence couldn't calculate the real cost of investments. However, the revisionist economists had debated such an interest charge, and it was in fact introduced into various revisionist countries.<sup>36</sup> It's not clear that these charges had much of any effect on the system, and in any case, they didn't stop "dolgotroi" in the Soviet Union, which continued to intensify. Nor is there any reason to suppose these charges could fundamentally solve the issue, since the proposal of too many construction projects for the available resources was already irrational under any system of calculation whatsoever.

"Dolgotroi" didn't spring from wrong indices used to calculate fulfillment of the plan or inaccurate formulae in the ministries. The construction projects were profitable to the managers and officials, and it was the pressure from the various groupings of the revisionist bourgeoisie that stood behind the inability of the ministries to set realistic plans. The irrational construction policy hurt the status of the Soviet bourgeoisie as a whole, undermined the economy, and weakened the revisionist grasp on power. But the drive for individual and small-group aggrandize among this bourgeoisie was more powerful than its worry about long-range problems. So year after year, there was lip-service to the general problem and the trying out of one new planning index after another, while the bulk of members of the ruling bourgeoisie continued with business as usual.

### Surreal figures at the ministries

Indeed, there must of been something of a surrealistic aspect to much of the juggling with indices done in the ministries when everyone knew that the figures provided them by the enterprises were inaccurate. Soviet managers routinely sent in reports to

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<sup>35</sup>Nove, *The Soviet Economic System*, Ch. 6, "Investment and Technical Progress", pp. 155-6.

<sup>36</sup>See Gregory Grossman, "Scarce Capital and Soviet Doctrine" in *Readings on the Soviet Economy*, edited by Franklyn D. Holzman, 1962, for a description of some debates. A 6% charge on capital was introduced in the Soviet Union in 1965 (Nove, *An Economic History of the USSR, 1917-1991*, p. 383). Charges on capital were introduced into various other Soviet Bloc countries, reaching Romania for example at the end of 1971 (Granick, *Enterprise Guidance in Eastern Europe/A Comparison of Four Socialist Economies*, 1975, p. 50).

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<sup>30</sup>Granick, *The Red Executive*, 1960, pp. 135-6.

<sup>31</sup>Nove, *The Soviet Economic System*, 1986, Ch. 6 "Investment and technical progress," p. 163.

<sup>32</sup>Nove, *An Economic History of the USSR, 1917-1991*, p. 389.

<sup>33</sup>Alec Nove, *The Economics of Feasible Socialism Revisited*, 1991, Part 2, "Socialism and the Soviet Experience", p. 103.

<sup>34</sup>Nove, *The Soviet Economic System*, p. 158.



the ministries that overestimated the difficulties facing them and minimized the resources they had on hand. They hoped to avoid excessive demands on them in the next state plan, and thus to be able to collect bonuses for fulfilling or overfulfilling the state plan. The ministries knew this, and so routinely demanded that the enterprises produce more than would seem to be possible. They hoped to soak up the hoarded or unreported resources and to force the enterprises to work up to their potential. As Nove puts it, the knowledge that the managers are not telling the whole truth

"helps to explain the apparently irrational behavior of planners who seem to allocate more than there is to allocate: there must be something hidden, they reason, and pressure will compel it to emerge. Speeches and article often refer to the need to *vyavlat' rezervy*—cause reserves to appear."<sup>37</sup>

Naturally, once the manager of an enterprise knew that the ministry would set the plan on the assumption that the figures sent in had been minimized, he had little choice but to ensure that these figures really were minimized, or else he would end up with an unrealistic burden. And so deception went back and forth between the enterprise and the ministry, with anarchy flourishing under the banner of planning. The separation of the revisionist bourgeoisie from the mass of workers, and its self-seeking actions, resulted in that the ministries were separated from full knowledge of the enterprises.

This resulted in a "method of planning [which] is known in Russian as *po dostignutomu urovnyu* ('on the achieved basis'), which is sometimes rendered as the 'ratchet principle'.<sup>38</sup> The ministry takes last year's performance ('the achieved basis') as the base, and simply steps it up. Production should go up from last year, waste should go down. However much the revisionists might renounce this method and beat their breast about its prevalence, it persisted.

### **The ministries don't necessarily represent overall interests either**

Moreover, as we have seen, the ministries themselves looked after their own interests and not necessarily those of the Soviet bourgeoisie as a whole. For example, they often colluded with the enterprises in covering up failures to live up to the ministry's own plan. The ministry wanted to look good and to report that most of the enterprises under its control fulfilled the plan. Therefore, provided the product the ministry was responsible for was produced in sufficient quantity, it often rearranged the plan. If one enterprise overfulfilled the plan and another fell short, the plan might be readjusted at the last minute so that it looked like both enterprises fulfilled the

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<sup>37</sup>Nove, *The Soviet Economic System*, Ch. 4, "Industrial Management and Microeconomic Problems", p. 97.

<sup>38</sup>*Ibid.* p. 100.

plan.<sup>39</sup> This practice, of course, helped undermine pressure on the enterprises to live up to the various indices and formulae in the plan.

So the overbloated ministries don't turn out to be what they might appear to have been at first sight. They didn't simply enforce a unified general control over the enterprises, but shielded their enterprises, squabbled with other ministries, and reflected the balance of power among a series of conflicting local, regional and sectoral interests of the Soviet bourgeoisie.

No matter what the problem in the economy, there was a proposal to solve it by changing the incentives that the ministries offered the plants or changing the formulae that show whether the enterprise had fulfilled the state plan. But by now it may be apparent why the juggling of indices and formulae didn't prove an effective way for the revisionist economies to solve the most serious problems. Whenever a problem sprung from the class relations of the Soviet or other revisionist economy, the juggling of indices could not really solve it. The problem wasn't that these indices weren't as sophisticated as Western market indices, but that there were underlying class realities at stake.

This does not mean that the Soviet ministries were unimportant. Their approval was required for a wide variety of management decisions. They also decided where the mass of investment went. They set the plan, and the indices that showed whether it had been fulfilled. Even if the enterprises used an army of "expeditors" to make up for the gap in supplies allocated to them by the ministries, the enterprises were intensely concerned with the official allocations. And even if juggling ministerial indices couldn't eliminate such problems as "dolgostroi" and the anarchy of production, they could affect the profitability of individual enterprises and the fate of various managers. But they couldn't turn a system based on an exploiting bureaucratic bourgeoisie and an exploited mass into a "rational" system that works for the benefit of all. The state-capitalist nature of the revisionist system would manifest itself no matter what indices are used.

### **The structure of the economy**

More could be said about the Soviet economy, such as the disproportions between industry and agriculture and between the military and the rest of the economy, or about the factors in addition to the ministries that determined the wages of Soviet workers, etc. But enough has been said to show that Soviet industry did not run like one huge workshop. Soviet enterprises ran on the basis of "khozraschet" (business accounting), in which each enterprise (or grouping of enterprises) had separate accounts and had to make a profit. This was not just a minor matter of bookkeeping, but affected every aspect of enterprise management and reflected the struggle of each member or grouping of the Soviet bourgeoisie in its own interest, independent of the interests of others. The enterprises had their own interests separate from that of the Soviet bourgeoisie as a

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<sup>39</sup>Nove, *The Soviet Economic System*, p. 99.

whole, and so did the ministries. This was not just a matter of some corrupt administrators, but was fundamental to the overall working of the system. The fight between and among Soviet enterprises and ministries took place in a somewhat different fashion than that of Western businesses among themselves, but take place it did.

Moreover, I have dealt intentionally with Soviet industry, which is state-owned. Agriculture in the Soviet Union, and in the revisionist countries in general, represented a more complicated picture. But if the performance of Soviet nationalized industry cannot be understood until it is realized that it is not like one big workshop, how much more must this apply to agriculture, where several different types of ownership and of marketing arrangements existed.

And beyond the official spheres of the economies, most revisionist economies have important black and grey markets. They are sometimes even institutionalized, as in the case of the Cuban "parallel markets".

It's not an accident that the revisionist societies could not model everything after state-run industry, and that the black markets sprung up. It is a sign that they did not in fact achieve unified control of the economy. Those who advocate that the Soviet economy looked like a single workshop have to admit a series of exceptions: there is the countryside, but that supposedly is not as important as industry; there is the black market, but that's unofficial; there's the "khozraschet" organization of industry, but that leaves the state in ownership of the enterprises; there's the violations of the state plan and even of the law, but that's supposedly just corruption; there's the ministries throwing up their hands and planning on the "ratchet" principle; and on and on. The exceptions in fact cover the whole economy, including its "commanding heights".

### Engels on nationalization and socialism

Thus the Soviet and other revisionist "command" economies didn't in fact achieve social control of production, or even a unified control on behalf of the revisionist bourgeoisie. They certainly aren't a model of Marxist socialism. The class reality of a country split into a ruling class and an exploited majority prevents the social control of production. No matter how many indices are changed, no matter how the ministries juggle the criteria of profitability, they cannot change this reality.

Engels had long ago pointed out that nationalization did not in itself make a bourgeois government into a socialist one or provide social control of production. He wrote:

"But neither the conversion into joint-stock companies nor into state property [nationalization—JG] deprives the productive forces of their character as capital. In the case of joint-stock companies this is obvious. And the modern state, too, is only the organization with which bourgeois society provides itself in order to maintain the general external conditions of the capitalist mode of production against encroachments either by the workers or by individual capitalists. The modern state, whatever its form,

is an essentially capitalist machine; it is the state of the capitalists, the ideal collective body of all capitalists. The more productive forces it takes over as its property, the more it becomes the real collective body of all the capitalists, the more citizens it exploits. The workers remain wage-earners, proletarians. The capitalist relation is not abolished; it is rather pushed to an extreme. But at this extreme it is transformed into its opposite. State ownership of the productive forces is not the solution of the conflict, but it contains within itself the formal means, the key to the solution.

"This solution can only consist in the recognition in practice of the social nature of the modern productive forces, in bringing, therefore, the mode of production, appropriation and exchange into accord with the social character of the means of production."<sup>40</sup>

Engels was at such pains to show that nationalization by a bourgeois government was not the same as the social control of production that he pointed out that it did not even show the increasingly social nature of production or the nearness to socialist revolution unless there was an economic necessity behind the nationalization. He wrote that:

". . . Many of these means of production are from the outset so colossal that, like the railways, they exclude all other forms of capitalist exploitation [than joint-stock companies, the giant private firms of his day—JG] At a certain stage of development . . . the official representative of capitalist society, the state, is constrained to take over their management."<sup>41</sup>

He gave the examples of postal service, telegraphs and railways, but added in a footnote:

"I say *is constrained to*. For it is only when the means of production or communication have *actually* outgrown management by share companies, and therefore their transfer to the state has become inevitable *from an economic standpoint*—it is only then than this transfer to the state, even when carried out by the state of today, represents an economic advance, the attainment of another preliminary step towards the taking over of all productive forces by society itself. Recently, however, since Bismarck adopted state ownership, a certain spurious socialism has made its appearance—her and there even degenerating into a kind of flunkeyism-

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<sup>40</sup>Engels, *Herr Eugen Dühring's Revolution in Science (Anti-Dühring)*, Part III. 'Socialism', two-thirds of the way through Chapter II. 'Theoretical', pp. 304-5.

<sup>41</sup>*Ibid.*

which declares that *all* taking over by the state, even the Bismarckian kind, is in itself socialistic. If, however, the taking over of the tobacco trade by the state was socialistic, Napoleon and Metternich would rank among the founders of socialism. If the Belgian state, for quite ordinary political and financial reasons, constructed its own main railway lines; if Bismarck, without any economic compulsion, took over the main railway lines in Prussia, simply in order to be better able to organise and use them for war, to train the railway officials as the government's voting cattle, and especially to secure a new source of revenue independent of Parliamentary votes—such actions were in no sense socialist measures, whether direct or indirect, conscious or unconscious. Otherwise, the Royal Maritime Company, the Royal Porcelain Manufacture, and even the regimental tailors in the army, would be socialist institutions."

Moreover, in letters to Kautsky, Engels used the example of Java to denounce what he called "state socialism". He pointed out that the Dutch exploited Java through an economy consisting of Dutch state ownership on top of primitive communistic villages of the indigenous population.<sup>42</sup>

Engels held that nationalization would be one of the steps taken in the proletarian revolution that would help the proletariat take control of the economy. But if the socialist transformation succeeds, it meant the end of the state as well as of capitalism. The social control of production would endure, but the state would not. He wrote:

*"The proletariat seizes the state power, and transforms the means of production in the first instance into state property.* But in so doing, it puts an end to itself as the proletariat, it puts an end also to the state as the state."<sup>43</sup>

In fact, this process of ending class antagonisms and providing true social control of production is a lengthy process. In part one, I outlined some of the transitional measures Lenin proposed for this process. Over and over, Lenin pointed to the need for measures that increase the actual organizational ability of the masses and their ability to control production. This is the Marxist measure for how far socialist transformation has proceeded.

Nove and other bourgeois ideologists regard it as impossible for the population as a whole to control or plan production, counterposing to it the need for an administrative apparatus. He waxes lyrical on how the abstraction "the people" cannot perform this, much as a monarchist would wax lyrical on how "the people" cannot decide the myriad questions of state

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<sup>42</sup>Letters to Kautsky of January 18 and February 16, 1884, in Marx and Engels, *On Colonialism*, pp. 344-5.

<sup>43</sup>*Anti-Dühring*, p. 306, emph. as in the original.

policy.<sup>44</sup> For such ideologists, any administration must resemble that in a class-divided society. And hence their ideal society can only be some variant of capitalism, even if reformists such as the historian Nove present an idealized form of capitalist mixed-economy as "feasible socialism". I hope to return to the issue of whether social planning is possible, and what it would look like, at a later date. For the purposes of this article, it suffices to note that the basic issue of Marxist socialism is precisely social control of production, and that there can be no doubt that the revisionist countries did not and do not have such control.

### Mysteries of the Western economy

One final objection to the view that private interests exist and determine the basic class features in the revisionist economies should be briefly mentioned. This view identifies private ownership or appropriation solely with the model of an individual capitalist owning his plant. In revisionist countries, where the bureaucrats did not own the factories (at least, not until the current wave of privatizations), where there was no stock market (again, not until recently), and where there was rule by a revisionist bureaucracy, it is held that this cannot be state-capitalism, for where are the capitalists?

Much of this objection stems in essence from viewing capitalism on the model of the mid-19th century British bourgeoisie. Monopoly-capitalism in the U.S., Western Europe (including Britain), and elsewhere has however progressed quite far since then. The Western bourgeoisie contains some capitalists (like Bill Gates) who individually own their firm, or whose family owns the firm, but it also contains large numbers of executives who do not own the firms they direct. (Such executives may get a good deal of stock in the firm as payment for their services, but they were not appointed on the basis of owning stock in the company, and might not have owned such stock until they were appointed. The stock they own in various companies is important for their status as a member of the bourgeoisie, but is not how they got their position in this or that firm.) Indeed, the "separation of management and ownership" that is typical in most large "publicly-owned" corporations has called forth a massive literature, and some reformists have held that this process showed that the advanced bourgeois countries were transcending capitalism. As well, the state bureaucracy of the market capitalist countries is related to the private capitalist elite and overlaps with it, but is surely not identical with it. The question of who constitutes the bourgeoisie in the West has become considerably more complex since the mid-19th century.

A better picture of the bourgeoisie in monopoly capitalist countries would show in embryo many features that are more accentuated in the Soviet bourgeoisie. The revisionist bourgeoisie has particular features compared to western bourgeoisie, but it isn't an entirely separate species.

Marx in his work set a model of paying attention to the

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<sup>44</sup>See for example Nove, *The Economics of Feasible Socialism Revisited*, Second Edition, p. 256.

evolution of the forms of the bourgeoisie. He not only studied the preliminary forms that led to the modern bourgeoisie, but he held that this form didn't ossify and become fixed in the mid-19th century. A number of remarks in volume III of *Capital* show the keen interest he had in the evolution of the giant firms of his day, the joint-stock companies that were just appearing.

Discussing the significance of the emergence of joint-stock companies, he referred to various features and dramatically concludes that this is the abolition of the mid-19th century capitalism, but within the framework of capitalism itself:

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

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

"3) Transformation of the actually functioning capitalist into a mere manager, administrator of other people's capital, and of the owner of capital into a mere owner, a mere money-capital. . . . In stock companies the function [management] is divorced from capital ownership, hence also labor is entirely divorced from ownership of means of production and surplus-labor.

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*"This is the abolition of the capitalist mode of production within the capitalist mode of production itself, and hence a self-dissolving contradiction, which prima facie represents a mere phase of transition to a new form of production. It manifests itself as such a contradiction in its effects. It establishes a monopoly in certain spheres and thereby requires state inter-*

ference. It reproduces a new financial aristocracy, . . . a whole system of swindling and cheating by means of corporation promotion, stock issuance, and stock speculation. *It is private production without the control of private property.*"<sup>45</sup>

Thus Marx didn't see the growth of these large firms as merely a change in size from the old capitalism, but as illustrating new features. He noted the dissolution of the old type of capitalism, and the huge step towards social control of production that the larger forms of planning and control in a big corporation represented. But he maintained that this was still capitalism itself. He wrote that "instead of overcoming the antithesis between the character of wealth as social and as private wealth, the stock companies merely develop it in a new form."<sup>46</sup>

Similarly, the development of bureaucratic state-capitalism regimes by the revisionists didn't overcome the antithesis between social production and private wealth, as our analysis has shown, but simply developed it in a new form. It provides yet more examples of the separation of management and direct ownership, as well as of the abolition of the form of private production within the capitalist system itself. And the history of the revisionist regimes also shows that the class contradiction between the new bourgeois ruling classes and any independent action by the proletariat is just as strong as that between the Western bourgeoisie and the proletariat. The study of this new form of bourgeoisie is of importance in emancipating the proletariat from any illusions in the revisionist bourgeoisie and from the propaganda of market capitalism that presents the failures of state-capitalism as the failure of socialism, not capitalism□

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<sup>45</sup>Marx, *Capital*, vol. III, Ch. XXVII 'The Role of Credit in Capitalist Production', pp. 437-8. emphasis added. Engels adds a note to Marx's text and discusses the developing of "new forms of industrial enterprises . . . representing the second and third degree of stock companies" and even, in some branches of the economy, to monopoly.

<sup>46</sup>*Ibid.*, p. 440



# Cuban "socialism" adopts the Soviet state-capitalist model

by Mark, Detroit

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The revolution of 1959 brought much progressive change to Cuba. A major land reform was carried out and the conditions of the poor were improved through extensive social reform. Within a few years after toppling the tyrannical, U.S.-backed Batista regime, the Castro government nationalized the U.S. and other foreign capitalist holdings as well as the large businesses and farms of the Cuban bourgeoisie.

In the midst of this transformation, in the early 60s Castro declared that Cuba was building socialism, created a new allegedly "communist" party and tied the country closely to the supposedly communist Soviet Union. The view that socialism was being built in Cuba spread widely among the left in the U.S. and elsewhere. But, as the old saying goes, appearances can be deceptive. The Soviet Union had long ago degenerated into a state-capitalist order. The Castro regime, despite going off on a few of its own (non-Marxist) tangents, largely fell under the sway of the phony revisionist "communism" of the Soviet leaders. Thus, a state-capitalist order began to be set up in Cuba.

These days, the capitalist nature of Cuba is becoming ever more clear. With the collapse of the Soviet Union and the other revisionist (phony communist) regimes of Eastern Europe, Cuba has been in a severe crisis. True, Castro holds on to power and still talks about socialism. But the regime's way out of the crisis is to offer up the state sector for privatization, legalize the extensive capitalist black market, and bank on foreign capitalist investment to save the day. State-capitalism is evolving into private capitalism.

Crises bring to the fore things that are hidden beneath surface appearances in ordinary times. They can strip away hypocritical veils. But though the recent methods taken up by the Cuban leaders has helped expose the true nature of the state-capitalist course they have taken, it is fashionable in the left today to shut one's eyes to what has been going on. For some, if Cuba still has something left of its social safety net, that is reason enough to fawn over the Cuban social system. For the pseudo-Marxist trends that come out of the Soviet revisionist or trotskyite tradition, if state property still exists, that is all the proof needed that Cuba is socialist or at least some kind of workers' state. Yes, some among these just-mentioned trends have all sorts of criticisms of Castro's reign. Nonetheless, by obscuring the class nature of the Cuban social system they confound proletarian socialism with state-capitalist oppression.

Our trend, anti-revisionist communism, opposes these approaches. Mere recognition that the remnants of certain social programs still exist cannot justify defense of the Cuban system when the last revolutionary measures ended decades ago and a new system of exploitation weighs down on the masses. Nor does clinging to the myth of Cuban socialism do any good for those who seek to attain the real thing. What is useful to those who aspire to the liberation of the workers is not comforting fairy tales, but a genuinely Marxist perspective of the socialist and communist future. The revolutionary activists need to understand that standing with the Cuban workers today is not simply a matter of condemning U.S. bullying of Cuba, but of supporting the development of revolutionary working class politics in Cuba *in opposition to* the Castro regime and the state-capitalist order.

To this end, *Communist Voice* has been carrying a series of articles examining the evolution of the state-capitalist economic system in Cuba and its more recent partial evolution towards private capitalism. The policy followed by the Cuban leaders goes through certain phases. In the first couple of years after the revolution, the Castro regime carried out some radical social reforms and, whatever its original intentions, the government wound up with the former property of U.S. and other foreign imperialists and the larger Cuban capitalists in its hands. In the remainder of the 1960s, the Cuban leadership experimented with various types of economic models. By the end of the 60s, the dominant model was one which gave a section of the bureaucratic elite more centralized power over the economy so that they could better carry out some arbitrary and ill-fated development schemes. When the dust of the 60s settled, the Cuban hierarchy settled down into the state-capitalist model based on the type of policies then prevalent in the Soviet Union and Eastern Europe. From the 70s on, the state-capitalist order has gone through periods where the mix of market reforms and bureaucratic controls changes, with the

bureaucratic controls portrayed as defending socialism or as communist measures. But in fact the government controls did not stop the general development of private interests, and gradually adopted themselves to it. Although certain left trends promote that the Castro regime was following a wonderful new path, this basic pattern is similar to what went on in the Soviet Union.

The late 80s is a period when the Cuban leadership, under phony "communist" rhetoric, cracks down on some private market openings but doesn't bring about any basic change. Then there is the period following the collapse of the Soviet Union and the Eastern European revisionist states, which devastates the Cuban economy. To cope with this, Castro turns to the market and foreign capitalist investment. Once again, just as the growth of private interests under state-capitalism paved the way for private capitalism in the former Soviet Union, so Cuba is embarking on a similar course.

A previous article in *Communist Voice* chronicled the capitalist-type measures taken by the Castro government since the economic ruination in the wake of the collapse of the Soviet bloc. Two other articles focused on puncturing the hoax that in the mid-80s, the Cuban rulers began to carry out a "rectification" that fundamentally challenged the system of state-capitalist economic organization that held sway from the early 70s.<sup>1</sup> These articles show that even in countries where the means of production are predominantly state-owned, the state sector and economy as a whole does not necessarily operate on socialist principles. This article will further illustrate this point with a brief look at some of the main features of the system established in the early 70s. It will attempt to illustrate how this system allowed capitalist methods to be consolidated in the state sector while giving wide play to the private sector of the Cuban economy.

### **The 1970s: state-capitalism solidifies under the banner of a "retreat to socialism"**

The policies adopted in the 1970s were portrayed by the Cuban rulers as a retreat back to socialism, a period that creates the conditions for communism, from an attempt to leap directly to the higher stage of communism. If that was what was going on, this period would have been a reasonable retreat necessary to continue on a revolutionary course. But under the mantle of "retreating to socialism" something quite different was happening.

Let's review what socialism is, so as to judge whether the policies of the 70s were bringing it closer. Socialism entails the abolition of the private ownership of all the means of production and the direction of the economic system as a whole

by the working masses. Such control over the economy goes beyond each group of workers running their own particular factories, or peasants their individual or collective farms. It means that each factory and farm is subject to the direction of the working masses as a whole. The new revolutionary state power established by the working class following the overthrow of the bourgeoisie is the means by which the masses can have such overall control. But the building of this new society can't happen overnight because, at its birth, the new society will still have a number of features and habits left over from capitalism. The achievement of socialism requires a whole process whereby the masses organize themselves, learn how to run the affairs of state and administer the economy.

Nationalizing the means of production can be done with relative ease, but the achievement of real workers' administration and control is a protracted task. In the process of doing this, money and using various types of financial accounting and incentives will be necessary for a time. As well, the state can take over large enterprises rather quickly, but the voluntary socialization of small farming and other petty production is a protracted process and initially it can only be regulated. But progress toward socialism can only be measured by the ability to overcome these leftovers from the old social order. Building socialism requires working toward the elimination of a separate management stratum. Society can only advance toward socialism if the motivations necessary for disciplined production can move beyond relying on direct financial reward for oneself or one's workplace. Only in this way can the new society work toward eliminating all class distinctions and inequalities.

In Cuba, despite periodic rhetorical bows toward achieving these goals, quite something else happened. In the 70s, a separate bureaucratic stratum, detached from and lording over the masses, had its rule formalized. Each and every problem was supposed to be solved by finding just the right financial incentive while the workers simply waited for the next scheme to be pronounced from on high. The policy shifts revolved around how to best to build an economy based on competing private interests, and basing the economy on overall societal interests and planning became impossible. Likewise, the idea of working to overcome wage inequalities faded away. And when it turned out that all the material incentives promised the workers wouldn't provide much for them, the ruling elite offered the alternative of extending the private sector where some more goods are available but are largely unaffordable. No matter how much opening the private capitalist forces were given, the substantial black market stood as a constant sign of the inability to establish real overall planning, much less socialism.

The model applied universally in the 70s had already been tried for several years in the 60s in the agriculture and foreign trade sectors. But in the later 60s, all sectors of the economy were incorporated into a plan that was supposedly going to bring Cuba quickly to the higher stage of communism. For instance, there was supposed to be communist principles of distribution of society's production. A type of distribution characteristic of the higher stage of communism would have meant that everyone was free to take from the social product what

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<sup>1</sup>The articles referred to are "The imperialist Helms-Burton law and the myth of Cuban socialism" found in *Communist Voice*, vol.2, #5, October 15, 1996 and the articles "Did Castro steer Cuba towards socialism in the late 1980s?" and "How the SWP whitewashes the Castro regime" found in *CV*, vol.2, #6, December 15, 1996.

they needed regardless of what they contributed through their labor.

But none of the conditions existed for this type of distribution in Cuba. Among other things, a society would have to have an abundance of goods and services available while, in reality, scarcity was prevalent in the weak Cuban economy. Nor could one seriously talk about communist distribution when the society was based on class divisions with a bureaucratic elite on top.

Not surprisingly, a distribution system characteristic of the higher communist stage did not really come into existence. Actually, the distribution system of this time was the rationing of this general scarcity among the masses while high party and state officials lived in relative splendor. The workers were expected to do more work without further direct compensation. But the distribution to them along communist lines did not occur. Instead the workers faced scarcer rations while they were expected to work longer and harder by the bureaucrat-capitalist rulers. Given this reality, expecting the mass of workers to labor indefinitely along the lines of this decidedly un-communist distribution system proved impossible. As the workers' conditions grew harsher in the late 60s, their work effort declined and absenteeism became a major problem. Along with this, the black market flourished as a source for goods the government failed to supply.

The workers' dissent was a manifestation of the severe economic crisis that engulfed the Cuban economy as the 1970s approached. This crisis burst the pipedream that Cuba was entering "communism." As far back as 1970, Castro announced that the previous economic policy could not continue, and he spent the next several years touting the new system. The new system was largely based on the market reform model adopted by the state-capitalist Soviet Union in the mid-60s. In the mid-70s, the system of market reforms of the state sector was formalized as the System of Economic Management and Planning (SDPE). The adoption of this system and the consolidation of the state-capitalist order that took place under it, was what the Cuban revisionist leaders fraudulently called the "retreat to socialism."

The Cuban leadership was avowedly *not* Marxist-Leninist when it took power in 1959, and when it suddenly declared itself "communist" in the early 60s, its alleged communist principles were really a hodgepodge of Soviet revisionism and various types of petty-bourgeois radicalism. It was the Soviet revisionist tradition of pawning off state-capitalist methods as the heart of socialism that took hold. Even though there was to be considerable state ownership, the economy remained divided between competing enterprises driven by the profit motive. Even though eventually certain central planning took place, it could never overcome the anarchy inherent in the economic system and was often tossed aside by both the enterprise managers and the top party and state bureaucrats. Despite the fact that the gross inequities of the old capitalist order were abolished and the old exploiters expropriated, a new type of capitalist class structure developed with the ruling bureaucrats on top controlling the economy and living in a style that the masses could only dream about. Socialism would never arrive,

much less the higher stage of communism.

### **Market methods within the state sector: "self-financed" enterprises**

A more detailed look at the measures that encompassed the economy in the 70s reveals they encompassed many of the well-known features of capitalism. These market reforms were based on the plans formulated by the Soviet revisionist economist E.G. Liberman, which had influence in the Soviet Union in the early 60s. A central feature of Liberman's proposals consisted of a new version of an old Soviet policy of self-financing of state enterprises. Self-financing was taken up in Cuba, where the state enterprises were the dominant sector of the economy. Under the self-financing methods, the government would provide the original funding, but thereafter, enterprises were to survive on their own resources. Initially profitability was officially declared the number one criterion on which enterprises were to be judged successful while other times it was only considered one indicator of success. In any case, the underlying profit-making orientation remained. As originally conceived, unprofitable enterprises would be shut down, although in practice, certain measures were apparently taken to help bail out enterprises running deficits.<sup>2</sup> On the other hand, failure to run a profitable enterprise could end the career of an enterprise manager.

In such a system the private interests of each enterprise are bound to grow. Thus, even though the state owns the enterprise, in effect it is run as if it were private property. Even though the top managers of the enterprise do not own the enterprise, their fate is tied to the enterprise. To succeed they must behave like the managers who run capitalist enterprises anywhere. Cuban enterprise managers are a privileged class over the workers: they, not the workers, have control over how the enterprise operates. And if they are good enough at squeezing profits out of the workers, they can keep themselves in posts which entitle them to a better lifestyle. Of course, the managers of individual enterprises are not the only ones who run the economy. The high party and state officials oversee the system of private interests they created and they live in comparatively grand style off the labor of the workers. The official basic wage scale has provided high government officials with earnings as much as 10 times higher than some workers. But that is only part of the story. The ruling elite also has such things as access to the best housing, their own vacation resorts, access to luxury goods denied the general population, and are in a position to enrich themselves through corruption. The class stratification between top officials and the masses pre-dates the 70s reforms. But the system of privileges for the elite was reinforced in this period.

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<sup>2</sup>Mesa-Lago, Carmelo; *The economy of socialist Cuba: a two-decade appraisal*, p.21; University of New Mexico Press; 1981.

## Creating greater wage disparities and unemployment

"Self-financing" also included various measures that encouraged greater wage and benefit disparities among the workers. This is not the aim of socialism, whose goal is to step-wise eliminate such differences. For one thing, piecework was extended. This meant that the worker needed to meet certain production quotas to make the full basic wage. At the same time, various types of bonuses were instituted whose size depended on the amount of profits the particular enterprise made. (In the preceding period, workers who performed the same job were to get equal wages regardless of the profitability of their enterprise.) Some bonuses were given to the workers as a group, e.g., the enterprise bonus fund might finance a day care center. Others were individual. This might include cash bonuses or awarding scarce consumer goods like refrigerators or TVs to the most productive workers. Such bonuses could potentially amount to as much as 25% of take home pay.<sup>3</sup>

Thus, disparities were created between employees of different enterprises and between employees within each enterprise. Indeed, militant workers in the ordinary capitalist countries have long opposed such forms of compensation as piecework and basing wages on bonuses. They have fought for a standard wage for a given amount of time worked so that the needs of all their class brothers and sisters would be better assured. By the same token the substituting of productivity bonuses for regular wages is all the rage among the employers in the market economies.

It should be noted that while the workers were encouraged to work harder and longer with the lure of bonuses, the rewards were limited by the lack of consumer goods available for enterprises to distribute as bonuses. As well, in the late 80s, work quotas were raised, forcing wages down. All this was done under rhetoric about ending disparities. But this hardly meant the demise of the bonus system. Bonuses were still used as a lure and new forms were introduced.<sup>4</sup>

In line with the profit-making needs of the state enterprises, managers were given wide latitude in hiring and firing workers. This, along with measures to increase productivity such as piecework, contributed to growing unemployment. Under a socialist economic system, an increasing productivity of labor

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<sup>3</sup>Eckstein, p.43. Mesa-Lago's *The economy of socialist Cuba*, p.151, cites an example where the bonuses went much higher than 25% of take home pay. At the Ariguanabo Textile Factory in Havana in 1979, 16% of the workers received no bonuses while some individuals got as much as 2,000 peso bonuses. That amount is huge if we compare it to the monthly wage scales given on page 147 of the same volume. By these scales, a bonus of 2,000 pesos would be bigger than the yearly basic wages of most workers.

<sup>4</sup>For more information on the bonus system in brigades see the article "Did Castro steer Cuba towards socialism in the late 1980s?" in *Communist Voice*, vol.2, #6, December 15, 1996.

will also occur: technology will reduce the number of hours needed to produce things. But this need not result in unemployment. It can result in a reduction in the working day or in other production necessary to meet the ever-growing needs of society. The rise of unemployment is a sign of the anarchy of production in Cuba, a characteristic of capitalism, not socialism.

## Treating state property as private property

The "self-financing" system made it incumbent upon each state enterprise to treat their plants, equipment and production as their own private property, despite the fact that it was supposed to be social property. Certain practices reflecting this private nature of "social" property were officially sanctioned. For example, the right of the enterprise to engage in market-style transactions where they could sell and buy with other enterprises at their own discretion was progressively expanded.

Under the SDPE, enterprises were openly encouraged to produce "above the plan" for the explicit purpose of freely marketing this surplus to other enterprises. In and of itself, an enterprise producing with more efficiency than the state plan envisioned would be a good thing. But under this scheme, it reinforced the profit motive and extended the private market. Another measure allowed enterprises to contract between each other for products not centrally distributed by the government. Over the years, more goods were removed from control of the central allocation apparatus.<sup>5</sup> Beginning in 1979, the government permitted "resource fairs" where enterprises could buy and sell surplus resources they had accumulated free from government regulation. Four years later, the government had identified half a billion pesos worth of products available for trade in these markets. State companies also had the right to use up to 30% of their profits to make purchases from the private sector. Thus, a wide field for legal commodity exchange by the

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<sup>5</sup>Zimbalist, Andrew; "Reforming Cuba's economic system from within," pp.223 and 230 in the collection *Cuba at the crossroads: politics and economics after the Fourth Party Congress*; edited by Jorge F. Perez-Lopez; University Press of Florida; 1994. Here the author notes that the Fourth Plenum on the SDPE decided that the State Committee on Technical-Material Supplies "was still allocating too many products and the number should be significantly reduced". Zimbalist also points out that "the number of material balances drawn up" by the State Committee was to be ended for 382 products (31%) from its 1988 levels, while "direct contracting was established between enterprises for 518 different products during 1988." These later statistics are from a 1988 special commission to study the SDPE which also recommended that "(1) the number of commodities and commodity groups subject to central planning was to be reduced from 2,300 to 800 . . ." All the aforementioned figures don't indicate the total weight of all the products removed from centralized control *in terms of value*. But they do show a definite trend away from even the pretense of overall state planning of the economy.



state sector was established.

Under ordinary capitalist conditions, prices fluctuate according to what the market will bear. We see something similar in the trade conducted by the Cuban state enterprises. Evidence of this is that the Cuban government itself has been forced to admit that exorbitant prices are often charged by state enterprises in violation of official price structures.<sup>6</sup> High Cuban officials revealed that certain "problems" with the SDPE system needed to be "rectified". For instance, the General Secretary of the Cuban trade union center cited the problem of "state companies showing profits because they charged bloated prices to other state companies."<sup>7</sup> However, the outcries of this official, and the bureaucracy as a whole, against such things are hollow because they have continued to carry out market reforms that are bound to give rise to such maladies as price-gouging.

### Private interests in the state economy undermine planning

As can be seen, the private interests of the enterprises resulted in violation of official planning policies. Indeed, a whole system of enterprise practices helped undermine the centralized plans. The SDPE was supposed to reduce the practice of hoarding of scarce resources by enterprises. Allegedly, the profit motive would drive state companies to no longer incur the expense of accumulating unused resources. But, as self-financing entities, state enterprises still had to compete among each other for resources and the practice continued. Presumably, the decision, a few years after the SDPE system was introduced, to allow the free trade of surplus resources between state enterprises, was at least a recognition of the failure to stop stockpiling, if not an added inducement.

Planned production targets were also undermined by state enterprises shifting their efforts to the most profitable undertakings. For instance, construction projects might not get finished because "the value of the final stages of building were lower than the initial stages."<sup>8</sup> Reportedly, unfinished construction projects had reached a crisis stage by the mid-80s. According to a former manager of a chemical enterprise, production was shifted from planned production goals because "sometimes we had production indicators expressed in value terms. . . . Sulfuric acid was priced high. When the global value plan was going to be underfulfilled, we intensified the production of sulfuric acid in order to increase the value plan. Workers were reallocated to production of those items with high values."<sup>9</sup>

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<sup>6</sup>Eckstein, p.78 cites Cuba's *Granma Weekly Review* reporting that of 451 enterprises surveyed in a 1986 study, 40% were violating price guidelines.

<sup>7</sup>Frank, Marc; *Cuba looks to the year 2000*, p.43; International Publishers; 1993.

<sup>8</sup>Eckstein, p.75.

<sup>9</sup>See pp.298-299 of the article "Managing state enterprises in Cuba" by Sergio G. Roca contained in the collection *Cuban*

According to a Deputy Agriculture Minister, a similar development occurred in the agricultural sector in Cuba where production shifted to certain highly profitable export crops.<sup>10</sup>

Cuban officials have been forced to acknowledge that the enterprises often falsify production figures. As well, various semi-legal or illegal deals are worked out between managers of enterprises who engage in barter of materials between themselves. A system of enterprise managers bribing their higher ups to get production goals lowered or to get better allocations of materials is also reported.<sup>11</sup>

Given the way the economy actually operated, planning was continually undermined in Cuba. While the Cuban leadership all proclaimed the necessity for a national economic plan, such a thing did not exist in the late 60s. Instead there were some sectoral plans and emergency measures. The introduction of the 70s reforms started to establish at least a semblance of national planning. But this was undermined by the market reforms that accompanied it. By the mid-80s, the Cuban leaders were hypocritically cursing what they admitted were capitalist-type ills that were consuming the country and undermining state planning. An ardent American leftist supporter of the Castro regime was forced to admit that "the plan, [was] until now the conglomerate result of turf wars."<sup>12</sup> As a "solution" to this, Castro and a group of top bureaucrats usurped the role of the central planning bodies and began to operate the country on the basis of short-term emergency measures. The government also reduced its central plans to mere "guidelines". Thus, in essence the Cuban rulers were conceding that the enterprises were unwilling and/or unable to meet the goals of the state plan.

The undermining of planning by private interests in Cuba is a sign that socialism has not existed there. A socialist economy can operate according to a plan only because it replaces private ownership of the means of production with social ownership. During the period of transition from capitalism to communism, social ownership is ownership by a workers' state. This type of ownership creates the possibility for the economy to operate as if it were a single enterprise, with each unit being subordinate to the whole. This is how anarchic relations between enterprises can be replaced by full society-wide planning.

The SDPE system ran contrary to this. According to the "logic" of the Cuban revisionist leaders, the interests of society as a whole were compatible with a system where each enterprise had to fend for itself. Practice destroyed this theory and showed that under such a system true societal planning was out of the question. This was not just a matter of having a national budget or not. Price controls were declared, price controls were

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*communism: 1959-1995, 8th edition*, edited by Irving Louis Horowitz; Transaction Publishers; 1995.

<sup>10</sup>Frank, p.101.

<sup>11</sup>Perez-Lopez, Jorge F.; *Cuba's second economy: from behind the scenes to center stage*, p.96; Transaction Publishers; 1995.

<sup>12</sup>Frank, p.33.

violated. The state allocated resources, the enterprises redistributed them. The government declared production goals, the enterprise produced what was most profitable. Of course, this is not surprising if we realize that we are talking about a state of bureaucrats fostering a type of capitalist order, not a workers' state.

In modern market capitalist countries, a good deal of planning exists. There are state-controlled sectors of the economy; there is an extensive planning carried out over whole branches of the economy by giant monopolies; and sometimes there are government national economic plans. But so long as there is private ownership, anarchy continues to manifest itself amidst all the planning. Under the Cuban system, the state enterprise had to operate on essentially the same principles as in the market economies. Here also, all the planning and controls of the government could not curb the underlying anarchy inherent in enterprises run for private interest.

### Expanding the private sector

As the state sector adopted more market principles in the 70s and 80s, so private entrepreneurs were given freer reign. One of the best known features of this era was the establishment of "free peasant markets" in the cities. Formerly, peasants were permitted to privately market products not sold to the government, but only near their own farms. The new city markets lasted from 1980 to 1986. They were later to reappear in 1994. In these markets, individual farmers and cooperatives could sell goods not covered by sales quotas to the government and goods where there was a surplus after the quota was fulfilled. Also, agricultural workers on state farms could market the output of plots they had originally been given for self-consumption. In the free markets, the seller could charge what the market would bear. Prices were many times higher than state-subsidized goods, but the scarcity of state-supplied goods left much of the population no alternative but to pay the exorbitant prices of the free market. At their peak, the markets supplied a hefty amount of all the *perishable* foodstuffs consumed.

The free markets not only netted small fortunes for a number of private farmers. It also brought into the open a strata of parasitic middlemen who would buy up the production of multiple farmers and then market it themselves. In one of these operations, an eight-day profit was made of 212,000 pesos by four people who passed themselves off as small farmers. (Even divided four ways, this is maybe what the wealthiest private farmer could earn *in a year*.)

The creation of the free market not only extended the open capitalist sector, it contributed to the anarchy in the economy overall. Private and collective farmers diverted production away from fulfilling government quotas because market prices were more profitable. Production was shifted to crops that could fetch high market prices and the poorest quality production was reserved for the state quota. Employees on the state farms used the state resources to concentrate on their private plots whose output they could market. As well, certain crops that were supposed to be reserved for export, like coffee, were diverted to the domestic markets. Naturally such things wreck-

ed havoc with planned production outputs from both the private, collective and state farms.

Though the free markets caused the régime enough headaches that they were eventually closed down for several years, the decision to open them was part of an ongoing trend of reliance on market reforms to solve various crises faced by the Cuban rulers. With the scarcity of consumer goods provided by the state sector, a large black market had long flourished in Cuba. But the government had no intention of increasing the subsidized rationed goods which were affordable to the masses. It was busy cutting subsidies in order to solve the budget crisis it was facing. So its answer to the scarcity of consumer goods was essentially to try to legalize the black market in the form of the free peasant markets. The régime figured it would tax the goods thus legalized, thus further helping solve its budget woes. In essence, the government would solve its budget woes by letting the masses face extra-high prices while a handful of private profiteers went to town. Only it turned out that it proved very hard to collect any taxes from the legalized free market and the diversion of state resources to the private market proved something of a drain on the state budget. Meanwhile, the black market not only continued, but there was new room for its "excesses."

### Government "parallel markets" mimic the private markets

There was a temporary retreat from the free markets, but not from market principles. As far back as 1973, the government established "parallel markets", known among the Cuban masses as "rich people's stores". The "parallel markets" made available extra quantities of rationed goods as well as items considered luxuries and not available through the ration system. Subsidized ration goods generally provided only a bare minimum of the masses needs, official allocation levels were often not available, and watching for when scarce goods arrived at stores and waiting in line for these goods turned into a separate occupation. But the "parallel markets" did not solve the masses' problems because the goods they offered were not subsidized and could cost several times more than rationed goods.<sup>13</sup> Thus, in effect, the "parallel markets" created an official two-tier system — scarce necessities for the masses, more necessities plus luxuries for those with money.

The "parallel markets" grew tremendously during the 70s and early 80s as the role of the subsidized ration system declined relatively. When the Cuban rulers grew disenchanted with the free peasant markets of the early 80s, the "parallel market" was extended to fill the void. The government raised the prices it paid to private commercial farmers for extra production for these markets. The government then got its cut

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<sup>13</sup>For instance, in 1977-8, rationed beans sold for 0.20 pesos per pound in the rations system, but over six times that in the parallel market. See Perez-Lopez' *Cuba's second economy*, p.48.

by charging "more in line with the farmers' markets' prices."<sup>14</sup> Thus, some commercial farmers and the government made out well at the expense of the workers.<sup>15</sup> The free market died — only to have its principles incorporated in the official "parallel market."

### **Expansion of small private manufacture and services**

A further opening to private market forces was the legalization of small handicraft and manufacturing enterprises and services in 1978. These small businesses accounted for only a few percent of total production, but, according to Cuban officials, eventually about 20 percent of the population was earning some income through them. Free artisan markets, like the free peasant markets, were legalized and then closed. Small business was allowed to continue on, however, and the artisan markets reopened in the early 90s. As with private agricultural production, the small artisan and service sector often defied government regulation. State property was pilfered for use in the private businesses, with management often implicated.<sup>16</sup> In some cases the restrictions on hiring wage-labor (family labor was allowed) were violated. There are also many indications that the private businesses tended to divert workers' energies from their regular jobs in state enterprises.

Among other things, the private sector expansion was the government's solution to the perpetual shortage of good housing for the working people. As the 70s went on, urban housing construction projects were scaled back and the housing crisis grew. Shantytowns were springing up in Havana, while the overall housing stock was badly in need of upgrading. The opening for private construction businesses of the early 80s resulted in the majority of housing being built by this sector. More housing was being built than ever before, but unlike housing built under state initiative, those most in need could least afford the new housing. By the end of the 80s, reportedly only the affluent could afford this housing.<sup>17</sup> At the end of the 80s, state-organized "brigades" were revived to build housing, but the resources provided them by the government was insufficient to reverse the overall decay. Castro himself acknowledged the continued growth of slum conditions, which

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<sup>14</sup>Eckstein, p.55.

<sup>15</sup>Another bit of evidence that the "parallel market" was, in essence, a mirror of the free market, is that a president of a local private farmers association stated that he wasn't that upset by the closing of the free markets because "there wasn't a big difference really: without the market we make up to 20,000 pesos a year." (Quoted in Marc Frank's book *Cuba looks to the year 2000*, p.112.)

<sup>16</sup>See *Cuba's Second Economy*, p.109. It recounts how some 19.5 million pesos in state machinery and materials was being used by the private artisan sector, with some individual cases involving as much as 1 million pesos.

<sup>17</sup>Eckstein, p.163.

in Havana had reached about 14% of the population with 20% of the housing lacking electricity or running water.<sup>18</sup>

### **Division of cooperative farms between rich and poor**

Amidst the free-market openings of the time, the government also conducted a campaign to encourage private farmers into production cooperatives where the land and implements would become property of the cooperative.<sup>19</sup> Looked at superficially, this might seem to be some kind of socialist measure, something completely out of character for this period of market reforms. After all, during the transition period of socialism, Marxist theory holds that cooperative farms may serve as a transition between petty production and farms owned by society as a whole. During the transition period, the idea would be to not only provide incentives for the small producer to join the cooperatives, but to step-wise find means to have the cooperative members see the advantage of making society responsible for the well-being of the collective while equalizing conditions between all collectives and the state economy.

In fact, the cooperatives found themselves more and more subject to market conditions that divided the cooperatives into rich and poor. Thus, while the number of production coops zoomed during this period, only about 40% were doing well while another 40% were on the verge of bankruptcy.<sup>20</sup> As for the state farm sector itself, it ran on the basis of market mechanisms in the 70s and 80s. As well, in recent years the state farms have been dismantled into competing cooperatives while cooperatives have been subdivided into smaller units. This further demonstrates why the Cuban cooperative movement should be compared to cooperative movements undertaken in a variety of capitalist regimes rather than to production cooperatives in a society constructing a socialist economy.

### **Further integration into the Soviet bloc**

Another major feature of the Cuban economy was its heavy dependence on the imperialist Soviet Union. This relationship developed rapidly since the early 60s. In the 70s, the Castro regime further cemented this state of affairs. The relationship with the Soviet (and other East European revisionist regimes) was not one of a "socialist" Soviet Union assisting the development of the revolutionary process in Cuba. Rather, it exhibited many of the same features of domination that were exhibited by

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<sup>18</sup>Eckstein, p.164-5.

<sup>19</sup>It should be noted that by the time this campaign for production coops was initiated, state farms were already pre-dominant. However, in the 60s they were not run along socialist lines. In the 70s, state agriculture ran along the lines of the Soviet market reforms of Liberman, which it also did for several years in the 60s.

<sup>20</sup>Frank, p.115.

U.S. imperialism before 1959. This didn't mean that all the particular forms characteristic of U.S. domination continued. For instance, Soviet firms did not set up businesses in Cuba while many U.S. and other foreign firms had operated in pre-revolutionary Cuba. (On the other hand, by the end of the 70s Cuba was already once again courting Western capitalist investment, which would start to arrive in force in the late 80s.) But then again, the aspects of domination that came to the fore in the Western imperialist countries were not uniform either. Nor did Soviet domination imply that the Cuban economy and the Cuban bureaucratic bourgeoisie ceased further development. Certain development took place even though the economy remained weak and dependent and the development took place through the suffering of the masses.

One feature of the economic relations quite similar to the situation when U.S. imperialism dominated the Cuban economy involved the overwhelming reliance of the entire economy on the export of sugar. In the bad old days before the revolution, the fluctuations of the world sugar market could wreck havoc with the Cuban economy. Such a system was reinforced in Soviet-Cuban relations. The Cuban revisionists relied on Soviet imports for everything from basic energy supplies like oil, to manufactured goods, to foodstuffs. From the Soviet side, this provided a market for their manufactured products and machinery which would not withstand the competition outside the Soviet Union's revisionist trading bloc. As for the Cuban elite, they periodically complained about the inferior Soviet and Eastern bloc goods, but appreciated the fact that by buying from the Soviet Union, they saved scarce hard currency they wanted for trade with the market capitalist world. But Cuba continually ran up large trade deficits, which the Soviet regime was no longer willing to tolerate. Part of the solution was found in a Soviet agreement to step up purchases of Cuban sugar.

Even though over the years Cuba was able to become somewhat more self-sufficient in certain products, this basic relationship lasted until the collapse of the Soviet Union. Sugar production accounted for 65% of agricultural product in 1962, and rose to 71% in 1976.<sup>21</sup> Such a relationship was consistent with the general so-called "socialist" division of labor established by the Soviet Union over its subordinate economic partners. (Cuba formally joined the Soviet economic bloc, COMECON, in 1972.) In the early 60s, Castro had made a brief attempt at getting Cuba off its sugar dependency. By 1976, however, he was singing in harmony with the Soviet imperialist "division of labor" schemes even as sugar prices plummeted.<sup>22</sup> True, there are debates about whether the Soviet Union paid advantageous prices for Cuban sugar or not. But since a good amount of sugar was still sold on the open market, world sugar price fluctuations could still devastate Cuba. After rising sharply in the early 70s, they declined a good deal. And when sugar prices declined, austerity measures for the masses

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<sup>21</sup>Mesa-Lago, p.65.

<sup>22</sup>Mesa-Lago, p.65. The author cites Castro's speech where he justified "stick[ing] to sugar".

followed. Evidently, the world sugar market prices generally remained a thorn in Cuba's side in the 80s.<sup>23</sup>

Despite the increased Soviet sugar purchases, deficits to the Soviet Union continued to balloon. The Soviet Union extended a lot of loans to Cuba to cover the deficit and keep the purchases of Soviet goods going. Meanwhile, Cuba got into an enormous debt crisis with the USSR, reaching about five billion dollars in the mid-70s. Reportedly, borrowing from the Soviet Union was cheaper than borrowing from Western capitalism. Nevertheless, these debts were huge compared to Cuba's capacity to repay them. As it turned out, the debts had to be rescheduled and largely written off as it became clear that Cuba would not be able to meet them. Not coincidentally, Soviet aid began to dry up in the 80s.

But although one could argue that the Soviets failed to make a great killing in their economic dealings with Cuba, this hardly proves they were not imperialist bullies of the first order. Far from using their aid to encourage Cuba down a revolutionary road, the Soviets used their economic ties as leverage to get Cuba to accept their counter-revolutionary policies. The arrogant nature of the Soviet economic blackmailing was now and again openly complained about by Cuban leaders. For instance, in a 1971 speech by Raul Castro a Russian embassy official is quoted as saying "We have only to say that repairs are being held up at Baku [a Soviet oil port] for three weeks and that's that."<sup>24</sup> Indeed, with its reliance on the Soviet Union for virtually all oil supplies, with the vast bulk of its trade with the Soviet-controlled bloc, with enormous debts to the Soviets, and with dependency on Soviet military aid, the Cuban leaders time and again had to knuckle under to the Soviet position.<sup>25</sup>

In the late 60s, when the Soviets were proclaiming their fear of revolutionary movements upsetting their accommodationist approach to U.S. imperialism, they pressured the Cuban government to promise to desist from certain ties they had developed with various guerrilla movements. When the Soviets wanted Cuban support for their invasion of Czechoslovakia, they used economic threats. Throughout the 70s, whatever private disagreements may have existed, the Cuban regime publicly supported every Soviet disgrace. Thus, for example, Cuban troops fought on behalf of the Soviet-backed Mengistu regime in Ethiopia, a regime well-known for its attempts to drown the Eritrean liberation struggle in blood. By the end of

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<sup>23</sup>Frank, p.106. Frank, an ardent defender of Castro, does not challenge the contention that "in the eighties sugar's world market price averaged just half of production costs."

<sup>24</sup> See the article "Cuba and the Soviet Union: what kind of dependency?" by Robert A. Packenham in the collection *Cuban communism: 1959-1995, 8th edition*, p.151.

<sup>25</sup> See the article "Cuba's International Economic Relations in the 1980s" by Sergio Roca in the collection *The Cuban economy: dependency and development*, p. 73; edited by Antonio Jorge and Jaime Suchlicki; University of Miami; 1989. It reports that by the early 80s, the percent of total trade with the Soviet-dominated COMECON had risen to over 80%.



the 70s, Castro was backing the Soviet invasion of Afghanistan. This does not mean that Cuba simply waited for its foreign policy to be drawn up in the Kremlin. Indeed Cuba had its own active foreign policy. But the Cuban rulers always had to fear dire consequences if they contradicted vital Soviet interests.

The Soviets could also exert a lot of pressure on Cuban domestic policy. Soviet pressure helped force Cuba to abandon their economic policies of the late 60s and accept the Soviet state-capitalist economic model. Indeed, while Soviet economic advisors had been present in Cuba since the 60s, the process became more formalized over time. For instance, in 1979, Soviet advisors were made part of joint bodies in the Cuban planning apparatus.

### **Influence of the market capitalist countries on Cuba**

Despite overthrowing U.S. domination, the market capitalist countries continued to have a significant influence in the Cuban state-capitalist order. As mentioned above, until the late 80s, there was no longer an issue of foreign multinationals in the Cuban economy. But Cuba also relied a good deal on sugar sales and loans from the market capitalist countries to purchase technology and other items vital to its economic plans. In the 1970s, the debts to the market capitalist countries grew several times over, reaching over two billion dollars in 1977. With heavy debts also owed to the Soviet Union, the Cuban debts to the West reached crisis proportions. In the mid-80s, Cuba found it difficult to get any new Western loans. In more recent years, the Cuban government began to sell off state enterprises to cover the debt.

Cuba's international relations were an important source of the anarchy in the Cuban economy. For example, if the economic plan was based on certain imported technology, and then sugar prices collapsed, so did the plans. Cuba also needed U.S. dollars to pay off its debt to the West. When the value of the dollar fluctuated, Cuba could suddenly find itself deeper in the debt hole than it had planned.

Undoubtedly, the strengthening of economic ties with the market capitalist countries contributed to Cuba's conciliatory approach toward the Western capitalists. In the 70s, Cuba toned down its revolutionary rhetoric and often gave support to bourgeois regimes in Latin America and elsewhere. At the end of

the 70s its main role in the Nicaraguan revolution was counseling the victorious Sandinistas not to antagonize the U.S. or the local (Nicaraguan) bourgeoisie too much, which Cuban leaders now considered to be a mistake of their revolution. Nor was Cuba encouraging revolutionary change in the big powers of Western Europe or the U.S. The Castro regime would still talk against imperialism, but not from a revolutionary standpoint. The heart of their critique was to defend the weaker bourgeois regimes in their conflicts with the big powers, focusing on such issues as debt relief and unfair trade practices. As for the U.S., Cuba relied on courting the left-wing of the Democratic Party, using ties with various reformist and pseudo-Marxist groups as a vehicle for this.

### **Revolutionary communism or Cuban revisionism?**

Clearly, the development of a revolutionary working class trend can only be undermined by the promotion of the Cuban system as socialist. These days, activists who have the liberation of the workers at heart find themselves in a difficult atmosphere. The working class movement is winning few battles and is suffering many major defeats. There is a general lack of revolutionary class organization. The capitalist offensive has hit the workers and poor hard in many countries. There are periodic rumblings of renewed class struggle, and the conditions are gradually being created for its spread, but the days of glorious revolutionary outbursts are not yet at hand. It is fashionable in such times to latch on to anything that seems to represent some alternative prospects for the workers, regardless of how feeble that alternative. It might be comforting to take refuge in the Cuban state-capitalist system since it clings to socialist phrases while the phony-communist regimes of the former Soviet Union and Eastern Europe have collapsed altogether. But it is a dead-end path. It will no more advance the cause of the workers than supporting Clinton as the alternative to Gingrich. If the workers are to rise again with their own independent voice, then they must leave behind all illusions in the Castro regime and Cuban "socialism." The critique of Cuban revisionism is a necessary part of opening a new vista for the workers, the vista of revolutionary communism. □

# Notes on the history of the International Workingmen's Association

## How the anarchists blew it

by Pete Brown

"Why don't you all unite?" is a question heard frequently from activists. "You different groups on the left — socialists, progressives, anti-fascists — you're all together in general outlook, and you have the same main enemy, so why are you bickering and fighting one another?"

Good question. And it comes from a good insight, that the main strength of the working people comes from unity and organization. With organization, the working class is a powerful force that can sweep away everything reactionary. Without it, the working class is disunited, and workers remain prey for the insatiable thirst of capital. Unity of class-conscious workers is the key to liberating us from the dictatorship of capital.

But unity cannot simply be declared. It has to be built up in the course of struggle. Differences between trends have to be taken seriously. The Marxist trend stands for revolutionary class solidarity. Various opportunist trends may pretend to also stand for working class unity, and yet in practice wage a fierce struggle against Marxism. A good example is the anarchist trend. It would be naive and irresponsible for Marxist organizers to simply declare themselves in unity with the anarchists, when history has shown these to be two distinct trends.

### Marxism and anarchism — two distinct trends

What makes these two trends so distinct? They differ in strategy, tactics, long-range goals and general outlook. But what underlies these differences? The different outlooks are an expression of different social strata. Historically Marxism has represented the outlook of the organized industrial working class when it becomes class conscious, while anarchism has been one of the outlooks of ruined small peasants, petty bourgeois, and workers who feel ties back to small-scale production. These may well include laboring people who harbor plenty of hatred for big capital and its repressive state machine, but who don't understand how an alternative society — socialist society — can be built.

This can be better understood by reviewing the history of the International Workingmen's Association (the First International). The history of the IWA shows that Marxism was strong in the more advanced industrial countries while anarchism was popular in the less developed countries.

A previous article in *Communist Voice* described some shortcomings in the theories of Bakunin and examined some of the political controversies that raged inside the International

Workingmen's Association.<sup>1</sup> The present article continues this study and extends it into the 1870s, when the anarchists reigned supreme in their own version of the IWA. A major source for this article is the book *History of the First International* by G.M. Stekloff<sup>2</sup>. Stekloff was a Bolshevik publicist of the 1910s-20s.

Another article in *Communist Voice* described how anarchist theory led the toilers to a dead-end in Spain in the 1930s.<sup>3</sup> As in Spain in the 1930s, the anarchists had a chance to prove what they could do in the International of the 1870s. Following the split in the International, and the withdrawal of their major opponents from activity in the International (at least in its European branches), the followers of Bakunin were able to regroup and form a new IWA. Major sections of the old IWA, such as the British, were no longer active. But the Bakuninists were strong, and there was an active workers' movement, in Italy, Spain, and Switzerland. There was also much activity in Belgium, though the anarchists were weaker there. These countries provided the base for a reconstituted IWA, what the anarchists called an "anti-authoritarian" International.

The Bakuninists established their International at a congress in Saint-Imier, Switzerland, in September 1872. From that time on, they were in the drivers' seat of the workers' movement in the aforementioned countries. But within just a few years their International had fallen apart. Their last congress was held in Verviers, Belgium, in September 1877. So what happened? The history of these few years presents another object lesson in the sterility of anarchist theory. Their theories led the anarchists into an impasse, suffering defeat after defeat and the breakup of their organizations.

### The IWA splits up

The split in the ranks of the IWA erupted right after the Paris Commune and its suppression in the spring of 1871. The Commune raised to a much higher level the question of revolutionary strategy. For the first time in history, in Paris, the

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<sup>1</sup>"Ideology of the *5th Estate*: Bakuninism — backward politics under the guise of no politics", by Pete Brown, CVO, Detroit, in *CV* Vol. 2, No. 1, Jan. 15, 1996.

<sup>2</sup>*History of the First International*, by G.M. Stekloff. Translated from the Russian into English by Eden and Cedar Paul. Published by Martin Lawrence, Ltd., London, 1928.

<sup>3</sup>"Reply to the Open Letter — The experience of the anarchists in the Spanish Civil War shows that autonomous collectives can't overcome the marketplace", by Joseph Green, Detroit, in *CV* Vol. 2, No. 5, Oct. 1, 1996.

working class had been able to take power. And as Engels later noted, the Commune, "as far as its intellectual inspiration was concerned, was unmistakably the child of the International . . .".<sup>4</sup> The aftermath of the Commune presented the IWA with daunting tasks. For one thing, there were enormous practical tasks associated with taking care of the influx of refugees from France. Activists escaping from the harsh suppression flooded into England, Switzerland, and other countries. Many of these applied to the IWA for assistance, and the International shouldered the task of finding them food, shelter and jobs. For another thing, there were theoretical tasks associated with summing up the experience of the Commune, its positive and negative aspects, to provide guidance for future revolutionary upheavals of the working class. (This task was shouldered by Marx in his work, *The Civil War in France*.) There was the ongoing work of the International, providing strike support and other kinds of assistance to the working class movement in Europe and America. And all of this now had to be carried out in conditions of harsh suppression, not only in France but also in other countries where the governments turned on the IWA as the major enemy of their regimes.

It was in this situation that the fight between Marxism and Bakuninism, which had been smoldering inside the IWA, flamed up. Where the anarchists were strong, they imposed their anti-political dogma on the workers' movement, forbidding workers to participate in politics. The answer to this came from a special conference of the IWA organized by its General Council. This conference met in London in early September 1871. The conference reaffirmed and amplified the IWA's long-held position of support for workers' participation in politics, and emphasized the need to build independent working-class political parties.

But the Bakuninists rebelled against the London conference. They organized a conference of their own in Jura, Switzerland, in October 1871. This conference opposed the decisions of the London conference and proclaimed that the IWA's General Council had no right to "impose" its views on the national branches of the IWA. And in areas where the anarchists were strong — Jura, parts of Spain and Italy — the anarchist leaders forbade workers from participating in politics.

Thus a split opened up inside the International. This split was finalized at the IWA's Hague congress in September 1872. The Italian followers of Bakunin, who were leading the International in that country, refused to even attend the congress. The General Council majority — the Marxists and their allies from Britain, etc. — secured resolutions from the congress reaffirming the need for workers to participate in politics and to build working class parties. The congress also heard a report prepared by the General Council describing the wrecking role played by Bakunin's followers; based on this, the congress voted to expel Bakunin and a couple other leading anarchists from the IWA.

After the Hague congress the General Council was moved

to New York. In Europe, the British trade union leaders who had been supporters of the International dropped away from it, scared off by repression and anxious to start off on their road of reformist accommodationism. The French internationalists, after the Commune, were in disarray, and the workers in France were under harsh police-state repression. The Germans remained formally affiliated with the IWA, but they were concentrating on building up their political party inside Germany. This involved developing political agitation and organization. This was a new kind of organization for the working class, a mass party with individual membership (many of the IWA members had joined through group affiliation) carrying out all-round political work (not only strike support activities). The IWA had taken stands on major political issues, but had not worked out detailed methods of agitating among the workers. The Marxists were concentrating on this work in every country; the Germans were the most advanced in this.

But this left the European IWA open to a takeover by the anarchists, who dominated the IWA branches in Italy, Spain and Switzerland.

### **The anarchists in charge**

The Bakuninists replied to the Hague congress by holding an international congress of their own in Saint-Imier, Switzerland in late September 1872. Aside from representatives from Spain, Italy, and Jura, there were also a few delegates from France and the U.S. This congress repudiated the Hague congress and stated, as the first principle of the International, "the autonomy and independence of the working-class sections and federations".<sup>5</sup> ("Federations" were the national organizations of the IWA. Each country had a national federation of the local IWA branches. By "sections" was meant affiliated organizations, such as trade union federations.) They repudiated the IWA's General Council and declared that the purpose of congresses was simply to voice ideas, not to formulate policy or elect central bodies. They categorically rejected majority rule in the organization, stating that the majority of a congress cannot impose its views on a minority. The delegates formed a defensive pact against the so-called "authoritarianism" of the General Council.

### **Anarchist practice today: still anti-democratic**

Opposition to normal democratic procedures is still a hallmark of anarchism today. In some mass organizations that arose in the 1960s and after, "consensus" became the accepted decision procedure. This was an anarchist-inspired organizational method, supposedly opposed to "bureaucratic" voting and "division of the house." Supposedly a group that acts by consensus is acting in complete unanimity and therefore as a pure expression of the masses' will.

The big problem with this method is that it often prevents

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<sup>4</sup>Letter of Engels to Sorge of Sept. 1874, quoted by Stekloff on p. 253.

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<sup>5</sup>Stekloff, p. 258.

any decisions being made, and thus condemns the group to impotence. A minority within the group can hold the majority captive by insisting on its views; as a result, nothing can be done.

Anarchists try to justify consensus-style organization by saying it's important for minority views to be considered, and it's important to maintain unity of the group. But a demand for consensus often defeats the attempt to achieve these goals. In a group where the majority is stymied by the minority, the result is often a split-up of the group; members of the majority who insist on some particular action will often go ahead with it, despite its lack of formal endorsement by the group. This results in resentment on all sides, and often leads to some activists dropping out or the group splitting up. In any case, the result is not a greater degree of unity, as the anarchists supposedly supported; on the contrary, the result is a breakdown of unity as each subgroup goes off and does its own thing.

The lack of a formal voting procedure and division of the house can also act to stifle a minority. Feeling the pressure to conform, to allow the group to come to some decision, the minority may feel compelled to keep their mouths shut when an important decision is being considered. So even consensus, or a unanimous vote, may actually be meaningless. Better to have a formal voting procedure that allows minorities to go on record as opposing a policy and voicing alternatives to it. This gives the organization a greater sense of all-embracing unity and maintains its flexibility. It also helps give the organization a sense of history and development. If a policy turns out OK, the group can review the arguments given on either side and sum up lessons for the future from that debate. And the same goes if a policy turns out badly. But with consensus-style politics, no alternatives would exist to be reviewed.

Thus, in deciding tactical questions, divisions of the house can allow different lines of approach to be kept in mind. But another reason for formal votes is when fundamental questions, about the basic nature of the organization, are being decided. In this case a division of the house may reveal unbridgeable differences, differences that may require the organization to split. But to ignore these differences would be to adopt a principle of unprincipled unity for the organization. Such an organization would rot on the vine.

A corollary to consensus-style unity is secret leadership. From the beginning, those anarchists who wanted to actually accomplish something, such as Bakunin — be it an insurrection or the takeover of a trade union — preached to their followers the need for secret, conspiratorial organizations to operate behind the back of open mass organizations. On the one hand, the anarchists preach unity and openness in the mass organizations. But the activist anarchists are themselves stymied by the demand for unanimity on all questions. So, behind the back of the masses, they organize secret groups to carry out their own program, which they hope then will push the masses into motion.

This type of organizing seems to have something superficially in common with communist vanguard organizations. But in reality they are opposite in their aims and methods. Marxist

communists begin with the conviction that the masses are the real makers of history, and the crucial role of the communists is to educate and organize the masses. A communist organization may keep parts of its organization secret from the capitalist state, but it strives to publicize, as much as possible, its program and policies. A Marxist organization works to make itself known to the masses, to consult the working class on its activities, and to try and convince the masses of the need for socialism. In this way the workers will take their place as the makers of socialist revolution.

But the anarchists, by contrast, do not have a program the masses can become actively involved with. They work to keep their organization secret — not only from the state, but from the masses. In the consensus-style organizations of recent years, this often meant preaching openness in large meetings while, behind the back of the organization, manipulating things to head in a certain direction. There is nothing wrong with advocating certain policies for an organization, of course; that's the responsibility of every activist. But the anarchists actually undermine the conscious direction of a group by having a pretense of no set policy while maintaining a secret policy.

### **The anarchists preach anti-authoritarianism to push opposition to politics**

On the question of political action the Saint-Imier congress formulated a resolution designed to attract sympathetic elements among the French and Belgians, among them there was support for political activity but also sympathy for the anarchists' denunciation of the "authoritarian" General Council. The main point their resolution made was that each national federation was free to decide whether or not to participate in the political struggle. Here the anarchists showed themselves willing to give up their principles (at least publicly) in order to gain support. The basis of their opposition to Marx was their insistence that workers should not have anything to do with politics. But they showed themselves quite willing to unite with others who, like Marx, supported political activity — so long as they also had any grievances against Marx.

In the months following the Saint-Imier congress, most of the IWA's national federations in Europe recognized the new "anti-authoritarian" International as the authentic IWA. This included the British federation, which had been the major base of support for the old IWA. But the British had few points of unity with the anarchists and were losing interest in the International anyway. As stated above, the main base of support for the "anti-authoritarian" International came from:

1. Jura, Switzerland. Here it was based among workers in the watch-making industry. The nature of this work was petty production, the watchmakers often being self-employed. Thus they had quite a different outlook than the industrial workers of Britain and Germany. For awhile, in the early 1870s, there was a lively situation among the watchmakers. But their occupation later declined due to increasing mechanization of the industry.

2. Italy. Here the working class had not developed very far, and proletarians were often also semi-peasants. Extreme poverty and harsh repression made Italian workers quite rebel-



lious, but they were unused to modern organizational forms such as trade unions and political parties. As the 1870s wore on, modern industry developed in the cities of northern Italy, and as it did the workers there lost interest in Bakuninism and built Marxist organizations like their fellow workers in Germany.<sup>6</sup>

3. Spain. Here there was an ongoing revolutionary situation and a militant workers' movement. Stekloff reports that in 1872 the Spanish federation had over 100 local federations and hundreds of trade union affiliates, with tens of thousands of members.<sup>7</sup> Spain was the shining star in the anarchist firmament until after 1873, when the anarchists messed up a good chance to carry out a revolution. After that they went underground.

Another important adherent to the new International was

4. the Belgian federation. Belgium was developing industry quite rapidly, and there was a large industrial working class. But they were harshly repressed; any local strike for a few cents' raise of wages would often result in troops shooting down the workers. There was a militant movement among the coal miners. In addition there was a movement demanding political rights (the franchise, trade union rights, etc.) for workers. Harsh conditions for awhile created fertile soil for the anarchists' message of rage and despair. But as time went on the Belgian workers, like those of northern Italy, were impressed by the successes of Marxist organizations in Germany, and fell away from the anarchist IWA.

### **The anarchists wreck their own organization**

So the anarchists were now in charge of their own international organization with some strong national branches. What did they do with it? First off, the Spanish federation, determined to carry through their anti-authoritarianism consistently, decided to do away with their own federal bureau and replace it with a mere correspondence bureau.<sup>8</sup> As a result, the workers' movement in Spain lacked a central organizing bureau precisely at the time they needed it most.

The same policy was carried out for the IWA's central body the next year. The next international congress of the IWA was held in Geneva, Switzerland in September 1873. At this meeting the "anti-authoritarians" voted unanimously to abolish the IWA's General Council. They replaced it with a rotating international bureau, whose tasks would supposedly be carried out by different national bodies. But they eliminated the permanent, central body of international representatives. Thus the anarchists liquidated their own international organization! This made them feel like consistent anti-authoritarians, but it

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<sup>6</sup>See the article by Frederick Engels, "In Italy", included in the collection *Marx, Engels, Lenin: Anarchism and Anarcho-Syndicalism*, Progress Publishers, Moscow, 1972. This article was originally written for the newspaper *Vorwärts* in 1877.

<sup>7</sup>*Ibid.*, p. 263.

<sup>8</sup>*Ibid.*, p. 264.

did nothing to advance the workers' revolutionary movement throughout Europe. On the contrary, it disrupted ties of solidarity it had taken Marx and his comrades years to build up.

### **Weakness of the rotating chair**

This is consistent, again, with anarchist practice today. A common practice in anarchist-style groups is the "rotating chair." Supposedly it is elitist to have a recognized, elected leadership. The "egalitarian" anarchists will not recognize any such authority, and instead, on principle, have a floating chair for organizational meetings. The result is often — no surprise! — badly prepared agendas, lack of focus and a collapse of decision-making. The anarchists supposedly oppose anyone being "subordinate" to a leader. But the rigidly-imposed rotating leadership actually has the opposite effect of disallowing any open discussion of leadership skills and how to develop them. Leaders are not held to account, either, since they are just "taking their turn."

The anarchist trade-union leaders in Spain in the 1930s also crippled their federation's central organization because they did not want any "subordination" of locals to the center. And here again it had disastrous results: the workers' movement led by the anarchist unions was simply not able to take unified stands and actions. Local federations did carry out actions, but it was impossible to coordinate these on a national level.

### **No decisions allowed — on anything!**

After abolishing the General Council, the Geneva congress went after the congress itself, heretofore regarded as the highest authoritative body of the International. The delegates in Geneva agreed that, from now on, IWA congresses would not pass resolutions or give definite opinions on subjects, as this might require a division into majority and minority, with the latter being subordinated to the former. From now on, they decided, a congress would simply be a platform to air differing views.

One of the great strengths of the old IWA was its reputation for standing by workers in struggle. But now the IWA was shorn of its ability to take definite stands. The European working class was deprived of unified leadership.

### **The general strike — anarchist panacea**

Also at Geneva the anarchists began their promotion of the general strike as the solution to all problems. As Stekloff says, the general strike "was thenceforward to be an article of faith with all the anarchists."<sup>9</sup> The previous IWA leaders had seen the general strike as one tactic for the workers' movement. Marxists have generally regarded the general strike as a powerful weapon, but one that can only be used under appropriate conditions. And it is only one part of the workers' revolution-

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<sup>9</sup>*Ibid.*, p. 289.

ary movement. But the anarchists, at the 1873 Geneva congress and afterwards, regarded the general strike as the sum total of the social revolution. Up until the day of the general strike, workers are not supposed to do anything "reformist" — which to the anarchists means abstaining completely from politics (and, to some, even abstaining from economic struggles). Then, on the "great day" of the general strike, capitalism will quickly fall and socialism will be ushered in.

In Spain, the anarchist leaders actually called a general strike in July 1873. But it was limited to two locations — as noted above, the Spanish leaders had disbanded their own national federation. And they didn't make any attempt to integrate their strike into the general political movement. So it had no result. Engels gives details about this in his article, "The Bakuninists at Work."<sup>10</sup> The anarchists had a revolutionary situation to deal with — not, it is true, a chance to overthrow capitalism, but a chance to root out the monarchy and its institutions and obtain a republic with some democratic rights for the masses. But they blew it, due in large part to their own diehard, narrow-minded localism.

Today, old anarcho-syndicalist groups like the IWW and SLP still make a religion out of faith in the general strike. But not only them. We've also seen supposedly "Marxist" groups like the reformist WWP promote the general strike as a panacea in the Detroit newspaper strike. Here again it's not a question of the tactic in general; what activist wouldn't love to see all the workers in metro Detroit out on strike, all at one time? And at certain times it wouldn't just be a nice idea, but a burning necessity and a practical possibility. But today is not one of those times. The organizations and leaders with the power to call out the workers (the union bureaucrats who head up the metro Detroit AFL-CIO) are not about to do so. In today's context calling on these leaders to organize a general strike a)

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<sup>10</sup>"The Bakuninists at Work", by Frederick Engels. Originally written and published in 1873. Reprinted in the collection *Marx, Engels, Lenin: Anarchism and Anarcho-Syndicalism* cited above.

Engels describes how the anarchists bollixed up the 1873 revolution. Because of their dogma against politics, the anarchist leaders refused to support working class candidates in elections. Because the workers were enthusiastic about participating in elections, the anarchist leaders said it was OK for them to vote and even to run, as individual candidates. But they refused to organize a working class party or slates, and refused to endorse such slates. This left the workers no choice but to support bourgeois radicals. Then, when the revolution succeeded in some cities, the anarchist leaders joined the new radical-democratic governments (thus violating their dogma against participation in any government). But in these governments they simply tailed behind the bourgeois radicals and made no attempt to organize an independent class trend. True to their petty localist outlook, the anarchist leaders also refused to try and organize a nationwide movement. Thus the conservative bourgeois government was able to defeat the revolution one city at a time.

diverts workers away from important and necessary tasks such as strengthening picket lines at the plant gates, and b) promotes illusions in these sold-out leaders, and so further undermines the struggle. As with the anarchists of the 1870s, the reformists' use of the call for a general strike today is simply a panacea, a diversion from realistic tasks for the sake of vague hopes in the future.

Interestingly, the anarchists did not have things all their own way at the Geneva congress. One delegate named Hales took them to task for their efforts to destroy the IWA organization, and denounced anarchism as a left variant of bourgeois individualism.

## A movement of desperation

The next congress of the IWA was held in Brussels, Belgium in September 1874. Following out their anarchist, anti-organization principles, the Italian anarchist leaders refused to even attend this congress. In a message to the congress, the Italian Bakuninists declared that they were preparing insurrections, and for them the epoch of congresses was over and done with.

This is a classic example of anarchist simplemindedness. The time of launching insurrection is precisely the time when the working class needs the utmost in organization and solidarity.

The Italian anarchists also declared their commitment to a completely secret, underground type of organization. In their minds a revolutionary organization could only be a secret conspiracy. This view coincides with the anarchists' opposition to political training for the masses; the masses are supposed to simply follow the dictate of the revolutionary elite. This is in stark contrast with the Marxist approach of mobilizing the broad masses. During their days of participation in the IWA, Marx and Engels always urged working class leaders to be as public as possible. They understood that in some countries the organization was illegal, and had to be underground; but still they urged working class activists to find ways to publicize their views and to influence society at large.

Government suppression actually reinforces the need for international organization and central bodies like the IWA's General Council. When a government suppressed its domestic working class organizations, the IWA General Council, working from outside but with links inside the country, could help maintain the workers' organizations and put pressure on the government to relax its policies of suppression. A good example is how the General Council worked to maintain the workers' organizations inside France after Napoleon III adopted a policy of repression.

As can be seen, the anarchists were intent on following their own road to organizational ruin. The machinery of solidarity built up by the IWA during its heyday in the 1860s was dismantled by the anarchists. This made it all the harder for them to pull off any of their plans for insurrection or general strike. Without any international or even national central bodies, the anarchist working class leaders in Italy and Spain found it even more difficult to influence society or even prepare

the revolutionary actions they contemplated.

Meanwhile, the anarchists encountered growing opposition to them within their own International. The Belgian working class leaders had agreed to adhere to the new IWA on the basis of "anti-authoritarian" sentiment. The Belgians were also sympathetic to the anarchists' insurrectionary talk. But the Belgians were also locked in political struggles, for example the demand for voting rights. And because Belgium was more advanced, industrially, than Spain or Italy or Switzerland, the Belgian working class leaders were clear about the need for a modern, industrialized economy after the revolution. And they couldn't reconcile this with the anarchists' view of autonomous communes "somehow" federating on an egalitarian basis. De Paepe, one of the Belgian leaders, insisted on the need for a transitional economy and state with centralized political leadership. This was way beyond the anarchists, who were always extremely vague about how socialism was to be achieved.

Even aside from the question of revolution, the anarchists could not formulate the simplest demand for reform. The old IWA had made the fight for a shorter workday one of its priorities, but because of the anarchists' aversion to politics they could not take a stand on this. Nor on similar questions like child labor, special protection for women in the workplace, etc. Supporting a law that would prohibit 14-hour workdays for children would supposedly "taint" the workers with the touch of bourgeois politics.

The anarchists were even inclined to skepticism about strikes unless these strikes could be presented as directly revolutionary. Thus, the Spanish federation gave a report to the IWA's Berne congress in 1876 regretting the rash of strikes in Spain. Despite their support among trade unionists in Spain and in the Jura, the tendency of the anarchists was to stand aside from real life and dream about the "great days" of the future, when a general strike would somehow usher in their utopia.

### **Anarchist actions lead to disaster**

As the 1870s wore on, the anarchist IWA eventually crumbled. The anarchists themselves had dismantled its central organs. The justification they offered for this was that it would liberate the local groups to launch the immediate struggle for socialism. But the anarchists' attempts at insurrection also met with failure. We have already mentioned their disorganized attempts in Spain. The other main locus of their work was in Italy. There the anarchists launched a few small local rebellions. But the disorganizing work they had been carrying out told against them in these attempts.

First of all, the anarchist leaders had isolated themselves and the working class movement from the general democratic movement by refusing to participate in it. In England (in the 1830s-40s), the Chartists had put the working class movement squarely in the center of political life by supporting demands for government reform and demanding extension of the franchise to all working class adult males. But the Italian anarchist leaders refused to participate in similar movements. They also kept the workers' movement isolated by refusing to

propagandize among wide sections of society; in fact, they tried to keep the movement as secret and underground as possible. Keeping the workers away from politics also meant refusing to prepare workers for the insurrection, for the kind of issues that would be debated in such a rising. When the anarchist leaders did launch a rebellion, very few workers even heard about it.

The anarchists' general aversion to organization of any kind condemned their uprisings from the start. They neglected to take care of "details" like providing arms for the masses. And after seizing a small town or village, their outlook was that this solved all problems; their localism prevented them from seeing the need to quickly spread the uprising, and their opposition to a transitional state disallowed the organization of any authority to enforce and maintain their gains. This made it easy for the bourgeois authorities to send in a few troops and quickly regain power.

The anarchists liked to talk about "propaganda by deed" — that they would actually make the revolution, and this alone, not any written propaganda, would stimulate the masses to action. But their opposition to prior propaganda and agitation actually condemned the insurrections they launched to failure. And the failure of these risings had an opposite effect on the masses, of demoralizing them. The only thing that might be said to excuse the anarchists' failed uprisings is that there really was not a revolutionary situation, and so one could not expect their uprisings to succeed; but this also tells against the anarchists, since it shows their refusal to analyze conditions objectively and their frivolous attitude toward organization.

With the failure of the Italian uprisings, the anarchist IWA fell apart. The Belgian workers began to see that the anarchists' "anti-authoritarianism" was nothing but hot air covering up incompetence. At the same time they were impressed with the advances of the German Social-Democrats, who were building a large, powerful working class party. Workers in northern Italy also lost interest in anarchism as they gained more experience with modern industrial life and heard about the German Marxists' advances in theory and organization. These groups (Belgians and north-Italians) dropped their adherence to the IWA, leaving no one but hard-core anarchists in the organization. And these were precisely the elements opposed to any centralized international (or even national) organization. So by the late 1870s there were no more international congresses of the IWA.

### **Conclusion: two trends in the revolutionary working class movement**

The interesting thing about studying this history is to realize that anarchism is a particular trend in the revolutionary working class movement. Anarchism is not just a vague desire for a better society. The anarchists like to paint themselves as the "conscience of society", as if they were the most thoroughgoing opponents of any kind of oppression. And they prefer to leave theoretical questions vague, with the impression that "of course" they stand for all good things.

But the history of the IWA shows that anarchism is a very

specific opportunist trend. Bakunin and his followers did not give general support to the working class movement; they demanded that it follow certain very specific forms — that it disavow politics, that it be organized locally as opposed to nationally and internationally, that it rely on the general strike and the insurrection as opposed to other actions; etc. Sentimental socialists dream that everyone professing vaguely socialist aims should unite, but the anarchists' insistence on their own peculiar methods and forms makes this impossible.

The anarchists differ from Marxists in how socialist society is to be achieved. When their contradiction with Marx came up sharply within the IWA, the anarchists were compelled to formulate precisely in what way they differed. And when they took over leadership of the IWA, the anarchist leaders were compelled to explain what the tasks of the contemporary working class movement (still living under capitalism) should be. The difference between the two trends came up sharply on the question of organization. Marxists urge the workers to develop more and better forms of organization to advance their movement, while the anarchists denigrate organization and try to keep it to a minimum. Along with these different attitudes toward organization go completely different views on strategy and tactics. The experience of the IWA of the 1870s, like the experience of the Spanish workers of the 1930s, shows that anarchism leads to splits, disruption and impotence for the workers movement.

Differences between the anarchists and the Marxists also emerged over the very nature of socialist society. Both agreed that humanity was headed for a classless society, in which there would no longer be any repressive state apparatus. But Marxism clarified that the way to ensure elimination of class differences was to have production planned by society as a whole, to have the means of production owned and controlled by society as a whole. The anarchists fought against this conception, insisting that localism would be a prominent feature of future society. Bakunin's idea of "self-affiliating communes" means that local communes are essentially independent societies

that may or may not affiliate with other local communes. This lays the groundwork for economic differences between communes and thus gives fertile soil for a new privileged class to emerge, despite the intentions of the anarchists themselves. And all of this is in contradiction to the main trend of economic development in modern society, which is toward greater and greater socialization of production. Instead of looking forward to a genuinely socialist society, anarchists look backward, in a petty-bourgeois reaction against increasing socialization. They oppose a consistent socialist outlook with a petty-bourgeois utopian outlook.

Today, in our attempts to reorganize the workers' movement we are faced with a plethora of opportunist trends, some of which are anarchist. And even mild reformist trends create conditions for an anarchist revival by making the latter look good as a supposedly revolutionary alternative. Furthermore, reformists and anarchists actually share some common views such as their "anti-authoritarianism."

We recognize that anarchism is a trend within the broader political movements of the day. In opposition to those who see only disunity, splits, and infighting among leftist forces, we recognize that Marxists and anarchists can and do work together on some issues, just as Marxists work together with reformists and liberals on certain issues. Marxists do not stand aloof from struggles — e.g., the solidarity movement in support of revolutionaries in other countries, the anti-apartheid movement, the pro-choice movement, etc. In such movements activists emerge, sum up their experience and draw conclusions about which trend has a correct strategy, tactic and long-range goal.

But the question is, do we remain satisfied with progressive forces coming together occasionally, or do we try to build a stronger and more durable unity? The working class is being bombarded today with all kinds of anti-socialist propaganda, and to stand up to it requires all-round reorganization of the working class. As in the days of Marx, this requires a consistent struggle against anarchist theory and practice. □

# On Samir Amin's utopia about the bourgeois development of the third world

A review of Samir Amin's *Re-reading the Postwar Period: An Intellectual Itinerary*

by Phil, Seattle

Samir Amin is an Egyptian economist who is the director of the Forum Tiers Monde (Third World Forum) in Dakar, Senegal. He considers himself to be a Marxist and a "militant of socialism and of popular liberation" (p. 9). However, as will be seen from this review, his claims of adherence to Marxism (at least of a revolutionary variety) and the focus of his militance beg some examination. He claims credit for a number of significant 'modern re-interpretations' of Marxism which epitomize popular sentiment in some leftist circles in the U.S. (where his works have been frequently published by the magazine *Monthly Review*, edited by Paul Sweezy) and in intellectual circles in many other parts of the world. This book is an autobiographical summary of the path of development of his ideas during his career; thus it serves as a useful approach to an analysis of many of the ideas that are currently considered part of mainstream leftist ideology, insofar as it presents itself as 'modern Marxism'.

Since Amin has written a fairly large body of work, I won't attempt to deal with all of it here, but I will deal with some of the major points of this book, as follows:

- 1) His theory of capital accumulation.
- 2) His critique of "development theory" as promoted by "Three Worlds" theorists.
- 3) His relationship to Maoism,
- 4) His critique of Sovietism (Soviet revisionism, although he does not use that term).

## The theory of capital accumulation

This theory has been a major effort of Amin's, beginning with his doctoral thesis written in 1957 and continuing in his first major work to be published in English, *Accumulation on a World Scale* (1974). This work is presented as a refutation of many of the central concepts of bourgeois economics, and includes elements critical of Keynesianism, as well as more conservative market-oriented economics as well. However, in his presentation of this theory, it becomes clear that Amin is using Marx's economic ideas mostly as a point of departure, with the emphasis on the word 'departure'. He has also adopted some of the chief theories of Sweezy's economics, such as the definition of the 'surplus' as a term broader than 'surplus value', including nonproductive incomes and state revenues (p. 49).

The focus of Amin's theory is the relationship between the 'center', defined as the countries of Europe, North America (excluding Mexico), and Japan, and the 'periphery', defined as most of the rest of the world. Amin places the polarization of

the center and the periphery and the worldwide expansion of capitalism at the center of his view of history. He believes he has found an answer to the question 'why did capitalism develop first in Europe and nowhere else, even though many peoples of Asia, Africa, and Latin America independently achieved a very high degree of cultural development?'. According to this theory, European (and Japanese) feudal societies were flexible forms of the more rigid tributary forms of society in existence in many other parts of the world; their specific character allowed for commercial activities to become predominant sooner, leading to the development of capitalism in a more rapid fashion. The development of capitalism caused a polarization between the center and the periphery; in the modern era, capital has been accumulated in the center through unequal trade, high wages, and militarization. This polarization shaped the economies of the periphery as they, too, became part of the capitalist world; their capitalism was adapted to the role set for them in the emerging world order as suppliers of raw materials and low-cost labor to produce consumer goods for consumption in the center.

Amin's scheme rests on three pillars: Fordism, Sovietism, and developmentalism. Fordism is the industrial theory prevalent in the center: high wages are used to buy labor peace and levels of consumption sufficient to absorb the products of the steady growth of capitalism. Military expenditures have played a big part in absorbing whatever overproduction might occur. Sovietism in Eastern Europe and the USSR also has rested on class compromise between the "bureaucratic bourgeoisie" and the working class. Catching up with the West was a major motivator in this compromise. This effort is presented as defensive and justifiable. Developmentalism in the rest of the world (Asia, Africa, and Latin America) was at the heart of the Bandung project which grew out of the famous conference in Bandung, Indonesia in 1955. This conference was the beginning of efforts by comprador elements from the peripheral societies to modernize and industrialize their economies through state intervention. Amin says that this project has failed along with the collapse of the global system in general, beginning with the failure of the Bretton Woods system in the early 1970s, and climaxing with the collapse of Sovietism in the early 1990s.

This analysis is spoiled by Amin's tendency to get taken in by the signboards which some developing economies have adopted in their programs of development. Amin makes a lot of his ability to see through such 'comprador' elements as Nasser and Boumediene, but he is eager to trumpet the virtues of the government of Keita in Mali, which is described as an "experiment" in "socialist radicalization" (p. 115) that regrettably "went nowhere". It quickly becomes clear that Amin's allegiance to



'socialism' has some very strange features to it. For instance, he makes it very clear that his audience is not the working class, either in the periphery or in the center, but "decision makers"; that is, bureaucrats in the governments of the less-developed countries and in the UN infrastructure. He attempts to justify his construction of "alternative strategies" of a "technocratic" character by the need to present something "realistic" to his audience when he engages in criticisms of the policies prevalent in these countries. Thus, his alternative to the so-called "noncapitalist road" which he debunks is a program of "delinking" with autocentric development. However, this alternative of his is clearly a utopia, a chimera which he is constantly waving in front of his readers as evidence of his commitment to meaningful social change.

Amin uses this scheme to develop his theory of capital accumulation on a world scale. He presents this theory as a modernized alternative to Marx's theory, as presented in Vol. II of *Capital*. Marx's theory was developed for a single, closed economy, which produced all the commodities (means of production and items of consumption) for its reproduction. Simple reproduction occurred when the economy did not expand, and reproduction on an extended scale occurred when the economy was able to reinvest more of the surplus each year, and therefore could expand. Amin attempts to deal with cases which Marx did not examine in any detail, where an economy trades with others of differing levels of development and exchanges commodities at prices which are formed under differing conditions of production, so that the law of value expresses different quantities of labor for different economic conditions.

This takes him into an examination of the theory of comparative advantage, which was first advanced by Ricardo, and has since then used as the foundation for modern bourgeois theories of world trade. Amin makes a big issue of the fact that Marx did not develop his views on world trade in a concentrated form, but he fails to note some of the interesting remarks which Marx makes on this theory as it was presented by John Stuart Mill. Instead, he asserts that Marx supported the view that the comparative advantage would lead to a more homogeneous world; and since this has not occurred (in fact, exactly the reverse process, polarization, has taken place), he seeks to develop an alternative to comparative advantage which allowed for production to be developed independent of the international market for capital. These remarks seem to be the basis for many of his utopian schemes for "delinking", examined below in the section on development theory.

Amin makes no attempt to relate his theory to the features Lenin ascribed to modern imperialism: monopolies, finance capital, export of capital, and partition of the world. And his attempts to create a theory of globalized value mystify the actual content of value; witness the following passage: "Reading *Capital* had immediately persuaded me of the fundamental position of the Marxist law of value in the critique of bourgeois economics. To me it was not a question of a concept reduced to its positive aspect (the amount of socially necessary labor), as Ricardo posited it, but a critical holistic concept revealing the character of commodity alienation peculiar to capitalist

society. Value determined not only capitalist economics, but all forms of social life in the system." This may sound very profound and sweeping, but it actually robs the Marxist concept of value of much of its analytic power and replaces it with a mystical tautology. Amin's terminology has a pronounced elitist edge to it, and the use of unfamiliar rhetorical flourishes leaves one with the impression of watching an ideological shell game.

This recipe of Amin's sounds suspiciously like some of China's prescriptions to the less-developed countries during the pre-Deng Xiaoping era. The similarities run quite deep, even though Amin attempts a 'critique' of Maoism (as will be described later). His use of the term "comprador bourgeoisie", which suggests that there are honest "national bourgeois" elements out there, which he may be trying to speak to, is another hallmark of the Maoist flavor to his arguments.

Even more fundamental is Amin's focus on economic development to the exclusion of any changes in class relations in the countries of the "periphery" which he examines. It becomes apparent that Amin sees the transition to socialism merely in terms of some recipe for development, without any political changes; or, he places political change in a subordinate role and focuses on economic policies independent of their political context. This perspective robs his views of any revolutionary import.

### **The critique of "third world" development theory**

Amin's overall views certainly place him in the camp of the theorists of development of the "Third World", both because of his current position, his history, and the focus of his writings. Yet he also professes to have a critique of this theory, insofar as it has been used to justify policies adopted by some of the more prominent countries in the "Third World" over the past several decades. His critique begins with the "Bandung project", the strategy laid out by the Bandung Conference in Indonesia in 1955. This conference, which was hosted by Sukarno of Indonesia and attended by such figures as Nasser of Egypt, Nehru of India, and Chou Enlai of the People's Republic of China, called on the emerging states of Asia and Africa to carry out a course of "nonaligned" capitalist development, and to steer clear of the Cold War confrontations between the Western capitalist states and the states of the Soviet bloc.

The Bandung conferees embarked on a program of nationalizations and state-guided development projects. Amin contends that this effort was "deeply rooted in prevailing beliefs: Keynesianism, the myth of catching up through Soviet-style 'socialism', and the myth of catching up through third world interdependence" (page 14). The duration of this project was described as 1955-1975, and the following period (1975-1992) would witness both the collapse of the Bandung effort and the "Soviet-style" effort to overtake the West by state-guided development. Amin attributes the failure of the less developed economies to accumulate enough capital to sustain industry on their own to the inherent weakness of the Bandung program and to the structural adjustment policies forced on them by the countries of the center and to the "neo-liberal

onslaught" of the 1980s. The collapse of the Soviet system in 1990-91 was an important factor in the failure of the Bandung project because Soviet support was a significant prop for Asian and African development efforts. He proclaims that the weakness of the Bandung program lay in the failure to realize that capitalism is a world system which adapts the economies of less developed countries to subordinate roles and thus polarizes the process of capital accumulation through monetary and trade relations.

Amin also proposes an alternative program of development, which he presents as a way of attaining "Socialism III", the third historic attempt to attain socialism (the first two were the socialist efforts of the Second and Third Internationals). He describes the principles of this program as follows:

"(1) Creating an alternative must come before catching up at all costs.

(2) World polarization implies that delinking is the only choice, even if the means must constantly be reviewed in light of the constraints of general evolution.

(3) Systematic action must be undertaken to rebuild a polycentric world, thus providing scope for the people's autonomous progress." (p. 192)

He describes this program as "an autocentric strategy of delinking", a program of state intervention, high trade barriers, and the formation of an alternate center to the developed economies of the West. This strategy is presented as a very long term project which requires popular and national hegemony in the less developed countries and wage hegemony in the center to bring about international support for this effort. I will deal with the relationship of Amin's program to Maoist and Third-Worldist conceptions in the next section; for now, I would like to comment on some other aspects of this program.

It is clear from the above description that Amin places economic development on a higher plane than political change, in that he describes a program for development which has no explicit class roots and may thus still exist as a mode of development under capitalism. His views on the importance of economics arise from some of the erroneous conceptions described above. They lead to a program which has a very pronounced Utopian character to it; it seeks a recipe or technique for economic development as a solution to the problems of the less developed countries. This recipe for development replaces the political tasks of carrying out a revolution by the proletariat at the head of the oppressed masses, which must be the precondition for any sort of economic policies. The problems in the less developed and ex-colonial countries cannot be solved merely by development; but by the revolutionary action of the masses, which will form the basis for a viable economic policy. Amin's focus on economic policies, and the erroneous economic ideas they are based on, lead him away from a focus on class struggle and on politics, where the really urgent tasks of oppressed people lie. If economic policies such as Amin's program could actually bring about a rational, humane society without going through the process of a socialist revolution, then the socialist revolution would be unnecessary. It is precisely because any economic policies which might lead in this direc-

tion are not viable without a socialist revolution that such a revolution is needed.

It is also noteworthy that Amin makes little mention of the subject of the transition to socialism; or, rather, he has replaced the concept of the transition to socialism with his views on development. This is a reflection of the fact that the revolutions of the 20th century have been almost totally in the less developed countries, and the burdens imposed by their lack of industrial development tended to overwhelm the explicitly socialist tasks of the revolution, to the extent that the bourgeoisie could take advantage of this situation and use it to reassert and reestablish their power, both economically as well as politically. Marx and Engels saw socialism as being primarily a question for the most industrially developed societies, and Lenin, before the Bolshevik Revolution, held that Russia could not hope to carry out the transition to socialism unless it was assisted by revolutions in the advanced industrial societies. Only after it became apparent that such revolutions would not take place did Lenin consider the manner in which an industrially backward society with a large peasant population might carry out the transition to socialism. And after his examination of this matter was cut short by his final illness and death, the other leaders of the Bolshevik Party became mired in factional conflict and turned towards a focus on economic development instead of socialist transition, thus allowing the re-establishment of bourgeois social relations and, ultimately, a bourgeois political character in Soviet Russia. The other major revolutions of the 20th century took place under even less advanced conditions. The Chinese revolution failed to establish a clearly socialist character prior to the assumption of power by the Communist Party of China in 1949, and afterwards became increasingly more concerned with matters associated with economic development, especially after Deng Xiaoping's coup in 1976. The former colonies that achieved their political independence in the decades after World War II used socialism as a signboard, if they used it at all, and always treated the matter of development as of primary importance. In such important cases as Vietnam and Cuba, revolutions that occurred under a socialist signboard became mired in the burdens imposed by economic backwardness and the old domestic bourgeoisie was replaced by a new bureaucratic bourgeoisie, so that the transformation of social relations never got very far. So, theories such as Amin's do not examine these events from the standpoint of anti-revisionist Marxism-Leninism, but instead give the modern-day bourgeoisie of the less-developed countries a chance to continue their masquerade as ersatz socialists while maintaining societies based on vicious exploitation.

In summary, the theorists of development, including such 'Marxists' as Samir Amin, are firmly located in the camp of bourgeois economic ideology and serve to divert the genuine revolutionaries from taking up the question of the transition to socialism and clearing out the muck of decades of revisionist and reformist obfuscation. They also do not provide any answer to the question of why these revolutions failed; was it merely due to betrayals by the leadership and their revisionist concepts, or do the backward economic conditions in these countries mean that the material basis for socialism was absent to begin

with? Amin's economic mistakes justify larger political mistakes throughout his whole career as a bureaucrat and economic theorist in the service of "Third World" bourgeois governments who strike a socialist pose.

### Amin's relationship to Maoism

Of course, it is very rare to find a 'Maoist' today who takes no notice of the defeats suffered by Maoism in the aftermath of the Deng Xiaoping coup. And Amin is no exception to this; he displays both his Maoism and his critique of Maoism side by side in this book. A few quotes will give the reader a flavor of his attitude:

"My early adherence to Maoism and to the Cultural Revolution, which I do not repudiate, stems from [the] analysis [of the contradictory demands of developing the productive forces and building a society free of economistic alienation]." (p. 175)

In the discussion preceding the above quote, Amin describes Lenin's views as a form of economism rooted in the ideas of the Second International and, ultimately, in the Eurocentric and Ricardist ideas of Marx and Engels. Other aspects of these views were discussed in the section above on the theory of capital accumulation.

"Maoism offered a critique of Stalinism from the left, while Khrushchev made one from the right." (p. 175)

"Mao rightly believed, as later evolution in the USSR and China showed, that the question [of which road of development to take after the revolution] should be handled at the level of power: challenging the monopoly of the Communist Party, crucible of the new bourgeoisie." (p. 176)

"I still believe that Maoism was right, even if the later evolution in China seems to contradict this. . . . It is doubtless acceptable and necessary, even today with hindsight, to open the debate on the historical limitations of Maoism as has been done for Lenin (insufficient break with economism) and even for Marx (underestimation of the polarization inherent in worldwide capitalist expansion)." (p. 177)

"I turned my attention to deepening the debate on the transition through a critique of radical third world experiences, the USSR experience, and the propositions of Maoism. By the mid-1980's I had reached a new conclusion: historical Marxism had underestimated the gravity of the problems caused by global polarization and posed the issue of the transition in the incorrect terms of bourgeois revolution or socialist revolution. The real question on history's agenda was a very long evolution beyond capitalism, of a national and popular character, based on delinking and a recognition of the genuine conflict between the

trend toward capitalism and the aspiration for socialism." (pp. 167-168).

Thus, Amin says that Maoism was valuable as a critique of Sovietism from the left, but it was still limited by the (Eurocentric) misconceptions of orthodox Marxism, and these limitations ultimately led to its defeat. Little attention is paid to the non-Marxist and eclectic character of Maoist theory and the pronounced Jeffersonian flavor to many of Mao's political ideas. In fact, Amin pays scant attention to the real history of the twists and turns of the Chinese Revolution and its various phases, and contributes to the mystique which has grown up about this struggle. He magnifies Mao's theoretical ideas as positive contributions to Marxism, while ignoring the many opportunistic adaptations which they include. His critique of Maoism is really very shallow, while the Maoist nature of many of his arguments runs very deep.

He does not separate the issues of bourgeois and socialist revolution in these views, and in so doing he contributes to the fallacious socialist signboard which China has created in the wake of the 1949 revolution. He does not examine to what degree the post-revolutionary history of China has been consistent with forms of state capitalist development, and how land reforms such as those in China are in fact a feature of a peasant revolution instead of a socialist revolution. Such a peasant revolution will in fact lead to a further expansion of capitalist development rather than socialist revolution.

His views on the "long evolution" imply a period between capitalism and socialism where his utopian schemes of delinking can work themselves out. By putting off the socialist revolution in this fashion, he paints a very dismal picture of the prospects for the oppressed peoples of the less-developed countries: they have no choice but to labor under the heel of the imperialists and their native bourgeois exploiters and await the coming of socialism at some indefinite date in the far future.

A key aspect of Amin's Maoism is his treatment of the Bandung project as the project of the national bourgeoisie, a distinctly Maoist conception. Fundamentally, the national bourgeoisie is seen as patriotic and promoting the independence of oppressed countries from the domination of first-world capitalism. That this program must be carried out through the exploitation of the proletariat is not part of this picture, because the whole picture is treated as a struggle between nations, not as a struggle between classes. For Amin, as for Mao, the class divisions of the world are replaced by the contradiction between the developed countries and the oppressed countries, with the developed countries in the role of the world bourgeoisie and the oppressed countries in the role of the world proletariat. This is classic Maoism, but Amin's analysis of the course of this project is that it failed because the national bourgeoisie was not able to free itself from dependence on first-world finance capital, and that the support of the Soviets, which provided a military counterweight, collapsed and left the national bourgeoisie without a sponsor. But one is compelled to ask here, isn't it possible that many of these national bourgeois forces were looking to the Soviets in the same way as the Western-aligned politicians were looking to the West, and that there was nothing at all revolutionary about their aspirations —

just a desire to build up their own form of capitalism? Amin consistently evades such an interpretation, even though the history which he relates seems to confirm it. He despairs at the rise of the new bourgeois forces in many of these countries, calling them compradors because they more readily cooperate with the neo-liberal onslaught, but one is really hard-pressed to see the class difference between them and the previous group whose cause he promoted.

### Amin's critique of Sovietism

Probably the most glaring aspect of Amin's views is his timidity on the subject of Soviet revisionism, in spite of the fact that Maoism found it convenient to make attacks on Soviet revisionism a standard feature during the period of 1962-1975. One quote encapsulates this attitude:

"I refused to describe the USSR as capitalist, although its ruling class was in my view bourgeois." (p. 173)

The whole of his treatment of Sovietism is marked by evasions, contradictory arguments, qualifications, and confusion. He uses the issue of Sovietism as a method to attack the economic and social ideas of Marx, Engels, and Lenin and build up his own theories on development. This is in no way a critique of revisionism as we would understand it; in fact, there is much that is revisionist about all of his ideas.

In fact, as noted above, Amin saw the role of the Soviets as objectively progressive, and he discounts all the Soviet military adventures in the postwar period as defensive in nature, aimed at breaking up the Atlantic alliance because this alliance was formed with the containment of the Soviet Bloc as its essential purpose. Here is his analysis of the role of the Soviet Union in the post-World War II era:

"Until the 1960s the Soviet system was fairly isolated and on the defensive. The view I took at the time still seems correct — even with hindsight."

"The Soviet Union, like China, Vietnam, and Cuba has never sought to export revolution, but has on the contrary always practiced prudent diplomacy, with the primary purpose of defending its own state."

"The Cold War was Washington's initiative after 1947. The USSR stuck rigidly to the decision at Yalta (hence its attitude to the revolution in Greece) and never in its history did it nurture a project to invade Western Europe. Talk of Soviet bellicosity is pure Western propaganda."

"The USSR and China began to leave their isolation after the 1955 Bandung conference, when they saw the advantage they could gain from giving support, albeit limited, to third world liberation movements. I have never blamed them for this historically useful support, and

I never expected more than could be given during the search for peaceful coexistence refused by the Atlantic bloc.

"The belated Soviet military effort after about 1970 contributed to a genuine balance of deterrence. Then, but only then, did the USSR become a superpower and a new era begin." (all the above quotes from pp. 186-187)

Here we have a fairly clear statement of the US and the West as the main danger, and the USSR as a middle force useful as an ally because of the contradictions with the West. This is the same sort of analysis as the "Third-Worldist" "unite against the main danger" view that was common during the 1970s.

Of interest too is some of the reasoning Amin uses to justify his refusal to view the Soviet Union as a clearly capitalist country:

". . . The USSR, and subsequently China and even the small countries of Eastern Europe, have built modern autocratic economies such as no country of peripheral capitalism has succeeded in doing. According to my analysis, this was because the Soviet bourgeoisie was produced by a popular and national, so-called socialist, revolution, whereas the bourgeoisies of the third world constituted in the wake of the worldwide expansion of capitalism, are generally of a comprador nature." (p. 179)

In connection with this analysis, Amin offers a number of mild self-criticisms concerning his inability to foresee the true course of events surrounding the collapse of the Soviet Union and the end of the Cold War. He apparently had viewed the Soviet Union as a more stable power than it actually was and the evolution of the Gorbachev period and its subsequent outcome caught him by surprise.

### Conclusion

Amin attempts to evade many of the significant conclusions of Marxist theory by repudiating some of the basic tenets of Marxism and does so in a very casual fashion. Having spent his whole career trying to adapt bourgeois nationalist aspirations to socialist phraseology, he cannot allow for any active role by the masses in bringing about revolutionary changes by political means. Instead, he seeks to concoct an economic recipe based on his erroneous revisions of Marxism to stand as a substitute for the real activity of the proletariat and the oppressed masses. Yet by studying such a book, one can become more aware of many of the features of the developmentalist view and their relationship to the Soviet and Maoist revisions of Marxism. This sort of study can lead us to a better understanding of the features of modern imperialism and the historical conditions which led to the failures of many of the revolutions of the twentieth century. □

# *A report on the Nov. 14 demonstrations in Seattle:* **On the protests against Netanyahu's oppression of the Palestinians**

by Frank, Seattle

national conference in Seattle. Scheduled to speak were

From Nov. 13 through 16 the Jewish Federation held its Binyamin Netanyahu and Shimon Peres (the present and former Israeli prime ministers) as well as Natan Sharansky. Hence this was to be a major political event where support (and funds) for the Zionist state of Israel would be sought out as the lying propaganda of the Israeli ruling class was trumpeted. Recognizing this, a sentiment rose up among anti-racist, anti-theocratic, and democratic-minded people in the area to do something to oppose the Zionists and build support for the Palestinian people whom the Zionists and their state so brutally oppress. And in this context the "Coalition Against Israeli Occupation", a coalition dominated by the politics of several long-time reformist groups in the area, organized a demonstration for the evening Netanyahu was supposed to speak (Nov. 14). Although Netanyahu canceled out a day or two in advance, this demonstration went ahead as planned. Furthermore, on the same evening the Arab Alliance of Washington held its own demonstration against Israeli oppression of the Palestinians. The coalition demonstration merged with the Arab Alliance demonstration only after both had marched their independent routes to the site of the conference meetings. And once there these two demonstrations were confronted by political Zionist rallies/demonstrations organized by (1) supporters of the Israeli "Peace Now" movement and (2) supporters of Netanyahu and bald oppression of the Palestinian people.

Not surprisingly, political confrontations—both heated and direct as well as veiled, indirect, and oftentimes perhaps only partially understood—repeatedly took place as demonstrators from these four demonstrations vied to have their say and, if possible, dominate the scene. What follows is a report by someone who both observed and participated in several of these confrontations. (Obviously there were many, many other confrontations as well as discussions of various kinds.) They give a partial picture of what today's movement in solidarity with the Palestinian masses is like and point toward some of its ideological problems and tasks.

## **First, on the four demonstrations or rallies:**

(1) The Netanyahu supporters and more rabid Zionists rallied in front of the Washington State Convention Center (the site of the conference), gave speeches, and then moved up that side of the street a short ways so as to grab as much attention from the media as possible by facing off against the most active anti-Zionist demonstrators across the street. (A large number of police formed a line around the Convention Center and stood between the opposing demonstrators. In other

words the Zionists had plenty of help in ensuring that their political "business" went on without major disruption.) Their maximum number was about 100. They waved many Israeli flags as well as a few picket signs ("We Love Bibi", "Oslo Spells Death for Israel!", and some others). For about three hours they engaged in a contest with the other demonstrators over whom was going to drown the other side out with their slogans. I think our side won for I could never hear what they said even when straining to do so. (Earlier I had briefly went into this crowd of pro-Netanyahu scoundrels and other racists—which was very "well-dressed" and bourgeois in appearance—to hear speeches. All I caught was someone decrying the fact that the state of Israel was under attack all over the world and needed support as never before.)

(2) Peace Now held its rally across the street (and slightly up the street) from the Convention Center. It appeared to have attracted a little more than 100 people, i.e., it was a little larger than the right-wingers' affair. Pro-Zionist pacifist music was being blared over loudspeakers when we arrived and we raised slogans to drown it out and to create a different atmosphere. And I should emphasize that although Peace Now was on the same side of the street as the two demonstrations dealt with next, it never in any way merged with them. When the music was stopped (and even beginning before this, i.e., when they first heard our militant slogans) a half dozen or more people from the Peace Now rally did join us . . . as individuals. I questioned a couple of them about what Peace Now had said in its speeches but they said there had been no speeches, just a pacifist love-in. Of course Peace Now could have politically confronted the Netanyahu supporters and other bellicose Zionists but it absolutely refused to do so. Instead, soon after the arrival of the more leftist demonstrators and the development of a more politically charged and enlightening atmosphere it just ended its supine rally.

(3) The Coalition Against Israeli Occupation attracted far over 100 people to its demonstration (making it the largest) who marched many blocks before arriving at the Convention Center. It was organized by the local Palestine Solidarity Committee, church groups, a Middle Eastern student group, the National Lawyers Guild, the old CP-dominated Seattle Women Act for Peace, and others.

The reformist politics of the sponsoring groups were reflected on the many "official" picket signs they had prepared as well as on the leading banner (which either read "For a Palestinian State!" or "Palestinian Statehood!"). In their leaflets they whined that "Israel should withdraw to its pre-1967 borders" but never asked such troubling questions as why this



had not occurred years ago, or what the political origins of Israeli aggression and land-grabbing really are (and hence, what the solutions to them must be). They decried "the daily violations of human rights that Palestinians have endured since 1967" but sloughed over the fact that the state of Israel was founded in an orgy of "violations of human rights" in 1948 and has oppressed the Palestinian people every day since then. Moreover, they implied that the movement should support the Israeli state and even U.S. aid to Israel—albeit a reformed Israel, i.e., one which withdraws from the occupied territories (but also one which would continue to find new ways to exploit and oppress the Palestinian masses since it would be based in the Zionist ideology and act as the political tool of Israeli capitalism). But despite their best efforts the reformist Coalition leaders did not hold complete sway. There were also a number of more militant or implicitly revolutionary picket signs which had been made at home by those carrying them and the demonstration had what seemed to be several dozen sincere anti-imperialist and anti-racist young people (especially young women) in it who militantly denounced the Zionists across the street for a couple hours (more on this later).

My only direct experience with the Coalition demonstration was to watch it come up the street (the demonstration I was with had arrived at the Convention Center about ½ hour earlier) and merge into our smaller demonstration. It appears that the Coalition leaders either had no plan for what to do when they arrived at the site at which Netanyahu had been scheduled to speak or that their plan had been essentially the same as that of *a section* of the demonstration I marched with but that this section usurped the leadership because of its militancy. At any rate, about a third of the Coalition marchers just laid down their picket signs, chatted, and left shortly after arriving. Another third (consisting of the kind of people mentioned above and including a handful of Palestinian or other Arab students or immigrants) fell in behind the section from my demonstration which had been developing the tactics of opposing and drowning out the Zionists through militantly shouted political slogans for some time and had in fact developed this into somewhat of a serious art. From this point the "slogan war" continued for nearly two hours more. (The other third of the Coalition demonstration ended the evening somewhere between these two extremes.)

(4) The Arab Alliance of Washington (AAW) organized another demonstration in which a little more than 30 people marched several blocks to the Convention Center and which, as it turns out, led the oppositional politics there—but in many ways despite and against the wishes of the respect-seeking leadership (respect in the eyes of the bourgeois establishment). Since I was a participant in this demonstration I'll be able to report on it with a little more detail and accuracy.

This was actually the first demonstration ever called by the AAW. It put out a flier titled "End The War Against Palestinians" which was written from the standpoint of defending the mythical "universal" human rights and justice. In one breath it *demand*ed that the U.S. government stop supporting the unjust policies of the Israeli government toward the Palestinian Arabs

(some of which it listed) and in the next breath it said "write to President Clinton" . . . "call the White House Comment Line . . . or Senator (Gorton or Murray)", etc., and thereby bolstered every naive illusion in the U.S. political set-up. The main section of the leaflet in fact ended by saying "Your voice is important, please call!" (The Coalition also worked to channel the energies of the movement toward writing to "your government representatives".) Further, the flier said "NO MORE TAX DOLLARS FOR OCCUPATION!" in bold capital letters and toward the end, after exposing a few of the crimes of the Israeli government in recent months, it decried "unconditional financial aid to Israel". In other words it actually supported U.S. financial aid to the Zionist state, contingent upon these murderers withdrawing from the occupied territories and allegedly changing their spots of course. (The Coalition was mired in this same swamp. In its first leaflet it said "we oppose U.S. aid to Israel which supports its occupation policies". But, as an example, what if the U.S. government earmarked all the money it sent as being for social welfare programs? Would not this only free up the Israeli government to spend more of the money it raised domestically—or elsewhere—for "occupation policies"?)

As it turned out, the shallow and utterly bourgeois AAW leaflet was only very timidly passed out by two or three people in what really does seem to be a political *alliance*—more of which anon.

But to move on. The demonstrators gathered at the Westlake Mall: a couple dozen Arabic men and women and a few children, a Pakistani man and an Ethiopian man (both immigrants), half-a-dozen non-Arab native born Americans who were mainly close personal friends or spouses of Arabs in attendance. There was no direction and the majority of people (who seemed to know each other fairly well) stood around chatting for a very long time. Palestinian and Lebanese flags were eventually raised (quite a few of the Arabs were from Lebanon, some from Palestine, and quite a few from elsewhere) as well as picket signs. These expressed both militancy ("The Israeli Government Is Terrorist!", "Israel Out of Lebanon!", "Bibi is a Butcher!", etc.) and reformism (i.e., "No Tax \$ For the Occupation!") but one could support what was probably the majority of them. Nevertheless the atmosphere was anything but militant. No political speeches were given. The woman who had the responsibility to lead the demonstration finally did gather us together to give us our "marching orders". She explained that we were going to walk to the Convention Center silently and solemnly in order to express our sadness about what had been occurring. She said that people would try to provoke us but that we should refrain from saying anything, arguing, shouting slogans or using other forms of "violence" (really!). And apparently, just to ensure that all the men in the audience got the message, a man jumped in to say "We're going to be peaceful. No slogans. We want silence—no violence!"

So with these orders we marched into the chilly night behind a small police escort with which the leaders of the affair had carefully discussed every detail of what they planned to do. Things looked very bleak indeed for about a block but then a

group of people toward the front began leading chants and slogans which more than half the demonstration took up (the first of these was "No Justice, No Peace!"). Being located further back in the march I was able to immediately give them loud, clear and helpful support. Apparently because I was the only non-Arab doing this, the leadership of the demonstration ran to shut me up. That failed and they ran to shut others up. That failed too, and they seethed in silence for the next 1½ hours or so. Then, for about the last 40 minutes of the demonstration most of them (and most noticeably the woman) shouted slogans themselves. And at the end they praised the event as being very successful and promised that the AAW would be calling more demonstrations.

Of course these latter actions were opportunistic. Had the AAW leaders had their way it would have been a very dismal evening as we stood in silence listening to Peace Now!'s moaning music and the arrogant ravings of the zionists across the street. Meanwhile the AAW spokespersons would be giving interviews to whatever reporter would talk to them—as did happen.

### Secondly, on the "slogan war":

On paper many of the slogans mentioned below look either flat or impossible to deliver while maintaining any cadence and not twisting one's tongue. Yet when delivered using the call and answer (or repeat) style so popular among the Arab masses they came across both clearly and militantly when led by the militant section of the Arab Alliance demonstration. Some of the slogans (with commentary):

\* "No Justice, No Peace!" This old slogan from the L. A. rebellion took on new life and meaning, especially when used to drown out the pacifying music being blared from the Peace Now rally.)

\* "No Land, No Peace!" This seemed to be reserved for drowning out the Netanyahu supporters and other fanatical zionists every time their slogans, speeches and applause, etc., reached a high point.)

\* "Netanyahu, what did you say, how many kids did you kill today?"

\* A series of "stop" slogans, each one repeated many times before moving on to the next. Some examples were "Stop the Occupation Now!", "Stop Killing Women Now!", "Stop Killing Old Men Now!", "Stop Killing Young Men Now!", "Stop Killing Children Now!", "Stop All The Killing Now!", "Stop All The Torture Now!", "Stop All The Oppression Now!", "Stop Building Settlements Now!" And there were others.

\* "No Aid For Israel!" or "Stop Aiding Israel Now!" The pre-demonstration slogans of both the Coalition and the AAW absurdly tried to separate out U.S. aid monies which helped Israel in its occupation of the seized territories from the rest of U.S. aid to the zionist state. But the group of Palestinian and other Arabs who had seized the leadership of the demonstration only gave the slogan against aid for the occupation once. Then after the briefest of consultations they changed it to "No Aid For Israel!"

\* A series of "what do we want?" slogans, each repeated

several times before moving on to the next: "What Do We Want? Israel Out Of Lebanon!" (or "Israel Out Of Golan", or Hebron, or Gaza, or West Bank, or Jerusalem, or other towns and cities). One version of this in particular ("What Do We Want? Jerusalem!") was seemingly consciously thrown into the faces of the bellicose zionists when they became particularly animated (along with "No Land, No Peace!").

Of course for the Palestinian Arabs to really regain Jerusalem implies a serious and aggressive struggle, and this was the spirit in which the slogan was raised. Yet this spirit was at odds with another slogan also being raised by the same forces: "What Do We Want? Peace!" And I think that quite a few people in the crowd sensed this, wanted to consciously support the former spirit in contrast to the latter, and that this partially explains why the "Peace!" slogan fell noticeably flat. Unlike many other slogans, if the slogan leaders themselves didn't supply the answer "peace" to the question they had shouted out, then few did. And actually they only raised this slogan a few times and then dropped it.

Here I should emphasize that I'm speaking of the active section of the demonstration, the section shouting slogans, denouncing the zionists, waving picket signs high, etc. But if one considered everyone on "our" side of the street (i.e., from the AAW demonstration, the Coalition demonstration, and the Peace Now rally), my speculation is that a large majority would have shouted out for peace (whether coming from zionist/imperialist-pacifist positions; petty-bourgeois utopian or illusory positions; unthinking horror at the killing and suffering of especially the Palestinian masses, etc.). Yet this cry never took off and, beside the above, I think there were several other important reasons for it. From the progressive side these included such things as (1) the active section of the Arab Alliance demonstrators had made an issue of the fact that there could be peace but no justice from the very beginning and (2) the leaflet of the Coalition had denounced the "Peace Process" as resulting in Apartheid, etc. Furthermore, since the Israeli state functionaries themselves rave on and on about peace (a slave-masters peace where the Palestinian Arab masses continue to be the victims of racist, land-grabbing, national oppression and capitalist exploitation), since Peace Now is for peace (a dream-world peace which leaves the slave-master and his tools—the Israeli state and zionism—intact; a zionist-centered and more cunningly constructed peace which might give the Palestinian Arab masses better conditions to organize in, but which would also assure that they had *reason* to organize . . . and to blow up the "peace" imposed upon them), and since the PLO is for peace (more or less of the latter type and with itself acting as an overseer of the Palestinian slaves for the zionist masters as well as the Arabic bourgeoisie) then one is forced to stop and think about what they are saying when they raise the cry for peace. And I think that this was what was occurring among a whole section of the demonstrators. On the other hand (and lastly) I think the reasons for the peace slogan never sweeping the crowd also reflected some of the confused but essentially reactionary bourgeois-nationalist and Islamic fundamentalist politics which *some* of the Arab actives have taken up to greater or lesser degrees. I learned through obser-

vation and discussion that they tended to bow to the reactionary idea that all Jews should be considered highly suspect (if not outright enemies). Hence if a Jew raised the peace slogan it was pretty difficult for them to just join in and follow along. They could try to lead the slogan themselves (as they did a couple of times) but they didn't have much heart for it, especially when the rest of the active crowd was none too eager to follow along.

### Thirdly, in summation, some comments regarding the future:

Whether the Oslo agreements are ever completely implemented or not, the masses of Palestinians—the workers, the poor, the growing army of unemployed people, etc.—will continue to be victims of new Zionist outrages. Moreover, they will continue to be exploited as workers by the Israeli capitalists. And whether the Palestinian National Authority's present mini-mini-state grows more powerful, gains more rights vis-a-vis the Israeli government, administers more territory, etc., or not, it will remain a bourgeois state which acts as the Zionists' junior partner in keeping the protests and struggles of the masses within acceptable (to the bourgeoisie) bounds. Moreover, it will continue to represent the interests of the Palestinian capitalism, a capitalism operating on the basis of the same laws and with the same vicious and exploitative features as any other.

As a matter of fact, the whole mini-state deal marks a sharpening of the class issues within the Palestinian movement. For the masses of toilers neither the politics of the PLO, nor the Islamic fundamentalism of Hamas and other organizations which represent different wings of capitalism than the PLO does, nor the old politics of the PLO (i.e., the revolutionary nationalism it upheld in the late 1960s and early '70s vis-a-vis its later opting for a reformist compromise with the Zionist oppressors), nor even the politics which dominated the heroic *intifada*—none of them—offer the masses of people a firm path toward really liberating themselves from their exploitation and oppression. Such a path requires the building up of a different politics, a theoretically developed class politics which stands four-square against the Palestinian bourgeoisie and hence is also stronger in the fight against the Zionist overlords of the area. Naturally we in the U.S. (as well as the workers in Israel) should do what we can to support the development of such a trend, although it's obvious that it will be the Palestinian workers and other revolutionary people, and the struggle itself, which will decide this question. Yet no matter how the Palestinian movement develops, we should fight hard against the reformism dominating our own solidarity movement. We too need to develop our working-class politics and deal with all the questions of revolutionary theory which this entails. □

### Correction (from CV vol. 3 #2)

In the article "A report on the Nov. 14 demonstrations in Seattle: On the protests against Netanyahu's oppression of the Palestinians" in the last issue of *Communist Voice* (vol. 3, #1, March 1, 1997, pp. 43-46), the second line was accidentally omitted. (This was corrected in some of the copies of the journal, but most had already been sent out before the error

was discovered.) The first two sentences should read as follows:

From Nov. 13 through 16 the Jewish Federation held its national conference in Seattle. Scheduled to speak were Binyamin Netanyahu and Shimon Peres (the present and former Israeli prime ministers) as well as Natan Sharansky.

# Correspondence

## More from *Red Star Rising Again* Proceeding from the actual— what stand does this mean towards the revisionist regimes of today?

Our last issue reprinted the lead article from issue #3 of *Red Star Rising Again*. This article, entitled "What is marxism anyhow", centers on their reaction to *Communist Voice* and *Struggle* magazine. Praising these publications, they were however surprised by the struggle we wage against revisionism and our view that the Stalinist and other fake communist regimes and the anti-Marxist theories of various types had to be opposed in order for Marxism to rise again as a revolutionary force. They had their criticisms of what was done in the Soviet Union and of "a serious drift from Karl Marx's thought" but didn't see the revisionists as having become exploiters of the working class and were worried about factionalism. I replied to their views, stressing the importance of looking at the most notable features of the reality of our times, such as the nature of the so-called socialist regimes and the tragedy affecting the workers' movement. This is the reality of our times, the actual situation facing us, and we can't afford to close our eyes to it. *RSRA* had pointed out that "The problem is that the very people" we are criticizing "were the heroes of our youth." And I had replied that the very founding of the communist movement in struggle against the treachery of the Second International had required going against many heroes of the past, and that today too the advance would only be possible if we dared to overthrow various cherished ideas and traditions from the past.

The latest issue of *RSRA* (vol. 1, no. 4, Jan. 1, 1997) consists of one article, which is described as their "comments on the words of the following: the Bible, Debs, Donne, Engels, Guthrie, Jefferson, LaFollette, Lenin, Lincoln, Marti, Mao, O'Neill, Owen, Rudy the Red, Ringo Starr, and Wilkie". Near the end of the article, it comments further on the issues raised in the discussion between *Communist Voice* and *RSRA*. Their reply centers on whether recognition of the state-capitalist and revisionist nature of various regimes (Cuba, China, North Korea, Serbia etc. today and the late Soviet Union etc. yesterday) which call or called themselves communist or socialist is a matter of recognizing the actual situation, or whether one should support such regimes as socialist, although deserving criticism. Their comments read as follows:

\* \* \* \* \*

"When analyzing any given situation, a Marxist must proceed not from the possible, but the actual.

—Lenin

Today the desire to work for the possible, however narrowly defined, is the greatest obstacle in the path of a re-emerging marxism worldwide. Modern Communism must be open its thought and not ruled by the past.

Proceeding from the actual is the clearest path. The most common criticism of our efforts from readers who do not consider themselves marxists is, 'It's a good idea but you can't do it.' Well maybe yes, maybe no. But you can't stop trying.

(In Volume 2 Number 6 of *Communist Voice* the editor, Joseph Green, gives a long response to our article 'What is marxism anyhow?' in Vol. 1 No. 3 of *RSRA*. He speaks of his and our interpretations of these words of Lenin. He says we are in fact proceeding from our wishes, not the actual. We say the opposite, that it is he that acts on his wish that the first task is to renounce revisionism in all its forms. *RSRA* does not yet take the pledge. We are exploring the idea. By May 1 we hope to know better where we stand.

The *CV* editor also suggests that to renounce revisionism and to stop being apologetic for the old and current leaders (heroes) and their regimes would be painful but liberating.)

\* \* \* \* \*

I look forward to the further consideration of these questions by the comrades of *RSRA*, and await with interest their May 1 issue. In the meantime, it seems to me that the articles on the economies of Cuba and of the late Soviet Union in this issue of *CV* are an example of the study of the actual that is needed. In these articles, we proceed not from what we would wish to be, but from some of the most important experience of the 20<sup>th</sup> century. As painful as these facts might be, they provide a dramatic confirmation of some of the most basic Marxist principles. Looking these facts squarely in the face will help ensure that the red star indeed rises again.

— Joseph Green ☐

# In previous issues

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