Trotskyist INTERNATIONAL

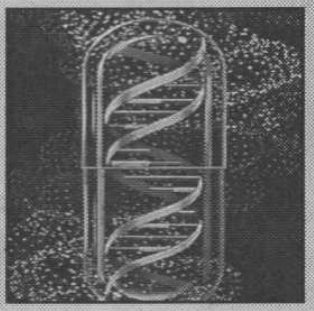
ISSUE 23 ★ PRICE £1.50



BRITAIN
Labour's "hard edged compassion"

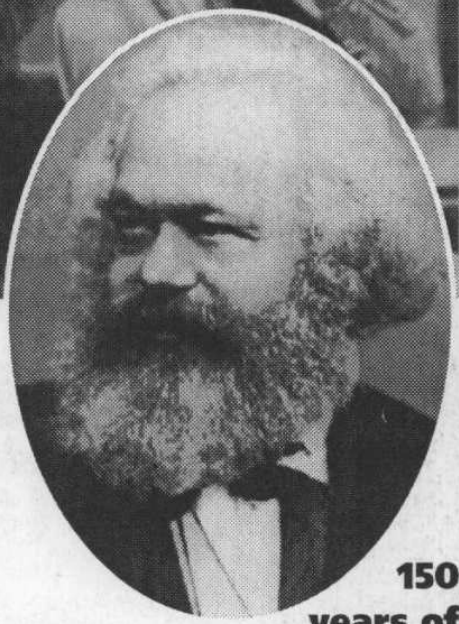


EAST EUROPE
Capitalism restored in Hungary; Rebuilding the unions; Marxism, restoration and the state



In our genes?
Revolutionary biology?





150 years of the Communist Manifesto

The spectre haunting capitalism

PLUS: In defence of democratic centralism ■ Book reviews

TROTSKYIST INTERNATIONAL is published by the League for a Revolutionary Communist International (LRCI), BCM Box 7750 London WC1N 3XX, UK.

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Printed by ArbieterInnen-standpunkt Austria

ISSN 0953-7554
© LRCI 1998

The LRCI includes:
Arbetarmakt (Sweden)
Gruppe Arbeitermacht (Germany)
ArbeiterInnen-standpunkt (Austria)
Irish Workers Group (Ireland)
Pouvoir Ouvrier (France)
Workers Power (Britain)
Workers Power (Australia)
Workers Power (New Zealand /Aotearoa)

Subscription (3 issues):
£8 Britain & Europe;
£11 rest of the world;
Cheques to Trotskyist International

Typeset in **Frutiger** & Life by Workers Power (Britain) – labour donated.

Trotskyist INTERNATIONAL

ISSUE 23 ★ JANUARY-JUNE 1998

INCORPORATING PERMANENT REVOLUTION

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ASIAN ECONOMIES

From boom to bust

The collapse of the Thai currency last summer unleashed a chain of banking and company failures throughout South East Asia. **Keith Harvey** assesses the likely effect on the world economy in 1998 and the impact on the Asian class struggle.



WITH TEARS ROLLING down his cheeks, Shohei Nozawa, president of Japanese securities firm Yamaichi, bowed three times and addressed the cameras. "I beg you, do not let my employees starve; do not let them walk the streets. They include some highly competent salespeople," he wept. It was Monday 25 November 1997, the day the economic crisis in South East Asia finally hit Japan.

It takes a lot to make a capitalist cry, especially over the fate of his employees. But a lot had happened to Shohei Nozawa: three months after he was appointed to "sort out" Japan's biggest stock broker it had just gone bust, collapsing under an avalanche of bad debts and dodgy deals.

Most capitalists aspire to emulate Bill Gates or Richard Branson, the titans of modern capitalism; few aspire to become the living symbol of the system's doom. No wonder he was crying.

On the day Yamaichi collapsed, US President Bill Clinton addressed a hastily gathered economic conference of South East Asian states. "We have a few little glitches in the road here. We're working through them," he told ministers from the Philippines, Indonesia, South Korea, Taiwan and Malaysia as they queued up for IMF loans.

Government spokespeople across the globe queued up to explain that the currency crisis of South East Asia, the stock market panics of October and November 1997, the looming recession in South Korea and the collapse of Yamaichi were "unrelated". Not only is the world capitalist system strong, they said: but it has never been stronger.

And this was not just hype. For the last two years the professional economists of the IMF and World Bank had been extolling the virtues of the "new paradigm" pioneered in Clinton's USA: dynamic growth, near to full employment, low inflation and a minimal welfare state. This, we were told, was the future of the entire world. Globalisation, intensified competition, lower prices and new technological advances have combined to raise productivity and growth. The cycle of recession and recovery is dead, they said; the terms "crisis" and "crash" could be considered history.

But now the words crisis, crash and slump haunt the business pages of the world's press. In five short months a crisis that started with speculation against Thailand's currency has led to the bankruptcy of the fourth largest securities firm in Japan and, in the words of the *Financial Times*, put the whole Japanese economy "at the brink".

What are the causes of the Asian stock market collapse? What effect will it have on the real economy? How will it impact upon the major industrial economies of the G7 in 1998? In this survey, written with many acts of the current drama yet still to come, we sketch out the background to these questions and their general implication for the global class struggle.

All crises start somewhere

The role of bourgeois economists and journalists in times of such economic crisis is to obscure the real reason for the crisis and direct our attention to the superficial aspects of the problem. Current official explanations focus on "over hasty lending", "bad regulation" in the banking sector, or "lack of transparency" in the dealings of the finance houses of South East Asia and Japan. As the crisis develops, these will no doubt be larded with surreptitious racist references to the "national character" of the Asian

countries in the eye of the storm.

Meanwhile, the economists tell us, the "fundamentals" of the world economy remain sound – especially in North America and Europe. Swift action and prudent supervision by the IMF and World Bank, it is argued, will remove what Clinton calls the "glitches" and set the world economy back on the road of sustained growth.

In the face of such optimism it seems rude to point out that, six months ago, there were no alarm bells sounding about lending practices and banking regulations in Asia. US, Japanese and European banks were falling over themselves to lend money to the "tigers". As one Indonesian economist told the *Financial Times*: "Don't blame us. Those willing banks from the West and the North just push money down our throats."

It is only now, when the loans look like going down the pan, that the major investment banks of the G7 countries throw their hands up in horror at South East Asian capitalism's addiction to dodgy credit.

In fact, the furore about "regulatory regimes" (i.e. the lack of strict controls on Asian banks) is there to mask the real cause of the present crisis. At root the crisis is a classic crisis of capitalist production and exchange: a crisis rooted in the very nature of the economic system itself.

Its roots lay in the interlinked problem of over-investment and declining profitability in major industries throughout SE Asia in 1995-96. The economies of South Korea, Indonesia, Thailand, Malaysia and the Philippines attracted the bulk of industrial investment in the region in the 1990s. Much of it was capital borrowed from abroad by locally-owned companies to expand their capacity to produce computer chips, cars, fridges, consumer electronics and construction machinery.



JAPAN'S PM, HASHIMOTO

A lot of this capital was attracted by the low wage rates and terrible labour conditions, especially in the second tier of the so called "Asian tiger" economies: Thailand, Malaysia, the Philippines and Indonesia. Much of their goods were destined for export to Japan and the USA. In the top tier, South Korea's economy had matured onto another technological level and it was no longer able to compete against the West using cheap labour.

However Korean capitalism used the supply of easy money to expand the operations of its budding multinationals (e.g. Samsung, Lucky Goldstar) abroad, including the UK and the USA.

The scale of foreign investment into South East Asia in the 1990s has been staggering. The nine countries of this region have absorbed 40% of all foreign direct investment (FDI) in the 1990s. In a growth phase of the business cycle, capitalist firms invest like there is no tomorrow – or rather in the belief that every tomorrow will bring unlimited openings for selling the goods produced by the new factories and machines.

In a growth phase of the business cycle, capitalist firms invest like there is no tomorrow

Capitalism is, by its very nature, anarchic. As Marx said, over 100 years ago, production is carried out for production's sake, irrespective of the limits of the market. Each firm is driven to expand its "market share" at the expense of others in order to capture a larger portion of the available quantity of profits.

Feverish investment in the Asian Tiger economies was compounded by the surge of output in China. A 40% devaluation in the yuan in January 1994 gave China an immediate labour cost advantage over the "tigers" and prompted a huge surge in China's exports. They rose by a massive 25% between January and September 1997 alone.

The inevitable result is that, at a certain stage, there will be what Marxists term an over-accumulation of capital and goods: one of the classic first signs of a crisis of overproduction.

Capitalism is the first economic system in history where crises occur because there is "too much". When profits decline, when bad debts are called in, it is revealed that there is too much capital chasing too little profit. Despite the current focus on rogue businessmen and currency speculators, it is this that underlies the crisis in South East Asia.

In June this year it was reported that only 70% of South Korea's industrial capacity was being used. In March the *Financial Times* revealed that in South Korea, "all the main industries – electronics, steel, petrochemicals, cars and ships – suffered from a cyclical drop last year". *The Economist* (1 November) reported that the whole "region has a glut of capacity in industries such as television, chemicals and steel as a result of over-investment."

This translates into economic crises as follows: the given amount of profits available from the industry in question are no longer big enough to give all producers their anticipated rate of return. Individual companies experience this directly as a loss of "corporate earnings" – a fall in profits. How badly their profits fall depends upon a number of factors. But the decisive factor in the case of South East Asia is that many companies had a very high ratio of debt servicing compared to the value of their assets. Many companies are reported to have debts to the value of more than 400% of their capital. Put simply, this is like having four mortgages on one house. Any major drop in income would put them in difficulty when it came to paying their instalments.

This was all bad news. But it did not translate into the first appearance of crisis until the wave of currency speculation that hit the tiger economies in mid 1997. The crisis broke out in Thailand's stock and currency markets in June because Thailand's economy was the weakest link in the chain. Once the markets observed the industrial slowdown they realised that the massive over-investment in the Thai property market in particular was unsustainable; there would be nobody to rent their costly office space

Foreign investment began to dry up and domestic assets started to lose value. In July the Thai currency, the baht, gave way under the strain. Given the reluctance of foreign banks to lend dollars, more baht were demanded to borrow the same amount of dollars as before; the long established fixed exchange rate collapsed and the baht devalued.

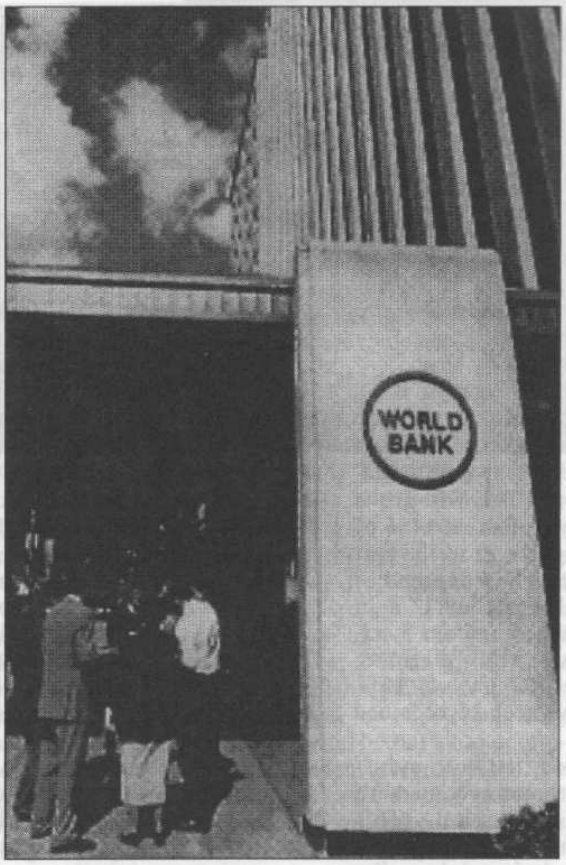
Once the dam had burst the other regional currencies followed suit; in part because they too suffered from over-investment and in part because they had to follow Thailand in a round of competitive devaluation or risk losing export markets to Thailand.

By October the malaise had spread to the region's major economy, and the 11th biggest in the world – South Korea. The investment glut and industrial slowdown now hit it. In October a major South Korean steel group Hambo, was allowed to go bust and this was followed by car manufacturer, Kia.

But the downturn immediately impacted upon the banks who had extended much of the investment capital. The *Financial Times* on 12 November reported that South Korean banks were carrying around $28.5 bn of bad loans which in turn threatened their own commercial viability.

In this situation the South Korean government was forced to step in and try to guarantee the deposits of these overstretched banks as well as cover the loans made to these banks by foreign banks in US dollars. But South Korea's foreign reserves stood at only $30bn in November 1997.

This was far too little to be able to pay the loans issued by foreign banks should they decide to call them in. Hence, amid protests about "national shame", the government was forced to go cap in hand to the IMF and agree a December loan of $55bn, the biggest loan made by the IMF in its 50 year history. It could well end up as much as $70bn or even $100bn.



Imperialism strengthens its grip

While they were booming, the "tiger" economies were cited as proof that any less developed country could become as powerful and dynamic as the world's leading powers. The age of imperialism and semi-colonial servitude was over, it was said. Now, the crisis effecting the "tiger" economies – and the likely form of its resolution– only serves to underline the semi-colonial and dependent character of these economies.

In South Korea's case the ability of its home-grown monopolies to carry out their own foreign investment drive after 1990, as well as its admittance to the select club of major industrial capitalist nations (the OECD) in 1996, seemed to announce its transition to the premier league. South Korea, it was argued, had become a "first world" economy.

But the crisis has starkly revealed the limits of South Korea's independence: it was always based on ready access to foreign capital. Now that the Malaysian, Indonesian and South Korean governments have begged the IMF and World Bank for loans, these US dominated agencies will exact a heavy price. As elsewhere, the working class will be made to pay in the form of cuts and unemployment. But, in the process, the IMF will rub the noses of the South East Asian capitalists in the mess they have created.

In former decades, international bodies like the IMF and World Bank used their financial and political powers to combat protectionism in the semi-colonies.

In the 1990s they concentrated on forcing them to implement a policy geared to attracting foreign capital investment: lowering taxes on FDI, shifting subsidies from "national" companies to FDI-based companies, selling off strategic industries like telecoms to western multinationals.

The crisis that broke in November 1997 gives them a massive opportunity to pursue these aims even further. The IMF has lent Malaysia $17bn, Indonesia $38bn and South Korea the first $20bn instalment of a much bigger sum.

This was all done to "restore confidence in the financial markets" – in other words guarantee the profits of the major US, European and Japanese banks and force concessions from the semi-colonial governments. South Korea entered this crisis with an enormous foreign debt of $110bn, 80% of which matures within one year. The imperialists, having hooked the developed semi-colonies on cheap credit, will now suck them dry. They will demand that South Korea opens up its economy to foreign multinationals and banks even more. Already the crisis has eased access to Korea's debt market for foreign investors – something forbidden until recent events.

The IMF will demand "liberalisation" of the exchange rate system; it will demand a thinning out of the number of banks; and it will insist that US and Japanese banks are allowed to buy up their Korean counterparts. The Korean government will concede all this as the way to shore up its reserves and preserve its financial system. The whole process will strengthen the grip of US, European and Japanese multinationals on the country, setting the terms of the lending rates and allowing them to buy up national assets at knock-down dollar prices.

Japan's traumas

The stock market crash in South East Asia hit Japanese capitalism when it was already down. The lowest point in its recession was in 1994 but, since then, it had experienced only a weak recovery.

The recovery was inhibited by the massive overhanging debt carried by the Japanese financial system in the wake of the Tokyo property and stock market collapse in 1989. Successive governments had avoided a radical clear out of ailing banks in Japan and delayed the far-reaching restructuring called for by the nature of the losses.

In this way, Japanese capitalism had, as Marx so tellingly wrote, solved a crisis only by means of preparing for a newer and bigger crisis. Indeed, as we shall see, this could prove true for the whole imperialist world which in October 1997 was indulging in a bout of nostalgic self congratulation over its survival of the stock market crash of exactly ten years before.

In Japan the domestic economy has been flat for most of the recovery, failing to respond to several huge reflationary (government spending) packages. Yet these packages did have the effect of increasing budget deficits and in early 1997 the government imposed a 2% increase in sales tax to close the deficit.

This sent the domestic economy into a nosedive. Between April and June 1997 GDP shrank by 2.9% (i.e. at an annual rate of 11.6%!). As profits fell, the Nikkei stock market index plummeted in June, falling as much as 25% by early November (and down 58% on 1990 levels).

It is important to stress that, despite our disgust for the activities of the stock market gamblers, the share indexes are not mere casinos divorced from the activities of capi-

talism in its factories and offices. Share markets represent the aggregate values of all public companies in a given country or region. A 25% fall in share prices reflects a fall in the real value of capital, and in the wealth of the capitalists. More precisely it is a dramatic closing of the gap between what the capitalists think their firms are worth, and what they are worth.

The over-investment affecting the Asian economies hit Japan's exports – previously the only dynamic sector of the economy. This will prove very damaging to Japan as 44% of the country's exports go to the rest of Asia. PC sales fell in September 1997 and car sales crashed 13% in October. Japanese companies started to go bankrupt at an alarming rate: October 1997 saw a 15% increase, the highest level since 1986.

Japan was faced first with industrial contraction and second with falling value of capital. This inevitably fed through to the sickly banking sector. Industrial profits faltered, exposing bad loans. This came on top of the damage done by the collapse in South Korea, Hong Kong, Thailand and Indonesia, where Japanese banks were the main lenders to now insolvent companies. It was as if a mortgage company lent money on some crumbling council flats and offset the risk by lending against a plush country mansion – only to find that the owner of the mansion had gone bust.

By mid-November the crisis burst on Japan. Some 18 of the top 20 banks had unsustainably bad debts. The 7th largest securities broker, Sanyo Securities, went bust – the first such Japanese firm to do so since the Second World War. Then came Yamaichi and the Mr Nozawa's public tears.

And worse is to come in 1998. Japan sells 30% of its exports to South East Asia and a further 7% to South Korea. These markets are being choked off and at the same time they are launching an export offensive based on devaluation. Japan faces a further year of recession in 1998.

A blow to company profits could dent the confidence of the share dealers enough to start panic selling in New York

Will the crisis spread to the USA?

Alan Greenspan – head of the world's largest central bank, the US Federal Reserve–has tried to calm the fears of US companies. But even he conceded on 14 November that the effects of the Asian crisis on the USA "can be expected not to be negligible".

In the 1990s, US capitalism has built on two decades of real wage decline and low-wage job creation to sustain a significant revival in profitability and growth. In 1996 many corporations regularly reported double-digit profits every quarter. Profits as a share of GDP have recovered from a late 1980s low of 6% to 10%, which compares favourably with the post-war high of 12% in the 1960s.

The crisis of the "tiger" economies with only 7% of world output would not, on its own, have a major effect on demand for US products – even though 16% of US exports go to South East Asia. A 10% fall in the region's imports as a result of the tigers' coming recessions would only result in a 0.2% fall in US GDP.

The dangers for US capitalism in 1998 come from two other interconnected developments. First and most immediately, the crisis has massively devalued the tigers' currencies against the US dollar. The Philippines peso has been marked down 36%, the Indonesian and Malaysian currencies by similar amounts. The South Korean won has devalued by 17%.

At a stroke, this makes their exports more competitive in US and Japanese markets. It means that a Walkman or a VCR made in Malaysia could cost only 60% of the price of the same item made in the USA. This could, in the course of 1998, burst the bubble of rising capitalist profits as US domestic and export firms are squeezed. This would then hit the overvalued shares of these companies.

Second and potentially more damaging, could be the impact of Japan's crisis on the US economy. Japan holds 25% of the $250bn of US government bonds as well as many Wall Street shares. If Japanese companies start to sell these in order to get their hands on needed cash (to pay worried bank depositors, to cover bad loans), then Wall Street could crash.

The stock market is the weak link in the US economic chain. It has boomed like never before over the last three years on expectations of ever increasing growth in profits. The collapse of the Asian markets did dent Wall Street in late October: the Dow Jones fell 7%. But it rallied shortly afterwards. Nevertheless, the stock market in New York is, by historical standards, highly overvalued – some suggest as much as 40%. *The Economist* lamented that Wall Street was still "dangerously high" even after the October crash.

Capitalists measure the value of shares against real value through looking at dividend yields (profits per share)and the replacement value of their assets. Measured against both, the price of shares are way too high. At 1.6% the dividend yield in New York is the lowest this century.

A blow to company profits could dent the confidence of the share dealers enough to start panic selling in New York.

Yet even here it is necessary to be cautious about the ultimate effect. On the one hand, the US has very wide share ownership and many more people rely upon dividend income to boost their consumption than in Europe. Because a stock market crash would impact upon domestic demand the US government would probably take measures to boost demand and lower the cost of credit – for example by lowering interest rates or issuing unsecured loans to bankrupt firms.

On the other hand, a stockmarket crash is not likely to have the same effect upon US companies and banks as in South East Asia. US companies have not borrowed so precariously and the banks are not carrying as many unsupportable loans. The *Financial Times* estimated that even if Wall Street were to fall by half it would still "not expose the level of bad banking debt as seen in Japan in 1990." In addition, US banks are not allowed to own shares in US companies (ever since the 1929 crash) and this decreases



their exposure too.

The fault lines in the world economy will be tested via another route; namely, what can the multilateral agencies, like the World Bank and IMF do in the face of a collapse of the Japanese banking system?

When the US and IMF rescued the Mexican financial system in 1994, it took $50bn—a record sum. Then came South Korea. Meanwhile, Brazil's banks have started to look worried: only a doubling of interest rates and a pre-emptive austerity package on spending saw off the speculators and so avoided the IMF being called into Brazil.

It is highly doubtful that the IMF has the resources to simultaneously bail out Brazil and South Korea, still less prop up the Japanese financial system.

There is no mystery to the IMF, despite its dark reputation among workers in the countries it has visited with demands for privatisation, cuts and unemployment. The IMF is a collective pot for bailing out capitalists, and the holder of the money is the USA. But as the *Financial Times* points out:

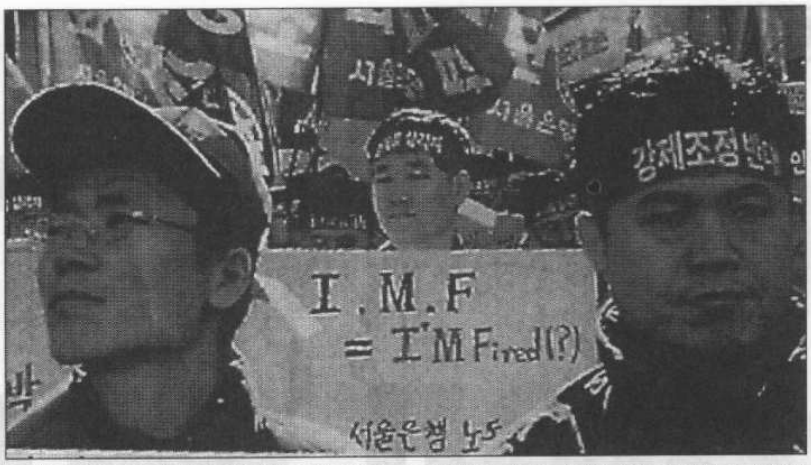
"Investors are putting great faith in the IMF to help extinguish Asia's flames. But the IMF is not a bottomless pit. Its principal source of funds is membership fees or 'quotas' from its 181 member countries. These amount to a relatively impressive $200bn. But only about $50bn can be used. The rest is either already committed – over $40bn including recent loans to Thailand and Indonesia – or held in soft currencies nobody wants to borrow. IMF members have agreed a 45 per cent increase in their quotas, but these funds will not be available for another year . . . As a last resort the IMF could borrow in the markets . . . It is still highly unlikely that the IMF will run out of money, but not inconceivable if further countries are dragged into the maelstrom." (*Financial Times* 25 November 1997)

The IMF could run out of cash; it could borrow on the markets to stabilise the markets – like taking out a mortgage to pay off another one. These possibilities should banish any thought that capitalism has reached a new, stable paradigm. At the top it is full of the anxiety of crisis.

Who will suffer?

A simultaneous crisis that emptied the IMF pot would cause such a contraction of world trade that economic protectionism would be unleashed, leading in turn to further contraction and, inevitably, to those tricky events that no insurer will insure against: civil unrest, revolution and war.

The effect of the triple whammy – currency, banking and stock market crises – on South East Asia will be dramatic. Growth rates will at least halve in 1998. Thailand will be lucky to avoid a full-scale recession. The US will seek to take advantage of the crisis to use the IMF to prise open the closed banking and industrial conglomerates of South East Asia, restructure them and pick off the best for US companies and banks. The US will put immense pressure on Japan to take on the burden of resolving this crisis by reflating its economy with public money, thereby helping the tigers grow and acting to pull the world economy along. On the other hand, Japan could devalue the yen and seek to trade blows with the tigers in export markets, further aggravating relations with the US in the process.



SOUTH KOREAN WORKERS MARCH AGAINST JOB CUTS, DECEMBER 1997

But if the IMF-loyal governments of the region get their way the main losers will be workers throughout South East Asia and Japan. Everywhere the governments will try and force through all the reactionary social and political consequences of agreeing to austerity packages with the IMF.

Welfare programmes, already meagre, will be slashed to the bone. Jobs will be threatened. In the region's blighted financial sector, one estimate suggests that revenues from stock exchange dealing will be reduced by 70% and this translates into 30% cut in jobs.

In the space of few days in November 1997 alone, 3,000 jobs went in a Japanese-owned Hong Kong department store as the company folded; and Nippon Credit Bank announced it would cut staff by one third in Tokyo. In South Korea the government predicts a doubling of unemployment to 6% in 1998.

Halla, the country's fourth largest shipbuilder said in November that it intended to sack half its 6,000 employees over the following weeks. In the age of globalisation not even Europe goes unaffected. Sanyo, the South Korean multinational, has already announced the closure of its UK construction machinery plant.

There are two kinds of response in the face of this. For their part, the ruling regimes will use every trick in the book to divert attention from the profit system, the true cause of their ills. Nationalism will be the chief weapon. The Korean opposition speaks of the "national shame" over the IMF; the Malaysian Prime Minster blames foreigners and Jews for conspiring to bring down the national economy. Faced with internal rebellion and in some cases strong workers' movements, military adventures cannot be ruled out by one or more of the region's powers. And unlike in the Middle East, the Balkans and the Aegean – where wars are fought with second hand US and Soviet equipment – Asia is the one war-threatened region that has its own industrial-military powerhouses.

But there is a progressive alternative – a determined working class attempt to make the bosses pay for the crisis of their system. In South Korea in September thousands of workers went on strike against the threat of possible closure of a factory. Time and again since 1988 the Korean trade unions have responded militantly to the threats to peg their wages or undermine their trade union rights.

They will resist any major restructuring of banks and industry that leads to job losses. In October 10,000 Indonesian workers at the IPTN aircraft factory went on strike after a threat not to pay their wages.

This crisis, which has not yet run its course, did not occur because of the "lack of regulation" of the banking system, "racist" and over-powerful market speculators, or corrupt politicians.

All these exist. But the crisis is happening because capitalism is a system that is based on an unrestricted search for profits by producing and investing without any regard for markets or the ability to consume.

Only by putting an end to the system will future crises be averted and there is no better time for doing that than in the middle of this crisis. ■

LABOUR IN POWER

Blair's harsh

Since winning a massive 179 seat majority in the May 1997 elections Blair has stuck rigidly to his promise of "no favours to the trade unions". John McKee assesses the prospects of growing disillusionment in the Labour Government.

WHEN TONY BLAIR appeared before the October Labour Party conference, six months into the Labour's first term in office for 18 years, he received a tumultuous reception from the delegates. But it was not just the party faithful who were enthralled with the new government. *The Sun*, a rabidly Thatcherite rag until its sudden conversion in the dying days of Major's government, ran five pages in praise of Blair and his government the day after his speech to conference. In the country the Prime Minister got an astonishing 93% approval rating that month in the opinion polls.

Blair's dominance over the conference reflected the continuing strength and support for Labour and its leader amongst the electorate and within the organised workers' movement, since its electoral victory in May, which delivered a massive 179 seat majority.

His keynote speech, referring to "hard choices ahead" and the need for "compassion with a hard edge", was received with rapturous applause. All the motions to the conference that were in any way critical of leadership policies—opposition to more Trident nuclear missiles, to the attacks on party democracy enshrined in Partnership into Power, and making students pay University fees—were either overwhelmingly defeated or remitted, like the rail unions' demand for the re-nationalisation of Railtrack, privatised by the Tories.

The smooth ride for Blair at the conference was a reflection of the "honeymoon" period that has existed since the May landslide. Millions of workers who voted Labour see this as their government. While Labour's promises offered little in the way of substantial change for workers, they offered something, unlike the Tories. This idea was summed up in Labour's theme tune, "Things can only get better". Realising that it had to show it was different, Labour moved rapidly once in office.

The promises on devolution were quickly fulfilled, satisfying a strongly held desire in Scotland which had been repeatedly blocked by the Tories. A windfall tax of £3 billion was levied on the enormously profitable privatised utilities to fund Labour's "New Deal" for the under-25s. A Low Pay Commission was set up to establish a legal minimum wage. The manifesto commitment to scrap assisted places in schools was carried out and £100m was put into schools for repairs and to keep class sizes for five to seven-year-olds to below 30.

Labour signed up to the Social Chapter of the European Union, re-established the right to join a trade union at GCHQ, took the lead in banning the use of landmines by the military, declared its support for equalising the age of consent for gay men, stopped the closure of two London hospitals pending a review, scrapped the racist "primary purpose" immigration rule, set up an inquiry into the notorious racist killing of Stephen Lawrence and promised new laws on racist attacks.

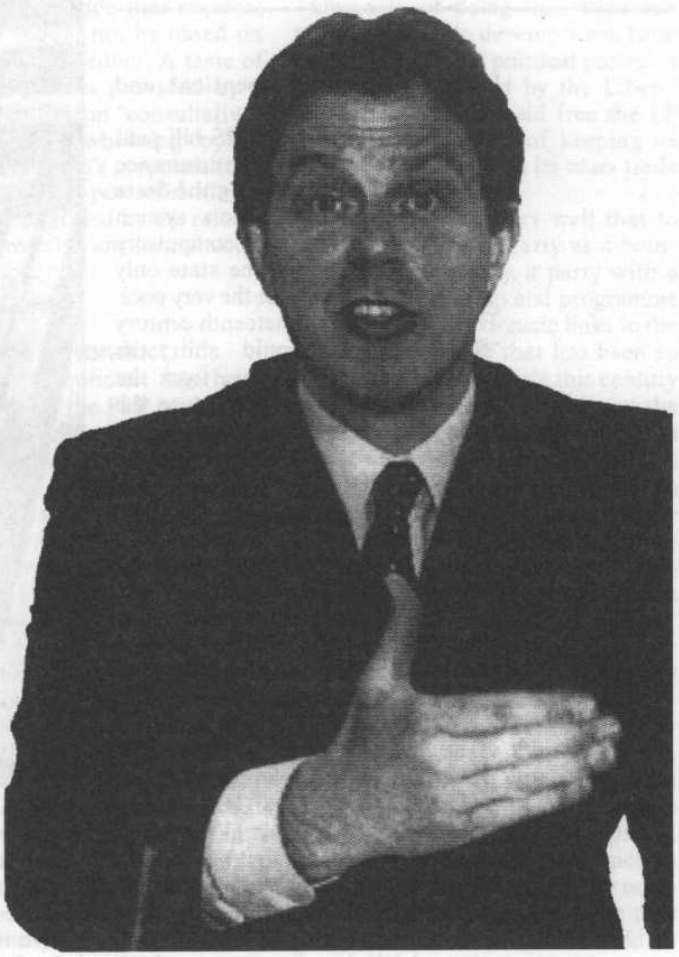
Such reforms were accompanied by the setting up of reviews and the opening up of the process of government to all the groups that had been excluded by the Tories. The new government goes out of its way to give the appearance of one that listens and consults. It has thrown open the doors of Downing Street and Whitehall to health campaigners, trade unions, environmentalists, welfare groups and charities, doors that had been firmly shut under the Tories. Of course they have also remained wide open to a string of industrialists, especially, it appears, ones bringing large cheques for Labour's coffers.

It should be no surprise therefore that Labour's conference went so smoothly. Most Labour supporters believe or hope that Labour can be pressured into granting reforms. When the health service faced a "winter crisis", the unions, doctors and social agencies all demanded action from Frank Dobson, who duly came up with £300 million to stave off the crisis. After several months' procrastination the Home Office finally bowed to pressure and agreed that Abdul and Ade Onibiyo, maliciously deported by the Tories, could be re-united with their family in Britain. Of course, these are small victories but they are aimed at bolstering those in the Labour movement who are peddling the idea that Labour can deliver if only the workers act "responsibly".

It was the trade union leaders who delivered Blair victory after victory at the Labour Party conference. On virtually every contested issue it was the trade union block vote, or at least the bulk of it, which defeated critical resolutions. Classic "old Labour" deals were struck. The RMT/TSSA was told to remit its resolution on re-nationalising Railtrack or face defeat; in return the trade union bureaucracy was given a vague commitment on trade union rights legislation being put forward early in the next parliamentary session.

Naturally, these reforms are pitifully inadequate to meeting even basic needs or righting the crying injustices which working class people face. This is something that revolutionaries need to hammer home again and again. But it would be foolish to imagine that this

choices



will seem an obvious truth to the mass of the working class or the victims of racism. Compared to the last 18 years of Tory attacks, they seem like the start of better times.

This is exactly how they are peddled by the officials at every level of the trade union movement and also by the leaders of ethnic, ecological and other pressure groups. The rank and file are constantly warned that "Rome was not built in a day", lectured about not making impossible demands, told to exert no more than steady pressure. They are promised that the most radical reforms will come in the "second term". Provided, of course, that no one "rocks the boat", "splits the movement "and lets the Tories recover.

Yet virtually every measly reform that Labour has given has its downside. Trade union rights are restored at GCHQ but the trade union leaders agree to a no strike, no disruption clause. Insufficient amounts of money are given to schools but it is accompanied by a ferocious attack on job security for teachers under the disguise of "naming and shaming" failing schools and teachers. The Social Chapter, that had already been gutted of anything that really threatened the employers by the Tories' intervention at the European Union summits, will only affect parental leave and part-timers' rights at the turn of the century.

Jack Straw has made minor concessions on immigration but kept the Asylum and Immigration Act, using its most draconian regulations to deport hundreds of Romanies fleeing racist persecution in Eastern Europe. Legislation is promised on trade union recognition at work but Blair demands the trade unions agree it with the employers first. And of course the Tories' anti-union laws, "the most restrictive in the world", as Blair admiringly described them, have the great leader's personal guarantee of remaining inviolable.

The goodwill extended towards Blair can only last for so long. Once the mass of working people directly experience the impact of these policies: experience their sons and daughters being refused benefits and forced to work for a pittance, see the indebtedness and poverty of students, read about workers denied redress through the courts; once it becomes apparent that Labour is not only failing to deliver reforms but attacking its own supporters, the illusions will start to be shattered.

It is already becoming clear what the "hard choices" referred to in Blair's conference speech mean. New Labour has chosen to be hard on the poor, not on the rich. In one field after another hard decisions are already being made. The Labour Government is committed to reducing welfare payments and benefits; the cost of Social Security is currently running at £97 billion and the government is determined to reduce this. Indeed it has to, given that it ruled out raising taxes and committed itself to staying within the Tory spending limits.

A major offensive is being launched on those claiming unemployment benefit, initially the under-25s. Building on the Tories' Job Seekers Allowance, the New Deal aims to make sure that no young people are able just to draw benefit after six months. If they do not find a job they will be given three options: going onto a government subsidised job scheme with a private or voluntary sector employer, joining an "environmental task force" and being paid the dole plus £15, or being allowed to attend an "approved" training course at a Further Education college. If these limited options are refused then benefit will be stopped.

It has recently been agreed by ministers that employers will not be allowed to pay less than the £60 a week provided by the government! Given that these slave wages will be allowed on a government scheme it is little wonder that Peter Mandelson wants to exempt the under-25s from the minimum wage. No doubt Welfare to Work will produce small amounts of useful training and an element of job creation, and this will be played up by the Government and its supporters for all its worth. But all experience of work for dole schemes in the USA, and Welfare to Work is modelled on these, shows that they destroy jobs and merely provide the employers with an alternative cheap labour pool. Yet the trade union leaders are peddling the New Deal as some sort of great commitment to training.

Some in the government, such as Frank Field, a minister in charge of welfare reform, want a root and branch attack on "welfare dependency" and a replacement of means-tested benefits by social insurance schemes. He argues that the state should get out of most areas of welfare provision and encourage "mutual organisations" in which workers would take responsi-

bility for their own pensions and health care.

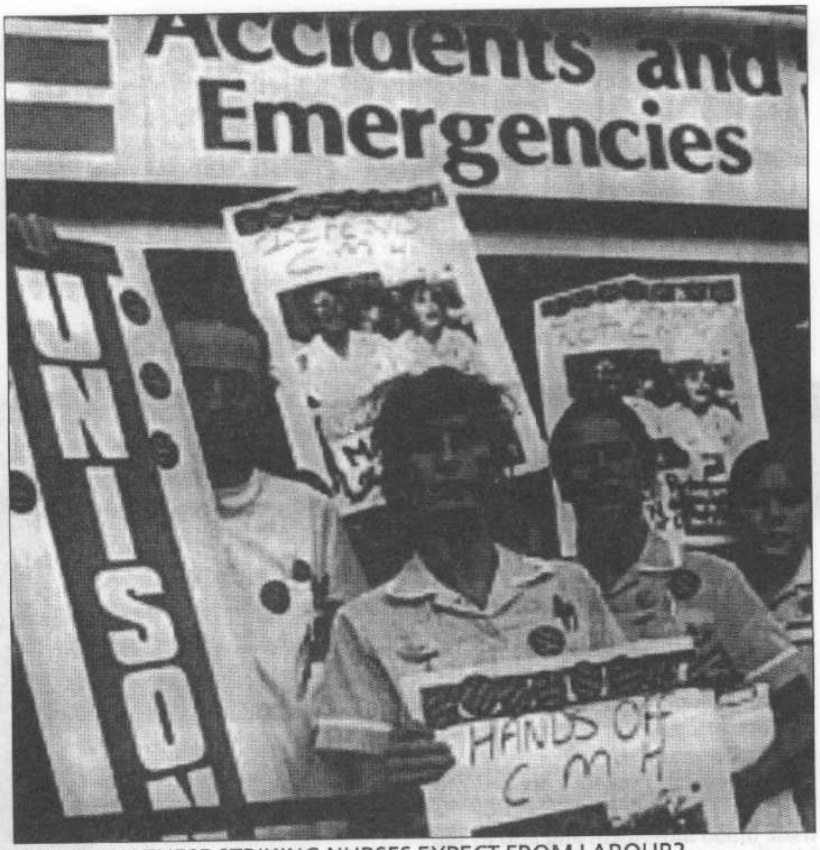
Field wants half the NHS bill paid for in the same way via an insurance tax. He favours abolishing the State Earnings Related Pension system (SERPs) and argues for a compulsory second pension, with the state only paying contributions for the very poor. This is a return to nineteenth century "Self-Help". It would shift the finances of social welfare from the state and taxation directly onto the backs of workers themselves.

Cabinet Ministers Gordon Brown and Harriet Harman, have their own answer to the great pensions swindle that the Tories perpetrated on the workers. By cutting the link between earnings and pensions, Thatcher's government slashed workers' pensions. In November 1979 the standard retirement pension was 20.4% of average male earnings, by April 1996 it was 15.5% (by 2010 it is estimated to be down to 10% or below). To restore the link with earnings, a policy demanded by Barbara Castle at the 1996 LP conference, would cost £30 billion a year, something the Government refuses to contemplate. Instead they intend to make people pay more into a new "stakeholder" pension scheme backed by the government.

Attack on single parents

Its not just the young unemployed and pensioners who are paying the price for sticking to Tory spending limits. The first major test for Labour's honeymoon, and for the Labour left, is Harman's attacks on single parents. These were initiated by the Tories' Social Security Secretary Peter Lilley. Blair and Harman have taken up the measures where the Tories had to leave them. Not only have the regulations been changed which will abolish extra payments made to single parents in relation to income support and housing benefit, but Section 68 of the Social Security Bill removes the £6 a week extra that lone parents can receive in child benefit. It is estimated that this alone will save the government £300 million in its first three years.

The government put £300 million into the NHS to stave off a funding crisis this winter. Yet most health experts believe another £500 million is needed just this year to reach a minimum standard of care. It is estimated that an extra 3% a year, £1.2 billion, is needed to develop the NHS and continue to provide reasonable health care. The same sort of money is needed in every area that the Tories deprived of funds, in education, to alleviate poverty of those on benefits, to improve public transport, to raise pensions in line with earnings, etc.



WHAT CAN THESE STRIKING NURSES EXPECT FROM LABOUR?

It is here that the Labour MPs who criticise this or that cut have no alternative to Blair and this includes the left of the party, the Socialist Campaign Group. This is because providing an alternative to New Labour's programme means explaining where the billions of pounds a year are going to come from that are needed to defend and extend the welfare state, a vital component of workers' living standards. Taxing the massive incomes and wealth of the rich is essential if this is to be done.

Thatcher slashed the top rates of tax for the high earners from 83% to 40% while pushing up regressive taxes like VAT. The working class, both wage and salary earners, have always paid the bulk of taxes, while the rich have been given plenty of loopholes to practice tax avoidance. The richest 1% of society, less than 450,000 people, now own 17% of all privately owned wealth, an astonishing £400 billion.

If this were subjected to a steeply progressive wealth tax, it would bring in billions of pounds a year. All regressive taxes could be abolished and replaced by a steeply progressive income tax hitting the massive salaries and perks paid by the City and business. The massive tax breaks and handouts made to big business could be abolished and a heavily progressive tax could be slapped on the £47 billion handed out in share dividends every year.

With these sorts of sums available a real start could be made to restore the services, pensions and benefits that working people rely on. Unemployment could really be tackled, not by subsidising employers to create low paid jobs, but by launching a massive programme of public works, under the control of the trade unions, and paying the rate for the job.

This way the government could repair and build new schools, equip new hospitals, build new council houses and upgrade the general housing stock, transform the public transport system and more. It could provide real training and skills for the hundreds of thousands of workers needed for such projects through massively expanding the further and higher education sectors.

This is the real answer to Blair's assertions that the money is just not available, but it is one the Labour left is incapable of raising. The weakness of the left inside Blair's new Labour Party was demonstrated on the conference floor where every one of its proposals were defeated. The left took consolation in the increase in support for the Socialist Campaign Group slate. Their vote rose by a third compared to last year in the ballot of party members, putting Dennis Skinner, Dianne Abbott and Ken Livingstone on the NEC and keeping off Peter Mandelson, Blair's arch moderniser.

This increase in the vote for the left shows that Labour Party members are willing to vote for leaders who openly defend the union link and oppose many of Blair's right wing policies. It also indicates the potential for a fightback in the Labour Party as the leaderships attacks on the welfare state gather pace.

But the NEC election result was a hollow victory, as the reforms pushed

through in the *Partnership into Power* (PiP) document changed the structure of the NEC. This will mean that MPs' representation on the NEC will be decided by the Parliamentary Labour Party (PLP) in future not by one member one vote, the kiss of death for any Campaign Group MPs' representation.

Blair was able to win the day at conference, on this as on other questions, thanks to the support of the union bloc votes. Before the conference only USDAW and UNISON 's Affiliated Political Fund had agreed to support PiP. Others had either taken a stand against, (CWU, GMBU, TGWU) or had passed contradictory positions, like MSF. At the LP conference, mandates were quickly forgotten and the unions voted down attempts to defer the introduction of the reforms and pushed it through.

PiP is the crucial part of a series of reforms which aims to transform the Labour Party. Its purpose is to neutralise the dangers that arise from the union link. Blair wants no repetition of the 1970s and 80s where workers used the link between their trade unions and the party structures as levers of pressure on the government and on the PLP in opposition. The resultant struggles between the left and right of the party over policy threatened to split the party down the middle.

The Labour leadership know their "hard choices" will at some point raise opposition within the working class, which could force their trade union representatives to bring that opposition into the party. Blair has pushed forward a series of reforms aimed at making this as difficult as possible. Direct trade union sponsorship of MPs has been removed; the trade union block vote has been reduced to 50% of conference and the "modernisers" would like it reduced further.

PiP takes "modernisation" another step forward. It aims to sideline the NEC and move power to the "Joint Policy Forum", a committee of the NEC and Government, and to the "National Policy Forum" and its Commissions. Conference will no longer be based on resolutions submitted by Constituencies and other affiliates but will be largely limited to discussing submissions from the Policy Forum and its commissions. The aim is to make it almost impossible for dissenting views and opposition to leadership policy to find expression on the conference floor or within the party itself. The national conference will become even more of a rubber stamp and media event.

Other areas of the party are being given the same treatment. Labour Women's Conference has been told by the NEC that it should not be based on resolutions but rather on "key note" speeches from the leadership and skills workshops. The NEC is also reviewing regional party structures and is likely to decide that regional conferences should not be based on voting for motions either. A taste of things to come was provided by a recent London Region "consultative" meeting, where overwhelming opposition to the leadership's proposals for a directly elected, all-powerful Mayor for London was stifled by the refusal to allow the meeting any formal votes on the question.

Blair does know that the current honeymoon will not continue throughout his term

Code of conduct

A new code of conduct has been imposed on both the PLP, and in an amended form on the European PLP. Its catch all rule against "bringing the party into disrepute" aims to stifle criticism and threaten any rebels with withdrawal of the whip and eventual deselection or expulsion from the party. The government is even using the move to proportional representation in European elections as a weapon to stifle dissent in the party. It intends to force through a party list system where the Labour leadership, rather than the rank and file members, decide the order of Labour Party candidates. The reasoning is obvious; troublesome oppositionists will be placed at the bottom of the lists to ensure that they will not be elected.

With these measures in place, and a massive majority in Parliament, Blair does not need to immediately move to break the link with the unions. Indeed the alliance with the trade union bureaucracy is, for the time being, very necessary in Blair's drive to gut the party's democratic structures, as was seen in their crucial role in pushing through PiP and one-member-one-vote (OMOV) before it.

This does not mean that Blair and his faction of modernisers have abandoned their commitment to destroying the Labour Party as any sort of workers' party. Blair's speech to the Labour Party conference made this plain. He expressed his regrets about the split in "radicalism" in the early 1900s. The leader of the Labour Party was thus regretting the very foundation of the Labour Representation Committee in 1900 and the Labour Party in 1906. His drawing of the Liberal Democrats into a Cabinet committee and his special meetings with defecting Tory MPs, all point to his long-term goal of remoulding the British Labour Party in the image of the US Democratic Party.

Blair has pointed to the problems Labour has trying to free itself from its financial ties to the unions. The Blairites hate being dependent on the contributions of millions of trade unionists affiliated to the party. They are desperate to counter balance this by donations from millionaire businessmen and making New Labour the natural party for a major section of the capitalist class, in the same way that the US democrats are in the States.

One way of doing this, Blair has pointed out, is to develop some form of state funding of political parties, a policy being pushed by the Liberal Democrats. This would free the LP from one more way of keeping its leaders accountable to its mass trade union membership.

But Blair knows very well that to destroy the Labour Party as a bourgeois workers' party, a party with a bourgeois leadership and programme but one with deep organic links to the working class, one that has been so useful to the bourgeoisie this century precisely because of its hold over the workers, would open up deep splits within the New Labour coalition. Not just with the trade union leaders, who still provide the bulk of Labour Party funds, but with the left and the centre of the parliamentary party, potentially alienating the Cook-Prescott faction in the Cabinet.

While the Blairites' intended realignment of British politics, drawing in the Liberal Democrats and the pro-European Tories into a centre party or coalition is still the long term goal, they do not need to drive it forward at the moment. As long as the trade union leaders remain so compliant, they will retain important influence on the policy commissions and the occasional minor reform with which they can placate their members. And as long as the trade union bloc vote remains firmly in the hands of the bureaucrats through the various anti-democratic mechanisms that exist in the unions, Blair has no reason to wantonly break from them.

Blair, however, does know that the current honeymoon will not continue throughout his term. The governments attacks on the unemployed and benefits are not felt so harshly by the working class because Britain is in the midst of a boom, in its sixth year of upswing in the capitalist cycle. Unemployment has fallen month on month for over twenty consecutive months, the economy is growing at 4%, while skills shortages have pushed up average wage rises to 4.6% a year well ahead of inflation in the last period. This growth has also benefited the Treasury and reduced the PSBR to well below Clarke's target of 2.5%.

Still the government is resisting every increase in public spending because it knows this situation cannot last. The cycle will soon be into its downswing and Labour will have to weather the next recession and the larger cuts it will have to make in public expenditure then. This is why the measures to insulate the Labour Party from any industrial or political protest movement which arises are absolutely essential to the leadership now.

Where will opposition to Blair's' attacks on the welfare state come from and how will it be built? It is unlikely to come from the Labour left. The left

in the LP has responded to Blair's victories at the conference by taking another step to the right. Ken Livingstone, the Campaign Group and *Left Labour Briefing* (LLB) are all in favour of broadening the coalition against Blair.

The Labour Reform Group which sided with Blair on the ditching of Clause 4 has been welcomed into the "Keep the Party Labour" campaign because it believes that PiP went too far and should have been deferred for a year for "further discussion".

Ken Livingstone, whose victory over Mandelson was hailed by the left, has made it clear where his ambitions lie. In an article for the *New Statesman* after his election to the NEC he bemoaned the fact that he had not been given a place in the Cabinet like his old GLC ally, Tony Banks.

He expressed the opinion that the old left programme of the Bennites had alienated "radicals" like Tony Blair who could have been brought "on board".

Where will opposition to Blair's attacks on the welfare state come from and how will it be built? It is unlikely to come from the Labour left

Unlike the bulk of the Campaign Group, Livingstone has moved closer to the TUC's position on Europe. His immediate programme for the left was summed up recently in an interview in LLB where he declared that Blair was too deregulationist and influenced by the "American model" whereas he, Livingstone, preferred the EU's more regulatory more "consensual model".

"This reinforces the option for the European Left of solidifying and expanding on those more moderate European values. Given that socialism is not on the agenda before next year's conference, the problem is defending the more acceptable and humane idea of capitalism that we have rumbling on in Europe".

Perhaps Livingstone should have tried this argument out on the French lorry drivers or the sacked Hoover workers in Dijon!

Tony Benn has a clearer idea of what Tony Blair is up to. He has argued that Blair's aim is to build a new party, probably with the Liberal Democrats, "a top down party on the American model". Ditching Clause 4, the adoption of PiP, state funding of political parties and Blair's support for PR are all part of this strategy, according to Benn. While Benn has fought and opposed all these measures in the Labour Party, his unwillingness to risk a split in the party plays into the hands of Blair and the modernisers and disarms the left.

Benn absolutely sets his face against the idea of forming a new party. He criticises Arthur Scargill and the SLP, and the former Militant, now Socialist Party, for leaving the party.

Its certainly true that Scargill and Militant, on more than one occasion, failed to bring their struggle with the leadership to a head when they had maximum support and that they skulked out when their support was at an all time low. But Benn and the Campaign Group are crippled by the desire to remain in the party at all costs.

This results in concession after concession to Blair and a weakening of the left's position in the party. The left in the PLP for example failed to mount a fight against the new code of conduct imposed on the party, yet when four Labour European MPs called the government's bluff on forcing through a gagging clause on the European Parliamentary Labour Party, they were forced to back down.

With a massive Labour majority the Campaign Group cannot use the excuse that votes against Blair's anti-working class policies might endanger the government and let the Tories back in. Yet they are already urging caution. Bryn Griffiths recently said in *Left Labour Briefing* that they had to beware of the "Nellist scenario writ large", Dave Nellist was a sitting MP and supporter of Militant who was deselected and then expelled from the party. The left, he said, had to pick their issues with "caution" making sure they had the backing of the trade unions. They did not want to "create martyrs", he said.

Unfortunately the alternative to creating martyrs is sometimes political surrender. If, as is likely, the Campaign Group spends its time playing hide and seek with the whips, lying low and quietly abstaining on occasion, it will do nothing to mobilise and organise the opposition in the party and in the workers' movement to Blair's attacks. It will carry on surrendering every position, as it did with the PLP "code of conduct", and end up being flung out on its ear by the right wing when they are good and ready.

Signs of an opposition to Blair are already starting to emerge. It is small at the moment because the great mass of workers are still willing to give the new Labour government a chance to change things.

The 8,000 strong lobby of the Labour Party Conference, sponsored by many trade union branches and individuals, the initiative of the Socialist Workers Party, shows there are forces to build on.

Health workers who have watched the Tories decimate the NHS and know that Labour is putting in pitiful resources, the low paid who are suspicious of Labour conceding to the bosses' demands for no more than a £3.00 an hour minimum wage, sections of workers who were in struggle against the Tories and have experienced more of the same from Labour - the Dockers on strike for two years, lecturers forced onto new contracts, the Hillingdon strikers; students shocked by Labour going further than the Tories in abolishing grants and making them pay for tuition fees. Many of these groups came down to lobby the Labour Party or march in support of the Dockers the same weekend.

Future struggles

Revolutionaries must address this, as yet small, vanguard. It will grow over the next two or three years as layers of trade unionists and Labour Party members become disillusioned with Blair. They must be addressed actively and revolutionaries must enter into struggle with them.

We must fight alongside all those who now think they can pressure Labour into delivering a decent minimum wage, who think the government can be made to think again on benefit cuts, who demand that Labour implement real rights at work and union recognition from the first day of employment.

We must tell them that Labour is incapable of delivering even these basic reforms. Indeed these will only be dragged out of it if a real movement of struggle, like the one that defeated the Poll Tax in 1990, is built. And if we do this why stop short at limited reforms? What we need is a workers' government that will solve the endemic crisis of the British economy and society at the expense of the millionaires and the multinationals that Blair is so fond of.

For this we need to transform the trade unions into real instruments of struggle, not instruments of the Labour bureaucracy. We need to kick out Blair and the Blairites from the Labour Party.

All of these are necessary and progressive struggles. But revolutionaries have to show the entire road ahead not simply disguise themselves as old-style left reformists.

We need to say openly and clearly that what we really need is a new, fighting mass workers' party; a revolutionary combat party, not a pale imitation of old Labour— or a bureaucratic Stalinist dead end like Scargill's SLP. Only a party really fighting to destroy capitalism lock stock and barrel, can offer an alternative to the insecurity and poverty that capitalism inflicts on the great majority of society in the interests of profit.■

TRADE UNIONS IN CENTRAL EUROPE

Fighting the market

In the old Stalinist states trade unions were a prison house for the workers they claimed to represent. **Lesley Day** charts the changes capitalist restoration has made.

NOWHERE IN Central Europe during the last seven years has the working class consciously risen up to obstruct the restoration of capitalism. Having played its role in the removal of the demoralised Stalinist parties from power, the labour movement gave its confidence to pro-capitalist parties of one kind or another.

By then the working class was completely alienated from the so-called "socialist" pretensions of these states ,due to the fact that the workers had played no role in the overthrow of capitalism after the war. This inevitably deepened their democratic and nationalist illusions in those opposed to the bureaucracy.

Voted into office in the early part of the decade the region's restorationist governments proceeded to carry out policies that created mass unemployment, destroyed savings and lowered the value of wages and pensions. Fragmented and sporadic struggles against this calamity occurred but not with the perspective of reversing the process of capitalist restoration.

The working class did not confront this unique historical event bereft of organisation. The vast majority had been forced to be members of state-run trade unions before 1989; a tiny minority had been in illegal or informal trade unions. Many more thousands joined newly independent ones after 1989. Workplace councils, admittedly under the aegis of enterprise management, also existed. Workers fell back on these to resist the inroads of capitalism but have been gradually undermined or destroyed by privatisation and closures.

The trade unions by contrast have weathered the storm, which included internecine struggles between them. Most governments refrained from stripping the old unions entirely of their accumulated assets lest they thereby destroyed a much needed mechanism which could disarm any widespread resistance to their plans.

Every union promoted the market to their members as the only economic nexus in which they could operate; the minimal amelioration of exploitation was the bureaucracy's maximum programme. The mass of rank and file workers, expelled from the labour force entirely or burdened with the onerous job of surviving the maelstrom of the market have not rediscovered long lost traditions of self-organisation. Meanwhile, the trade union bureaucracy has succeeded in becoming an independent social layer. It has severed its compulsory legal ties to the state while preserving its social base in the heavily restructured working class.

Capitalism is strengthening its grip in Central Europe. A new generation of workers is being formed, one that will not easily accept the deprivations of the present because the memory of Stalinist oppression is burned into their psyche. They will be forced to seek to transform their trade unions into fighting organisations against capitalist exploitation. But for that they need to know what these trade unions were before 1989 and how they have been changed by capitalism's victory.

The role of trade unions under Stalinist control

In January 1921 Lenin criticised Trotsky's attempt to allocate to the unions a solely production management role in the new Soviet State, insisting that:

"... the trade unions no longer have to face the class economic struggle but the non-class 'economic struggle', which means combating bureaucratic distortions of the Soviet apparatus, safeguarding the working people's material and spiritual interests in ways and means inaccessible to this apparatus, etc. This is a struggle they will unfortunately have to face for many more years to come."[1]

Lenin's argument was faultless. The unions, as mass organisations of the industrial workforce, should play a role in the defence of those workers, even against the "distortions" of the workers' state itself. He conceded that they could and should also play a role in the management of production, but to turn them into instruments of management would be to negate the very purpose of their existence as separate organisations.

Trotsky eventually conceded that his position was wrong. However, the bureaucratic Stalin faction triumphed over Trotsky's Left Opposition in the 1920s and destroyed every vestige of workers' democracy in the USSR. In transforming the state machine into a bureaucratic dictatorship over the working class Stalin did not spare the trade unions.

Along with every other element of working class organisation, the unions were turned into extensions of the bureaucratic apparatus. In every plant and workplace the unions became transmission belts for the bureaucracy's goals into the workforce. The union leaders were invariably party members and frequently managers. The union organisation had no role to play in "defending" the working class. At best they became the administrative organs for the distribution of social welfare, holidays, childcare and such like. At worst they were informers for the bureaucracy in the plants, spying on workers, fingering dissidents and maintaining "discipline" in the drive to fulfil the five year plans. As Boris Kagarlitsky and Renfrey Clarke noted:

"The leader of the trade union at an enterprise level was in effect an unofficial deputy director with responsibility for social matters."[2]

And this became the lot of every trade union federation in every Stalinist state after the Second World War. The model Soviet trade union was replicated throughout Eastern Europe and today prevails in China, Cuba and the other remaining degenerate workers' states.

Inevitably, independent trade unions – ones that actually organised serious numbers of workers – were intolerable as far as the Stalinist bureaucracy was concerned. The monolithic political power of that bureaucracy was incompatible with trade unions that had the capacity to meet separately from the bureaucrats and plant managers, formulate workers' grievances and petition for those grievances by either political or industrial means. Such elementary workers' democracy always and everywhere collided with the political power of the bureaucracy. Because that bureaucracy claimed to rule in the name of the working class

organisations such as unions, workers' councils, tenants committees, consumer committees, that were not controlled by it and subordinated to it threatened its political monopoly, directly and immediately. In 1980, in Poland, the most graphic illustration of this fact was revealed with the birth and rise of Solidarity, then a genuine mass working class trade union, independent of the bureaucracy. The Stalinists moved to destroy it through military repression.

Rebirth of trade unions

The collapse of Stalinist bureaucratic rule in the USSR and Eastern Europe, following on from the experience of Solidarity in the early 1980s, signalled the potential for the rebirth of independent trade unions. In particular the developments in Russia's coalfields during the 1989 miners' strikes suggested that the "Solidarity" road – of establishing mass alternative trade unions to the old federations of the Stalinist states – would be followed everywhere. Out of the strike committees that the miners set up came the Independent Union of Miners (NPG) – a new Solidarity in the making. In Hungary the workers' councils seemed set to play the same role, establishing a federation of Workers' Councils in December 1989.

In both cases, and in many other similar ones, the old unions were bypassed by the workers. Or so it appeared. In fact, the process was more complicated. The old unions, though they lost members during the collapse of Stalinism, were not challenged on anything like the scale that the early Solidarity had challenged the Stalinist unions in Poland and in the course of the last eight years, not only have they survived, but everywhere they seem to have eclipsed the challenge of the new independent unions,

most significantly in Russia and Poland. In Russia the NPG – which relied heavily on CIA money channelled through the AFL-CIO, then rightist leadership (personified by Lane Kirkland) and which was increasingly politically identified with Yeltsin and the neo liberal shock therapists – is losing ground to the old state run miners' union, Rosugleprof. In Poland Solidarity was transformed by its reactionary leaders into a political party set against the working class – the instrument of austerity rather than a bulwark for the workers against its effects – with the result that the old Stalinist OPZZ has grown in numbers and influence.

The task facing every socialist in the former Stalinist ruled states is the rebuilding of the workers' movement and politically re-arming it. Years of Stalinist atomisation and repression make this task enormously difficult. But the failure of the new independent unions to grow – and their political support for some of the worst results of capitalist restoration – poses a key question for socialists as they set about rebuilding the workers' movement.Can we start, or should we start, by fighting within the old Stalinist unions that have not only survived but have, as Kagarlitsky and Clarke put it, "proven viable when other institutions have collapsed, and when times have not exactly been favourable for the labour movement in the West."?[3]

Of course, to some extent this "viability" owes a great deal to the way in which the unions "voluntarily" transformed themselves. The official unions went through a process of reform which paralleled that of the old communist parties: they declared their independence from party and state apparatus, sought international recognition and support and tried to find a new role at national level. They have gone on to reforge their political links with the reinvented social democratic parties.

In many cases these reforms have been driven through by a new generation of union leaders, men and women who now openly identify with the drive towards a market economy. Richard Falbr president of the Czech-Moravian Chamber of Trade Unions is a typical example, a lawyer by training he became a union bureaucrat back in 1970 and recently explained that "Trade unions were always natural reformists . . . We support liberalisation [marketisation] in principle."[4] But at the same time he issues calls "balancing support of reform with defining the acceptable social limits", defining those limits with "even legal strikes". This balancing act by the old unions did give them an advantage over many of the more unqualified supporters of neo-liberalism in the independent unions. But is this "balancing act" an indication of the trade unions' fundamental uselessness from the point of view of rebuilding the labour movement, or does it provide revolutionary socialists with an opening we can utilise to build unions that are working class in both membership and political content?

The task facing every socialist in the former Stalinist ruled states is the rebuilding of the workers' movement and politically re-arming it

The Hungarian experience

The case of Hungary, and the evolution and nature of the unions there since 1989, can help us provide an answer to this question.

The trade unions in Hungary went through an initial period of fragmentation and rivalry following the events of 1988/89. The old official union centre, SZOT, dissolved itself in March 1990. Several different groupings came out of it. The confederations that emerged by 1993 were MSZOSZ, the main successor federation, together with SZEF which was the successor in the public sector and some others notably ASZOK, strongest in the chemical industry. The independent unions were grouped in the LIGA (Democratic League of Independent Unions) and MOSZ, the inheritor of the workers' council movement which moved rapidly to the right.

In a 1989 survey, the official trade union federation had topped the poll as most unpopular organisation of the old regime. However, it still claimed over two million members in 1991, compared to 130,000 for the LIGA and 160,000 for MOSZ. It is of course possible that there was a huge gap between "real" membership and paper membership. After all, the bureaucrats who inherited the old state union had not lost their skills at manipulating the truth to serve their own interests simply because the old regime had fallen. And while in-fighting over assets damaged all the unions involved – the assets being the not inconsiderable property, resources and money that were the sole preserve of the state unions under Stalinism – the new unions suffered in membership terms and in the eyes of many ordinary workers from their ties to the parties of austerity.

Yet by the time workers came to vote in the works council elections, and again in the social security elections of 1993, MSZOSZ was a clear winner. Despite generally falling membership figures, MSOSZ remains the largest federation. Its latest figures which are probably rather more accurate than the old ones, show 500,000 active and 400,000 retired members.

While Hungary did not experience the full force of "shock therapy" in the same way as Poland, it certainly underwent a period of falling living standards and sharp differentiation between sections of the working class. An estimated 1.5 million jobs were lost in the first few years of transition. However, this did not lead to outright opposition to the restoration process. The legacy of the previous decades of repression and atomisation ensured that the pro-market political forces remained dominant. In the first years of the transition during the Antall government, the inheritors of the old Hungarian Socialist Workers Party were marginalised and in any case they too embraced the market, merely calling for a different approach to the transition. The political forces ranged against the whole process of capitalist restoration were tiny.

In 1991 there were a series of confrontations between trade unions and the government including a threatened general strike over fuel prices and a widely supported two-hour "warning strike" over austerity measures called by the main federations. While this response was fairly mild by

comparison with the strikes that swept Poland in the early 1990s, it did contribute to a degree of recovery on the part of the national unions. The existing leadership, which had largely survived the reorganisation of 1990, was able to present itself as defending workers' interests. Sandor Nagy, who had been a leader of the communist youth organisation in the 1970s, was re-elected as president with 99% of the vote at the 1991 congress. In 1992 the federation was confident enough to carry out "re-registration" as "proof" of reform.

The 1991 campaigns and strikes were the first signs that the established unions could not be written off as dinosaurs from the past. As Tamas Krausz of the Left Alternative put it in an interview:

"We tended to forget the old trade unions. This was a mistake because many workers expect and can obtain real help from them".[5]

The new unions continued to insist that such "help" primarily rested on the possession of huge assets and other privileges which enabled the established unions to carry through a welfare role. The assets question became the central aspect of the "trade union war" of the early 1990s. In the end, the threat from the administration to solve the question from above, and redistribute assets according to a general franchise vote forced the federations to an agreement in September 1992. Assets were distributed according to the results of the Works Council elections of 1993 which gave a clear majority to MSZOSZ (which had 72% of is members in the industrial sector and 13% in the civil service), and these proportions were broadly confirmed in the elections of 1995 with MSZOSZ polling 63.5% in the industrial sector.

The significance of these results for the debate on the role and nature of the old unions is that the "new" unions cannot claim that it was simply the material advantages accruing to those old unions that ensured they retained members. Further confirmation of union identification came with the elections to the Social Security boards when MSZOSZ took 50% of the employees side of the Pensions Insurance Body and 45% in the Health Insurance Body. These elections had a huge turnout. In one sense the results were a response to the actions of the administration which removed control of distribution of social security from the sole hands of the trade unions, and chose instead the French system of co-determination.

Hungarian workers responded with a clear message that whatever their opinions about the effectiveness of the established trade unions, they still expected them to be the best representatives of their interests on these official bodies.



SOLIDARNOSC, 1981: UNION LEADERS ARE NOW IN A PRO-CAPITALIST GOVERNMENT

If the simple possession of assets was not enough to explain continuing loyalty to the established unions, what was? What other "real help" could the unions give to their members?

Analyses of labour relations in Hungary in the period of transition all acknowledge the significance of the framework provided by the state together with the legacy of enterprise level relations – "tripartism". In Hungary this began as early as 1988 with the creation of the National Council of Interest Reconciliation (NCRI), later the CRI or ET. A Chamber of Commerce was added as the third partner to the existing bilateral body, making it a fully fledged tripartite structure. The CRI can discuss macroeconomic strategies, social policy, taxation and budgets. At the same time, the recognition of the right of free association opened the road for the pluralisation of the trade unions.

Through much of the past period the state has also continued to have a decisive influence over the labour market, over the pace and manner of privatisation and over monetary policy. The 1991 Employment Law, the 1992 Labour Code and the 1993 Social Act continued the process of regulation. They lay down rights of representation for the unions at national and enterprise level. Under the 1992 Code the chair of the CRI rotates among the three parties and the Council has as its nominal goal "co-operative equality" among the parties as a means of ensuring industrial peace.

An early example of tripartism in action was the intervention of the NCRI which helped settle the truck and taxi strike of 1991. Here the trade union bureaucracy announced its new role even in advance of a fully fledged and operative capitalist economy. Not only are they agents for promoting social peace in the workplaces and in society at large but they allow the elements of the old bureaucracy to practice their new roles and integrate the "genuine" capitalists as well.

This opportunity is particularly important for the old trade union leadership. It needs, of course, to preserve trade union assets and the privileges associated with administering these. These assets are a guarantor that it will secure a comfortable place for itself in capitalist Hungary. But it also needs to play a wider role to convince members to remain with the union. It can find such a role in both the tripartite institutions and on the national political scene, while it searches for a way to make national and sectoral collective bargaining meaningful.

MSZOSZ reports (1995, 1997) reflect the federation's commitment to the strategy of embracing social partnership – although these reports are in part directed at organisations such as the ICFTU and ILO which have such an outlook themselves. The reports present the electoral bloc formed with the Hungarian Socialist Party, which resulted in nine office bearers of the federation being elected, as a continuation of these policies. They also tacitly support the coalition with the Alliance of Free Democrats " . . . both parties of the present government coalition emphasised that they intended to carry out the programme of modernising and transforming the economy in co-operation with the trade unions and the employers."

The federation sought an overall Social Pact to cover social and economic policies but these discussions closed in early 1995 when it became clear that the government could not deliver sufficient social incentives, but even after this failure the federation leadership continued to seek an agreement, arguing it was necessary to protect the interests of the unemployed and pensioners (who should have to bear "only really inevitable bur-

dens"!).

The federation has experienced mixed fortunes with other kinds of national level agreements. It claims that there is now greater co-operation on the union side but that the employers side are "two-faced". The real problem is that there are still few mechanisms for making bargains struck at national level stick at sectional level. Many sector level agreements do not have real content, evidence of the affiliates' weakness. MSZOSZ welcomed the abolition of wage regulation in 1992 – indeed it claims it "took the initiative", but has yet to make collective bargaining in sectors or industries a reality. Once again it is thrown back on national tripartite institutions and in 1997 sought minimum wage agreements in the CRI. Other agreements include various form of health, safety and leave agreements. The federation has also been involved in protracted negotiations over the funding of pensions.

At national level, then, the consolations for the national leadership are considerable: chairing the social fund board, winning rights in health and safety, creating buffer and retraining agreements to offset lay-offs. These ameliorating measures allow the trade union leadership to argue it can deliver, but evidence of real mobilising power is thin on the ground.

At plant level enterprise unionism survived the immediate impact of 1989. The expulsion of the party organisation from the workplace left the unions as the only social-based organisation in the enterprise. Their role as providers of social welfare meant that workers did not turn directly against them in the way that they did against the institutions of the party. As in Russia workers did not see an immediate alternative to the unions in ensuring the protection of their social interests. The Works Councils, which had played a role in organising strikes, did not play this welfare role and therefore were not seen as alternatives to the old unions but as supplementary to them.

In terms of formal rights, workers and their unions have retained considerable rights of participation but these are constrained in various ways. More importantly, the real bargaining power of some sections has been weakened.

In Hungary, as elsewhere, one result of the unions' self reform process was decentralisation, weakening the power and the role of the national leadership. In Hungary one effect of this process has been that the occupation-based sectors of the main union federations have been weakened in relation to enterprise level organisation. In particular, multi-employer bargaining actually fell in coverage between 1992 and 1994. The enterprise level unions also keep the bulk of union dues.

One result of the unions' self reform process was decentralisation, weakening the power and the role of the national leadership

But in different firms there are different levels of effectiveness and independence of unions in the enterprises. Experience in foreign owned firms and joint ventures is variable. There are a number of instances of workers and enterprise level union representatives using comparisons with their sister plants in western Europe. This is obviously resisted by the owners who are investing in Hungary precisely because of the cheaper labour costs that have drawn them there in the first place. Nevertheless, unions in a number of these firms are in a reasonable bargaining situation and have won collective agreements. In other cases the management has persisted in effectively derecognising the unions. A frequent cause of resentment is the attitude of supervisors brought in from parent companies. In such cases workers may re-activate their old loyalties, arguing that the new managers are inefficient and are endangering the firm.

The MSZOSZ itself has particularly pinpointed the problem of the multinationals who want a "union -proof", if not union free, environment and refuse to make any collective agreements. Foreign owned firms are especially difficult to organise and the road through the labour courts to enforce union rights is a long and winding one. In fact the MSZOSZ's reliance on the state institutions reveals a weakness of the unions at both enterprise and sector level. In the long run, it will be organisation on the ground and the ability to deliver action that will secure meaningful rights especially where new firms are resistant.

Emergence of joint management and workers' campaigns

In the state run sector there is widespread evidence of joint management and union campaigning, again a feature of much of Eastern Europe and Russia and a legacy of the old "unofficial director" role of the union representatives in the plants. The phenomenon of the annual rail strikes to win central resources is a typical example of this. Co-operation between unions and management also continues in the newly privatised sectors, even extending to questions of cuts and lay-offs. Trade union representatives have been involved in negotiating redundancy terms, as well as the use of buffer institutions. This is not just a question of collusion between managers and union officers: surveys suggest that this is partly a reflection of generally and firmly held beliefs by workers in the function of the unions. While the majority of workers do not accept that unemployment is a necessary consequence of the transformation of the economy, there is at the same time the strong belief that government, employers and trade unions should work together to develop the necessary labour flexibility. These views extend across different union federations and there is still evidence that managers avoid using lay-offs where possible.

This level of emergent class collaboration is, paradoxically, a legacy of the era of the degenerate workers' state. Workers who remain in unions are reasonably loyal to them, but their loyalty to the firm has survived the transition to capitalism and even been strengthened, based both on the need for survival and on continuing enterprise paternalism, the granting of perks and social bonuses, for example. This is hardly peculiar to the former Stalinist countries but it is particularly widespread and characteristic of the process of capitalist restoration in these states.

The 1992 Labour Code makes Works Councils obligatory in enterprises of more than 50 and allows for co-determination on welfare matters, the expression of the workers' opinions on matters such as training and the right to information on the firm's financial situation. These Works Councils differ from the Enterprise Councils of the 1980s. Whereas the Enterprise Councils were seen as barriers to the proper functioning of the market because of their potential role in decision making, the Works Councils' role is much more on the west European model, with a much more restricted role for workers' representatives. The Works Councils were introduced in response to the trade union fragmentation of the early transition and were aimed at encouraging an industrial relations system appropriate to a market economy. They were also seen as a way of integrating non-union employees. Not surprisingly, they were initially seen as a threat to the position of the trade unions at enterprise level because they provided an alternative structure of representation.

In practice however, the unions have been able to adjust to the existence of the Works Councils; the established unions in particular have been able to secure their positions in the Works Council elections. In a number of cases the position of the enterprise level union has been strengthened, although there are instances where hostile managers have sought to use the Works Councils to weaken the unions.

The independent unions appeared as alternatives to the established unions in the period of the collapse of the old regime. The Democratic League of Independent Trade Union (LIGA) was formed in December 1988, and thrived where dissatisfaction with the existing unions was particularly strong. Its leadership included long-

standing oppositionists. The Workers Council movement, MOSZ, at first looked to the traditions of 1956. However, although these federations have survived they have not grown and have played second fiddle to the established unions.

The assets question was not enough to explain this failure. The new unions suffered from severe organisational weakness, developed political allegiances that antagonised many workers and tended to depend on agencies and forces outside the workplaces and even outside of Hungary. The independents gave a lot of attention to "big politics" but little to building up an effective structure, with the result that the connection between the leadership and rank and file weakened.

And, as in Russia, the support given by the ICFTU, AFL-CIO and other international agencies was counterproductive, making the LIGA leadership dependent on these bodies. Meanwhile MOSZ was subject to political take overs by left and then right wing forces, a process that paralleled the evolution of the Sotsprof union movement in Russia, transforming it from an avowedly "socialist" movement into a pro-Yeltsin tool for supporting austerity.

Without a clear orientation to building active and effective organisation on the ground, and with a tendency towards uncritical support for capitalist restoration, the independents were in no position to challenge the preeminence of the established unions.

Break with collaboration

The principal characteristics of the old state unions that emerge from this survey of their role in the transition period are contradictory. On the one hand they retain the loyalty of the bulk of the organised working class. They are identified not only with the transition towards capitalism and its ill effects but with some elementary defence of the workers' interests from those effects, both at the level of national negotiations in the tripartite bodies and, more particularly at enterprise level.

Together with the legacy of their role in the degenerate workers' states this has given them a more clearly defined role than the market oriented independents who for the most part are identified only with the ill effects of capitalist restoration.

On the other hand, the unions' leaders – via their assets and their role in the tripartite structures – are trying to carve out a role for themselves in the state of capitalist Hungary that sets them against the interests of the mass of their members. They are trying to preserve, under new conditions, the privileges they enjoyed under the Stalinist regime.

However, these contradictions are new. They indicate that the unions, and the union leaders, are not the same organisations they were and cannot simply carry on as they did under the old regime. They are faced with new problems (not least the general fall in union membership and therefore union dues) and new employers. This very fact, which increases as capitalism establishes itself more firmly in Hungary and in the other former workers' states, means that the old state union are becoming less the "unofficial directors" and more typical trade union bodies.

Of course the strength of tripartism is out of synchronisation with recent trends in capitalism where neo-liberalism has destroyed tripartisan relationships, Britain being a case in point. But the maintenance of "social partner" models of capitalism in other parts of western Europe and their possible partial revitalisation in Britain under Labour, indicate that there is nothing unique about this form of class collaboration between the unions and the state.

It may have specific characteristics because of the former property relations, but its new content – the utilisation of the union leaders as agents of social peace in such bodies – is very much par for the course in many capitalist countries.

For revolutionaries, therefore, the old state unions should not be regarded as no-go areas simply because of their former role in the Stalinist state machine. On the contrary, where they organise the bulk of the working class socialists must seek to take the tasks of rebuilding the workers' movement into the heart of these unions. As in western unions this means a fight for union democracy – shock therapy for the bureaucrats by ensuring they are accountable, are recallable, are deprived of their privileges and paid the same as the workers' they represent.

It means turning the assets of the unions over to the workers' themselves, buildings, printing presses and such like will prove to be invaluable resources when struggles do begin against the effects of the laws of the market.

The welfare role of the unions will come under increasing threat from those laws. The state will seek to take away any trade union responsibilities in this area and delegate it to private insurance or take it on as an obligation of the state.

The cosy tripartite negotiations, institutionalised at the level of the state will likewise come under pressure from capitalism's drive for profit at the expense of workers' jobs and living standards. The model of social partnership will face the same strains that it is currently under in Germany and Scandinavia.

The signs are that although in Russia, Hungary and even Poland, recent strike figures are low, more and more workers will turn to the weapon of industrial action as the grim logic of capitalism unfolds.

Last summer Business Central Europe reported a five day rail strike in the Czech Republic:

"But there are signs that labour unrest is heating up throughout the region, and that consensus could degenerate into confrontation.

Workers' tolerance is wearing thin, especially in the state sector which is lagging behind. And they're losing faith in their ability to achieve results through tripartite negotiations with government and industry: the strikes brought results that years of talks didn't."[6]

This report was written in anxious anticipation of the danger that the working class poses to capitalism as it is restored in the former workers' states. For revolutionaries this is not a cause of anxiety, nor a "sudden revelation". It is proof positive that the working class can and will act against the effects of the system that its new masters are seeking to impose on them just as it did against its old Stalinist masters. In the struggles that will unfold it is entirely possible that new organisations will emerge that will supercede the unions– strike committees, new workers' councils and so on.

For revolutionaries, therefore, the old state unions should not be regarded as no-go areas simply because of their former role in the Stalinist state machine

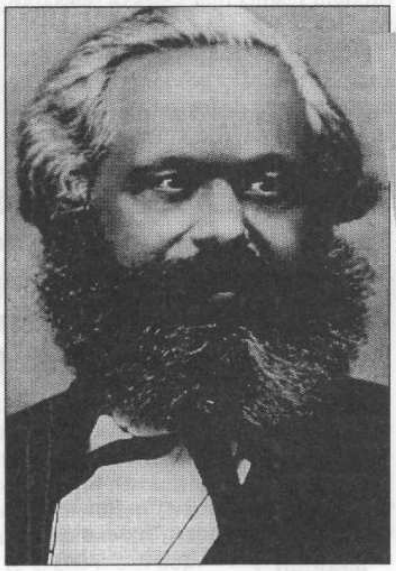
It will be vital to build and develop such organisations. But part of the preparation for that will be the fight to really renovate and reform the mass trade unions currently controlled by the former Stalinist bureaucrats. The case of Hungary indicates the extent of loyalty to those unions among the working class.

That loyalty must not be manipulated by the new leaders to carve themselves a place in the new order but as a means of driving them out and building a new leadership in the unions committed to class struggle against not only the effects of the capitalist system, but the system itself: a new revolutionary leadership. ■

Footnotes

1. *Selected Works*, V I Lenin, Moscow, p494
2. "Russia's Trade Union Movement", *Links*, April-June 1994, p20
3. ibid, p 19
4. *Business Central Europe*, The Annual

150 YEARS OF THE COMMUNIST





1998 marks the 150th anniversary of the *Communist Manifesto*. Issued on the eve of Europe's first co-ordinated wave of revolutionary struggles it remains an unparalleled exposition of the theory and practice of scientific socialism, writes Colin Lloyd

"A **SPECTRE IS** haunting Europe – the spectre of communism." So begins the *Communist Manifesto*, drafted 150 years ago by Karl Marx and Frederick Engels.[1]

Within a few decades the spectre of communism was haunting not just Europe but the world. As mass workers' movements emerged during the upward swing of capitalist development, Marxism itself took giant steps, both in theory and programme. In the process, some of the specifics of the *Manifesto* became, as Engels put it, "antiquated". The "old Europe" was swept aside: Guizot and Metternich, the reactionary figureheads of France and Austria mentioned in the first page of the *Manifesto*, were swept from power within weeks of its publication. But capitalism survived the revolutions of 1848-51. Indeed its saw an amazing quarter century of expansion, posing new tasks and problems for revolutionaries. By 1872 Marx and Engels could write about the Manifesto as a "historical document which we have no longer any right to alter".[2]

While successive generations of socialist workers have had to confront new problems in the class struggle, and draw up new programmes and guides to action relevant to their own time, the method outlined in the *Manifesto* has guided them like a beacon.

Likewise, in every decade since its appearance the opening words of the *Communist Manifesto* have struck fear into the minds of the employers and their hangers-on.

Every decade, that is, until the present. The collapse of Stalinism, the wholesale abandonment of Marxism by parties that once paid lip-service to it, the defeats suffered by strong workers' movements and anti-imperialist struggles have combined to convince a large part of the ruling class that they no longer need fear the "spectre of communism".

Thus, the 150th anniversary of the Communist *Manifesto* will be celebrated by a much reduced band of people who identify themselves as Marxists. Reformist socialists, eco-warriors and repentant ex-Stalinists will come not to praise but to bury the *Manifesto*. they will claim that events have disproved its whole method and historic goal. "A great work of literature...high ideals...as outmoded as the cloth cap and the coal mine" – the academics and the journalists will churn it out.

What the commentators will not do in this year of the 150th anniversary is encourage people to read the *Manifesto* itself. Because, once we strip away the 19th century language and the specifics of the time, the *Manifesto* – on its own and without any added commentary – reads as a vivid and valid indictment of contemporary capitalism. In the *Manifesto* Marx and Engels outlined the essence of capitalism – its position in history and the tasks of the working class in the struggle to overthrow it. Paradoxically, while the tasks of the working class have developed and increased as capitalism has developed and survived Marx and Engels' basic outline rings even truer today than it did 150 years ago.

The aim of this article is to serve as a modern introduction to the *Manifesto*: to explore the basic tenets of Marxism as set out in the *Manifesto*; to look at the way modern capitalism confirms the Marxist analysis of history and society; and to explain why the death of Stalinism has not exorcised the spectre of communism and workers' revolution.

The materialist conception of history

The first and most important section of the *Manifesto* is devoted to an explanation of history from a materialist standpoint. Key to this method of historical

MANIFESTO

materialism are four concepts:

- All history is the history of class struggles.
- Each successive ruling class has stood for definite exploitative social relations of production. These have served at first to advance the productive forces of humanity but, eventually, to restrict and retard them – provoking either social revolution or the collapse of a given type of society.
- The ideas, politics, culture and laws of a given class society are the products of the social relations. The dominant ideology in any period will be that of the ruling class.
- Despite this, human action and thought are not totally predetermined by economic or social developments: they can — especially to the extent that they become the ideas and thoughts of large masses — bring about development and change. The motive force of history is the class struggle, during which the oppressed class can achieve a revolutionary consciousness of its own purpose and destiny.

In a commentary on the *Manifesto*, written at a time when the prestige of Marxism on the bourgeois intellectual scene was great, Leon Trotsky observed:

"We can state with certainty that it is impossible in our time, not only to be a revolutionary militant, but even a literate observer in politics, without assimilating the materialist interpretation of history."[3]

That cannot be said with certainty today. No matter who is speaking – be it the postmodernist academic, the neoliberal economist or the celebrity scientist – once they stray into the area of knowledge, history and philosophy the spokespersons of the modern ruling class can scarcely hide the crisis of self belief of bourgeois ideology.

Science and technological progress are seen as unsound and dangerous by large sections of the intelligentsia. The idea of an objective process in history is supported only by those who think it has, in any case, finished.[4]

Instead of a kind of "unconscious" historical materialism there is a widespread acceptance of various forms of vulgar materialism. "Everyone I know," writes economist James Buchan in a recent survey of the influence of Karl Marx, "now believes that their attitudes are to an extent a creation of their material circumstances...and that changes in the way things are produced profoundly affect the affairs of humanity even outside the workshop or factory."[5]

Just what changes in production bring about changes in society and ideas? And how? And why?

True, this is a kind of materialism. But it is a crude, fatalistic and a-historic materialism that ignores the development of society through the interaction of relations of production and means of production. Just what changes in production bring about changes in society and ideas? And how? And why? These are questions the modern ruling class would rather ponder in the personal columns of the Sunday papers than discuss within a theoretical framework.

The generalised "materialist" outlook Buchan refers to can encompass statements as generally true as the proposition that the rise of bourgeois social relations stimulated the rise of the novel and the dubious assertion that the invention of the video recorder has led to more violence on the streets.

Ranged against such "pop materialism" in the sphere of bourgeois thought are the combined forces of postmodernism and neo-scepticism which distrust all attempts to explain the origin of ideas in the material world. Ideas, or "discourses" as the postmodernist calls them, "are already powers and do not need to find their material force somewhere else, as in the mode of production".[6] The neo-sceptics in the philosophy of science meanwhile assert that, since no idea can be proven to bear any relation to objective truth, a belief in nymphs and unicorns is as valid as acceptance of the laws of nuclear physics.

Crude materialism – where being determines consciousness through a one-way process divorced from class and society – jostles with crude idealism where words and ideas are as solid and powerful as things.

In short, bourgeois thought is back much where it was in the decade before the *Communist Manifesto*. In pre-revolutionary Germany in the 1840s the world's most advanced philosophers were divided between the dynamic "dialectical" idealism of Hegel and the mechanical materialism of Feuerbach. Marx and Engels were forced to break from and transcend the rival schools of philosophy in order to comprehend history as it was about to unfold before them. They did this through a synthesis of the two standpoints which overcame the limitations of philosophy altogether by fusing it with political economy and social action.

In the context of today's crisis of confidence in bourgeois thought the *Manifesto*'s statement of a dynamic, materialist explanation of history retains all its power and freshness.

The class struggle

"The history of all hitherto existing society is the history of class struggle" wrote Marx.[7] And this idea, as Trotsky pointed out, "immediately became an issue in the class struggle".[8]

Professors, politicians, policemen, priests and anxious parents have laboured to convince every new generation of socialist workers that the class struggle is either an illusion, a secondary question or a thing of the past.

Today the ruling class attempts to face both ways over the existence of the class struggle and its importance to human history.

We are told that the decline of heavy industry and manual work have destroyed the working class[9]. We are told that mass share ownership and private pensions in the developed countries have abolished the boundaries between capitalist and worker. We are told that, in any case, Marxism's reduction of history to class struggle blinded it to other factors like religion and nationalism: it cannot explain Bosnia, they claim, nor can it explain the growth of Islamic fundamentalism. With glowing triumphalism the bourgeois ideologists claim that Nationalism brought down the "proletarian internationalism" of the USSR.

However, at the same time as their ideologists wage this campaign against class, the actual capitalists remain acutely conscious of the existence of class divisions, class struggles and the role of these in the production of profit. They are obliged to wage their side of this struggle. Every management

trainee knows that the quickest way to boost profits is to drive down labour costs, through wage cuts or job losses i.e. to prosecute the struggle against the workers.

At the strategic level, in the boardrooms and the economic ministries, small changes in the workforce are studied in great detail – and not out of anthropological curiosity. The capitalist class worldwide has been engaged, during the last quarter of the 20th century, in an enormous end entirely conscious struggle to shift wealth from "labour" to "capital".

When Marx plunged into the revolutionary struggle in Germany in 1848 he found the political landscape dominated by forces of the revolutionary petit bourgeoisie.

In light of this, what the *Manifesto* says about class and class struggle rings even truer today than when it was written.

Marx observed that capitalism had simplified class antagonisms: instead of the multi-layered structure of castes and classes known to earlier societies it had divided society into "two great hostile camps, into two great classes directly facing each other: bourgeois and proletarian."[10]

The bourgeoisie, having struggled to impose its own form of exploitation on society had ushered in a new phase in human history, wherein the methods and means of production had to be constantly revolutionised. In doing this, it was only following its own self-interests. But at the same time it was sowing the seeds of its destruction. Not only that, it was laying the basis for a further leap in human history whereby all class antagonisms, together with all unfulfilled needs, could be abolished.

The foundations for the transition from capitalism to communism were twofold, Marx argued:

- Every oppressed class fighting for power imposes its "own" new form of property and exploitation on society. But the working class has no property that really matters: it owns no factories, mines and offices, no machinery, no raw materials, no land, no banks. Therefore, if the class struggle under capitalism results in the victory of the working class, its task as a new "ruling class" would be transitory: namely to abolish class, private property and exploitation completely. Communism, which had been dreamed of by the exploited masses from time immemorial, could be a reality, a viable political goal, for the first time in history – because here was a class that could only fulfil its own historic needs by abolishing class and exploitation.
- But communism would not be possible on the basis of poverty and generalised want. Only in conditions where the basic necessities of life and much more could be produced and allocated free to each individual could humanity make this historic step. Here too, capitalism had furnished the solution, in the shape of the fast developing system of industrial production, which – together with the defeat of the landowner aristocracy – had massively reduced the social cost of producing life's necessities.

The era of the Communist *Manifesto*, then, was the first time in history when the classless society seemed like a real economic and social possibility. The *Manifesto*'s achievement was to set out this idea clearly to a working class audience that had been fed for decades on the political quack remedies of various social reformers and adventurers.

How does the *Manifesto*'s basic prognosis measure up today? Paradoxically, because of its recent triumph over "Communism" and its recent expansive phase in South East Asia, contemporary capitalism fits the description in the *Manifesto* more closely than at any time in the Twentieth Century.

Take the "proletarianisation" of the middle classes: this has progressed with every wave of technical innovation and reorganisation of the work process in 20th century capitalism. When Marx wrote of the simplification of the class struggle under capitalism, that description was true only in England and, perhaps, France. When Marx, Engels and the militants of the Communist League plunged into the revolutionary struggle in Germany in 1848 they found the political landscape dominated by real forces of the revolutionary petit bourgeoisie. Even 90 years later, Trotsky could write that "the intermediate classes, to whose disappearance the *Manifesto* so categorically refers, comprise even in a country as highly industrialised as Germany, about one-half of the population."[11]

Trotsky saw this as a product of the stagnation of capitalism, which was ruining the middle classes faster than it could proletarianise them while mass unemployment systematically "declassed" the poorest section of the workers. Notwithstanding the misery and unemployment capitalism has visited on us since then, the very survival of capitalism, and its expansion after 1945, has reinvigorated the process of proletarianisation.

Layer after layer of "technicians" have seen their originally skilled and privileged occupations broken down into smaller tasks and automated – a process which, with the rise of computers, extends even into the realm of mental work. More and more of the population of the most advanced countries has been drawn into the waged workforce, and from there into the trade unions and the workers' movement. Premature as it may have been in 1848 the following passage perfectly summarises the process at work in the late 20th century:

"The bourgeoisie has stripped of its halo every occupation hitherto honoured and looked up to with reverent awe. It has converted the physician, the lawyer, the priest, the poet, the man of science into its paid wage labourers."[12]

At the same time, the industrialisation of the third world has, over the last 25 years, created massive new legions of proletarians in place of masses of small peasants and traders. And the millions who remain on the land have been forced, by debt and land hunger, out of the class position of the smallholder and into the position of the rural, landless proletarian.

It goes without saying that the stagnatory aspect of capitalism continues to retard this process. Many semi-colonial countries harbour large and growing populations of shanty-town dwellers, who have never seen the inside of a factory. But globally that is not the dominant trend. The working class, the agent of the communist revolution is, on a global scale bigger than ever, younger than ever.

The productive forces

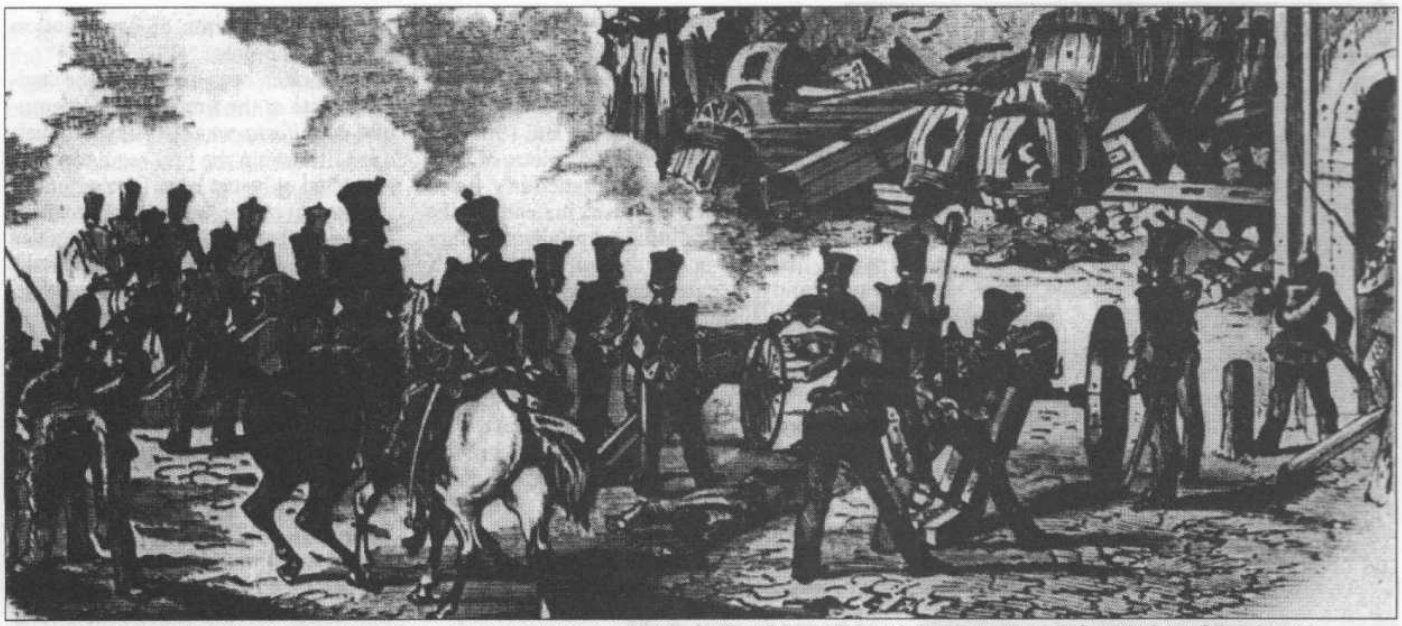
What about the second objective basis of communism: the development of the productive forces? Today, they are massively more developed than in 1848, massively more ripe to be seized and utlilised by the working class.

If we look over the whole 150 years of capitalist development since 1848 we can see periods of dramatic progress in technique alternating with periods where the social relations of production prevent or suppress the full utilisation of such techniques.

During this period – and even during the crisis and war riven 20th century – capitalism has strengthened the objective basis, the starting point, for the march to the classless society.

It is in the first place a question of the application of new techniques: mass production, chemical engineering, electronics, nuclear physics and information technology have each reshaped capitalist production, bringing the social cost of reproducing humanity through food, shelter, education, medicine and transport plummeting. Who benefits? Of course, the capitalist benefits as long as the profit system survives. But the technical advances of capitalism, even in the relatively stagnant imperialist epoch, have ensured that, with the working class in power, humanity could quickly move to the provision of all the basic necessities of life free, in limitless supply, throughout the world.

In addition to laying the technical basis for communism, capitalism also performs the important task of centralising, standardising and to an extent



BARRICADES IN FRANKFURT DURING THE 1848 REVOLUTIONS. ENGELS PLAYED HIS PART IN THE FIGHTING IN GERMANY

collectivising social life. Twenty years ago any revolutionary government in Britain, for example, would have had to puzzle over how to handle the hundreds of thousands if not millions of small producers and retailers involved in the supply of goods to working class communities. A whole panoply of measures and concessions would have been necessary designed to tie these petit bourgeois strata to the working class (cheap credit, exemption from certain regulations and taxes).

Today the huge supermarket chains have driven the majority of corner shops into bankruptcy. They have created in the process a large and brutally exploited retail proletariat concentrated in huge workplaces. These wage slaves can and are being organised. Capitalist competition has forced the supermarket giants to perfect internal planning to respond to market-driven needs.

The working class would only need to nationalise and merge Sainsbury's, Safeways, Tesco and a handful of other supermarket chains in order to create a national network for discovering and registering the changing demands of consumers; a system that would enable the quality and safety of goods to be monitored, and their distribution organised.

The same is true if we consider the famous passage in the *Manifesto* about the internationalisation of production. Every word still rings true today: the destruction of national industries, the creation of a global system of production, "new wants" created by the international market, incapable of being met within localised national cultures, and the mirror of this in intellectual production: "from the numerous national and local literatures there arises a world literature".

In summary, the *Manifesto* – by seeing through to the essence of capitalism, its need to constantly revolutionise production – was able to predict very clearly the direction of capitalist development.

What was the point of this paean of praise to the impact of capitalist development? It was to illustrate the socially reactionary character of the system

But what was the point of this paean of praise to the impact of capitalist development for Marx? It was to illustrate dramatically the socially reactionary character of this system: the inability of capitalist social relations to make progressive use of the technical forces it had unleashed.

"For many a decade past," Marx wrote, "the history of industry and commerce is but the history of the revolt of modern productive forces against modern conditions of production, against the property relations that are the conditions of existence of the bourgeoisie…The productive forces of society no longer tend to further the development of the conditions of bourgeois property; on the contrary they have become too powerful for these conditions, by which they are fettered…"

This clash between the productive forces and capitalist social relations took the form, Marx explained, of inescapable economic crises which, for the first time in history, created "overproduction". The bourgeoisie's response to these crises was the enforced destruction of productive forces and the conquest of new markets: "that is to say, by paving the way for more extensive and more destructive crises".

Marx, of course, was to say a great deal more than this on the subject of the capitalist economy and its crises, in twenty-odd years of work that culminated in the three published volumes of Capital. However, what strikes us, as we read this initial sketch, is the precision with which it describes everything that has been general to capitalism in all its periods and across both the epoch of its rise and its decline.

Many revolutionary Marxists in the 20th century set out to theorise the era of decline. Hilferding, Luxemburg, Lenin, Bukharin and Trotsky all shared the view that a profound change had taken place in capitalism around the start of the 20th century. They were right. Through monopolism, state intervention, the tendency towards stagnation and the ending of a period of unchallenged expansion into new markets, it had begun to gnaw at itself like a trapped beast. Despite their contributions to Marxist theory, most of these writers were only able to find one or two pieces of the jigsaw: the only coherent general theory of imperialist capitalism was that of Lenin.

But even he had time to produce only a "popular outline" and was not able to fully root it in the full structure of the political economy of Marx.

Trotsky also pointed to the *Manifesto*'s central flaw: namely, its wrong perspective on long-term capitalist development.

Writing on the eve of a revolution, but during what turned out to be only the first phase of industrial capitalism, Marx and Engels underestimated the historical reserves of the profit system. They spent the remainder of their lives as exiles, picking up the pieces of the failed revolutions of 1848 and grounding communism in a scientific understanding of the laws of capitalist political economy.

Trotsky, in his commentary on the *Manifesto*, identified Marx and Engels' error of perspective in 1848: they mistook the first generalised crisis of capitalism for its final crisis. Their error, he wrote, "flowed on the one hand from an underestimation of future possibilities latent in capitalism and, on the other, from an overestimation of the revolutionary maturity of the proletariat". For Trotsky, writing amid the revolutions of the 1930s, that error seemed to be of only historical importance. Wracked by economic crisis, revolution and war, the capitalist system had at last consumed its final reserves:

"Marx taught that no social system departs from the arena of history before exhausting its creative potentialities. The *Manifesto* excoriates capitalism for retarding the development of the productive forces. During that period, however, as well as in the following decades, this retardation was only relative in nature...Only in the last 20 years, despite the most modern conquests of science and technology, has the epoch begun of out-and-out stagnation and even decline of world economy."[13]

With hindsight, Trotsky's own judgement on capitalism can also be seen to have proved one sided and erroneous in its predictions of the "future potential" of capitalism. As we have explained elsewhere,[14] Trotsky's operative theory of imperialism caused him to mistake one aspect (and one period) of modern capitalism as its essence. In the *Transitional Programme*, written in 1938 on the eve of a new generalised crisis of revolution and war and also in the shadow of the *Manifesto* itself, Trotsky embodied a serious error of theory and perspective. This was to have as little practical effect on the revolutionary actions of the Fourth International during the second world war as Marx's error had on the Communist League in 1848-51. As with the Communist League[15] the real detrimental effects of the false perspective were felt by the Trotskyists only after the defeat or bureaucratic deflection of the post-war revolutions, when they failed to reassess the situation, insisting capitalism was doomed and stagnant after it had been temporarily saved and was booming.[16]

The split that took place in the workers' movement during the first world war was between those who in the name of "peaceful overthrow" would actually defend capitalism and fight to overthrow the world's first workers' state

In light of the fact that revolutionary geniuses of the calibre of Marx, Engels and Trotsky all managed to make errors of analysis and perspective about the reserves of capitalism, ought we not to revise Marxism altogether, to exclude all talk of final crises and absolute stagnation? Would it not be safer to assume (as, consciously or otherwise, the Labour and ex-Stalinist politicians do) that capitalism will go on growing, faster or slower, until the working class seizes power?

No. The general theoretical framework laid out by Marx in the *Manifesto* remains valid: as does the enormous scientific work of *Capital*. Capitalism only resolves its crises by preparing the conditions for even deeper and more generalised crises. In the late 19th century capitalism's varied palette of anti-crisis measures spontaneously fused into a new structure: instead of the "free competition capitalism" Marx had lived under, there arose monopoly and concentration; instead of national capitalism, global capitalism; instead of private capitalism, the joint stock company and state ownership; instead of the "nightwatchman state" there developed capitalist state intervention. Crucially, instead of unmitigated growth capitalism moved into an epoch of "mitigated crisis".

Notwithstanding this major, qualitative change in capitalism, that set the stage for a century of war and revolution, if we survey the entire history of the system – from 1848 to today – it is Marx's description in the *Manifesto* that best sums up the general and supra-epochal truth about capitalism and the productive forces: the relations of production tendentially strangle the forces of production; they always retard the potential of technology in a relative sense and, in times of crisis, prevent the application of new technology even for the benefit of the capitalists, let alone the workers. But this absence of generalised stagnation does not preclude the possibility of workers' revolution. There is not a single revolutionary upsurge in history since 1848 that grew simply out of a response to economic stagnation and crisis. Nevertheless the objective tendency to economic crisis forms the backdrop to political, revolutionary crisis.

The state and revolution

The necessity and regularity of capitalist crises in fact formed the third "foundation" of the scientific socialism Marx outlined in the *Manifesto*. For it is not enough to know that the working class has an objective interest in abolishing class society, nor that capitalism has created the means to do so. We must also know in what circumstances the workers would be impelled to take the road of communism. Those conditions presented themselves clearly enough to Marx and Engels, who had seen at first hand the privations visited on the working class in the commercial crises of the early 1840s. Chartism in England, for example, had taken on a directly social and economic revolutionary character only under the impact of the cotton crisis of 1842.

This idea, that the capitalist crisis would usher in the opportunity for working class rule, was a revelation to many of the socialists and working class reformers of the 1840s. They had imagined a peaceful transition from capitalism to socialism, on the basis of plenty – not starvation. Likewise they had seen no need for any special political theory or forms of organisation regarding the state.

As has often been explained, the capitalist state at the time of the Communist *Manifesto* was very underdeveloped. In Britain the first regular police force had only just been formed under the impact of revolutionary Chartism. However, as revolutionary struggles unfolded, it became clear that the half-formed capitalist states had more than enough firepower to suppress a workers' upsurge that stopped halfway, was an insurrection launched without the support of the masses, or took the form of an adventure. Thus, less than 18 months after the publication of the *Manifesto*, most of the decisive revolutionary battles of the decade had been fought and lost.

Yet even before Marx and Engels had the chance to see and learn from the workers' revolution on practice they were able to outline, in the *Manifesto*, a key tenet of revolutionary socialism:

"The executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie."

Again this is a fact known to every industrialist and banker, but regarded as the utmost ultra-left cynicism by reformist socialists from Tony Blair to Tony Benn. Reformist socialism did not have the deep social roots in Marx's time that it gained in the 20th century; nevertheless it existed, notably in France where the "Social Democracy" of Louis Blanc basically argued for benign capitalism, a welfare state, plus political democracy. History was soon to teach the French working class that even a democracy, with a rudimentary welfare state, can suppress the revolution.[17] But Marx was able to point this out in advance, adding that, to make a real revolution, the workers would have to put in place a different type of state:

"When in the course of development class distinctions have disappeared, and all the production has been concentrated in the hands of a vast association of the whole nation, the public power will lose its political character. Political power, so called, is merely the organised power of one class for oppressing another"[18]

In this short passage Marx and Engels laid the theoretical basis which they were to develop over the next three decades:

- The impossibility of laying hold of the bourgeois state to introduce socialism.
- The need for the ruling class to impose its own rule against its enemies through "organised power" – the proletarian dictatorship.
- The never to be forgotten goal of abolishing the "political" – i.e. class and oppressive – aspect of the state and its replacement by "an association in which the free development of each is a condition of the free development of all".[19]

The first of these points is only hinted

at in the *Manifesto*. The abolition of the "public power" is seen as a natural outcome of the abolition of want under communism. But during the Paris Commune of 1871 Marx and Engels learned and spelled out for the working class a more concrete lesson: that the abolition of the bourgeois state has to begin during the revolution. The workers cannot take hold of the capitalist state and rule through it: they have to smash it and replace it with a state of a different type: a state that must then actively fight to abolish itself.

Party and Class

There are many discontinuities between the words of the *Manifesto* and the actions of Marx and Engels during the revolutions of 1848, most of them arising from the acute underdevelopment of class differentiation and consciousness in Germany at the time.[20] But one principle that Marx and Engels stuck to, from the isolation of exile to the torrent of revolution, was the need to base the revolutionary party on the actual development of working class consciousness – not the schemes and timetables of conspirators. Hence the famous phrase:

"The Communists do not form a separate party opposed to other working class parties. They have no interests separate and apart from the proletariat as a whole. They do not set up any sectarian principles of their own, by which to shape and mould the proletarian movement."

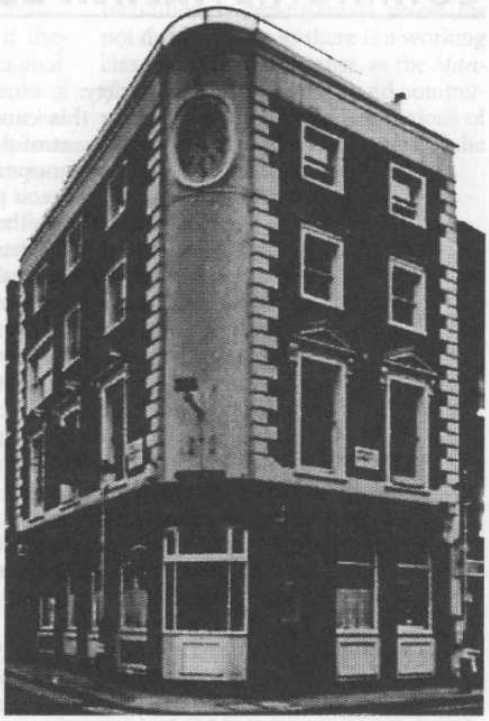
If, when they wrote this Marx and Engels were all too aware of the danger of quack-doctor sects in the workers' movement, the revolution and counter-revolution of 1848-52 was to teach them about it even more. After initially getting their fingers burnt with the conspirators Marx and Engels refused to be drawn into elitist conspiracies. They laboured to base their tactics on the objective needs of the situation even to the point of breaking with the only real mass workers organisation in Germany (the Cologne Workers' Union) when it took a sectarian abstentionist position toward the bourgeois struggle against the Prussian monarchy.

But Marx and Engels' words about "no separate party" have continually been flung in the face of 20th century revolutionaries as disproof of the need to organise the subjective communist vanguard into a conscious, fighting organisation. This quote has been used by people as varied as Eduard Bernstein and Ted Grant to justify their failure to break with the reactionary conservative forces within the workers' movement and organise the vanguard for action.[21]

But that is entirely unjustified. In the very same passage, Marx and Engels explain that the communists are "the most advanced and resolute section of the working class parties of every country, that section which pushes forward

The Red Lion

It was at this pub in Great WindmilL Street, Soho, London that the Congress of the Communist League met from 29 November through to 6 December 1847. Marx and Engels came from Brussels as delegates where they discussed Engels' draft of the *Communist Manifesto*. At the end Marx was charged to produce a final draft. He finally did it by the end of January 1848



all others". It was in the late 19th and early 20th centuries, after capitalism had literally bought-off whole sections of the workers' union and party leaderships, that the revolutionary heirs to Marx and Engels realised the need for a really separate "revolutionary party": when, as in Germany 1919, the "working class party" was led by those wh were responsible for the death of revolutionary Marxists like Rosa Luxemburg and Karl Liebknecht there was little alternative.

The split that took place in the workers' movement during the first world war was not merely an argument over peaceful versus violent methods for abolishing capitalism: it was a split between those who in the name of "peaceful overthrow" would actually defend capitalism and fight to overthrow the world's first workers' state.

Despite this, the most far sighted Marxists of the Third and Fourth internationals never forgot the basic principles outlined in the *Manifesto*: communism is not an intellectual invention it is the expression in ideas and action of an objective movement in history and society. Whilst the communists had to act as a vanguard they also employed flexible tactics to maintain unity in action with the rest of the working class within the unions and in other working class parties. The major revolutionary tactic of the 20th century: the united front was born directly out of the principles of the *Manifesto*.

Despite its short career in practice, the the Manifesto's programme of action has proved a priceless guide to action for every generation of workers since then

The revolutionary programme

The *Communist Manifesto* contains just two pages of actual political demands, summed up in a ten point programme. Shortly after it was published its this list of demands was practically superseded for Marx and Engels by the 17-point programme "Demands of the Communist Party in Germany", which they took in armfuls of leaflets as they travelled from revolutionary Paris to the Rhineland in April 1848. Within days of beginning their revolutionary work Marx and Engels realised that their programme was so far ahead of the consciousness of either the working class or the revolutionary middle classes that, as Engels put it, "If a single copy of our seventeen points were distributed here, as far as we were concerned, all would be lost"[22].

Despite its short career in practice, this programmatic section of the *Manifesto* has proved a priceless guide to action for every generation of workers since then faced with the task of mobilising the working class for power.

When Marx and Engels wrote the *Manifesto*, the unsolved questions of bourgeois democracy loomed large: not just political democracy, but all the social grievances of the middle classes against the feudal aristocracy, ranging from corn prices and taxes to censorship and the absence of national unity and integration. Many socialists at the time believed that the working class could and should simply tack on its demands to this bourgeois-democratic programme.

The *Manifesto*, on the contrary, begins from the principle that, within the forthcoming struggles, with in 1848 were to involve tactical alliances with the middle class, the workers must, nevertheless, advance their own class programme. Instead of a utopian vision to be brought in years in the future, communism was for the first time concretised in the *Manifesto* as a series of transitional measures fought for within and against capitalism, and whose achievement would give the working class all the tools it needed to

build a classless society:

"In the beginning this cannot be effected except by means of despotic inroads on the rights of property, and on the conditions of bourgeois production; by means of measures, therefore, which appear economically insufficient and untenable but which, in the course of the movement, outstrip themselves, necessitate further inroads upon the old social order, and are unavoidable as a means of entirely revolutionising the mode of production".[23]

The *Manifesto* then lists ten demands: nationalise the land; tax the rich; abolish inheritance rights; confiscate property of "emigrants and rebels" form a revolutionary republic; one national state bank with a monopoly on lending; nationalise communications and the transport industries; extend nationalised industry; everybody has to work; free education in state schools, no child labour, education combined with training for work.

During the late 19th century the successive programmes of the growing workers' movements tended to relegate these revolutionary transitional demands to the sphere of a "maximum programme" to be achieved after the revolution. In their place the mass parties of the Second International put a series of reforms.

During the imperialist epoch, the spontaneous state-isation of the economy, combined with the conquest of various welfare measures by the working class made the revolutionary demands of the *Manifesto* seem even more irrelevant. At the height of the post-war boom a favourite trick of AJP Taylor, the pro-Labour historian, was to list the demands of the *Manifesto* and prove how they had been "won already" under capitalism in the mid-20th century.

Twenty-five years of neo-liberal onslaught on the very fabric of working class life across the globe make Taylor's words seem like a sick joke – but they give the *Manifesto*'s demands a stinging relevance: nationalisation, state credit, planned centralised production, taxing the rich to pay for services: free education: these demands have a decidedly revolutionary ring when no section of any of the reformist workers parties across the globe seriously believes they can be fulfilled. Even child labour – abolished in the imperialist countries – has come back to haunt modern capitalism: many of our third-world produced luxury goods – from oriental rugs to Nike trainers – are produced by children, deprived by work of childhood.

Abandoned during the long class peace of the late 19th century, the programmatic method of the *Manifesto* was rediscovered and applied by the revolutionary Marxists at the beginning of the 20th, and embodied in transitional action programmes like those produced by Lenin in 1905 and 1917, by the Comintern in the years 1919-23 and by Trotsky and the Fourth International in the 1930s. The revolutionary action programme cannot be divided into maximum (communist) goals and minimum, democratic and social reforms for the present. It has to advance the element of working class self organisation, ownership and control in every struggle; to prepare the working class for the seizure of power through every partial and minimal struggle. This was the method Trotsky used consummately in the production of the Transitional Programme.



TROTSKY'S TRANSITIONAL PROGRAMME BUILT UPON ON THE MANIFESTO

The inadequacies of the Manifesto

Despite its unparalleled contribution to the development of the working class programme, the *Manifesto* does contain flaws: predictions about capitalism which were falsified by events, or omissions and simplifications which proved insufficient to guide the workers' movement as capitalism developed.

Trotsky, in his 1938 introduction, identified several areas of inadequacy in addition to the question of perspective outlined above. First, there was Marx and Engels' supposition that the bourgeoisie of the mid 19th century would at least go some way toward making its own political revolution. 1848 was to be the first in a long series of revolutionary crises which proved that the bourgeoisie is always more frightened of its own working class than it is of decaying feudalism. They themselves criticised the supposition in 1850 and produced a sketch of the future theory of Permanent Revolution. In the 20th century this was to mean that the proletariat had to come to the head of the struggles against not only feudalism but also imperialist domination and oppression. Out of this understanding Trotsky was able to fashion his own great contribution to Marxism, the fully developed theory of Permanent Pevolution.

Secondly, while predicting and demonstrating that capitalism would draw all undeveloped countries into a worldwide capitalist system, the *Manifesto*, as Trotsky pointed out, made no specific mention of the underdeveloped countries.

It even suggested that national consciousness per se would be undermined by capitalist development:

"National differences and antagonisms between peoples are daily more and more vanishing owing to the development of the bourgeoisie ..."[24]

The unfolding century and a half of imperialist conquest and domination that followed the publication of the *Manifesto* has obliged revolutionaries to develop specific tactics and methods for the national struggle: most of them can be deduced from the principles of the *Manifesto* but one of them – the need for the proletariat of the imperialist heartlands to support the struggles and wars of the oppressed nationalities against the armies of the imperialist oppressors, is one that had to be spelled out by the revolutionaries of the early 20th centuries in the teeth of opposition from Marxists who claimed that the *Manifesto* predicted a "civilising" role for capitalism.

Third, on the question of women's oppression, women's liberation and the family the *Manifesto* failed to anticipate one of the strategic counter-crisis measures of the latter part of the 19th century. Marx and Engels had observed how the factory system served to destroy the family unit within the working class. Thus, with a flourish, the *Manifesto* declares:

"The bourgeoisie has torn away from the family its sentimental veil and has reduced the family relation to a mere money relation". [25]

"The proletarian is without property; his relation to his wife and children has no longer anything in common with bourgeois family relations"[26]

The implication was that the family

would be confined to the bourgeoisie, that it was a thing of the past. In fact the mid-19th century bourgeoisie responded to the real threat that rampant capitalism would abolish the family: they recognised it as a vital instrument of social control. Women's unpaid domestic labour, in the family household, was built into the system of production for profit and has remained there ever since.

In times of severe crisis capitalism has, traditionally, thrown women out of the workforce and back into the home. In times of boom and labour shortage it has drawn them into paid work. And for most of the 20th century the watchwords of the most reactionary politicians have been "the sanctity of the family" and "the place of women is in the home." Both the exclusion of women from social labour and their grossly unequal and insecure inclusion in it have made the family the key instrument for keeping women in a position of subservience and social inequality.

Fourth, there is the question of the "immiseration of the working class" raised by the *Manifesto*'s often attacked claim that capitalism tends to reduce workers' wages :

"The various interests and conditions of life within the ranks of the proletariat are more and more equalised, in proportion as machinery obliterates all distinctions of labour, and nearly everywhere reduces wages to the same low level".[27]

This tendency to deskill and cheapen labour power, real enough in the early days of capitalism, and operating today, was partly offset by other tendencies in the later nineteenth and twentieth centuries. Of course the development of new methods of capitalist production continued to create new divisions of craft and skill within the working class. But in addition the bourgeoisie realised, as the wage workers became a majority in society and the old middle classes declined, that they needed social support within the workforce. They realised that they could buy off a skilled and privileged layer of the working class in the imperialist countries through higher wages and selected social reforms.

Thus certain general predictions of the *Manifesto* that the objective process of capitalist development would overcome the family, nationalism, and divisions of craft and income within the working class have been found wanting. In fact these were all revived in the crystallisation of a labour aristocracy from the late 19th century onwards. This stratum manifested a deep attachment to the bourgeois family, to its craft privileges and an enthusiasm for imperialist jingoism.

Nevertheless the last two decades of neo-liberalism, which can be looked on as capitalism returning to its essence as a measure of averting crises built up in the post-1945 system of state monopoly capitalism, have proved that Marx and Engels—even on these points—were not 100% wrong, even if they were not 100% right. Modern capitalism has massively swelled the ranks of the very poor in the last 20 years, it has deskilled traditional labour aristocrats in the media and communications industry.

To meet its demands for a more flexible reserve army of labour, in the form of semi-employed women workers, it has once more seriously undermined the nuclear family in all strata of the working class. And, while it has not abolished national chauvinism– in its quest for global markets and regional economic blocs – it has with its constant propaganda about the globalisation of markets and capital massively advanced the awareness that "the working class has no country" which can or will ensure jobs, social security, or decent retirement.

Predictions that the process of capitalist development would overcome the family, nationalism, and divisions of craft and income within the working class have been found wanting

150 years later

150 years on what does the *Manifesto* offer us? What can it teach the proletariat in the decade of the internet, the century of the nuclear bomb? The answer is: a lot. Not only is the *Manifesto* a historical part of the legacy of the working class; it encapsulates the essential method from which the rest of Marxism could be developed even if all the works of Marx, Engels and their successors were obliterated. And more than that, because it offers a picture of the essence of capitalism, clothed in literary generality instead of the "facts and figures" format in which it would have been written today, it shows us both the horrors and the immense potential of the industrial society which capitalism has created.

Right here and now, the *Manifesto* says, humanity has the means to free itself. Capitalism's recurrent crises threaten doom for humanity not simply an endless cycle of recession and recovery.

All that is lacking is the consciousness and organisation within the class that has the power to effect that change. The crisis of humanity – expressed today in falling stockmarkets, crumbling infrastructure, wanton poverty, racism, women's oppression, the threat of war, rampant child labour, unbridled pollution and the threat of global warning – all of this is ultimately reducible, as it was in 1938 and in 1848, to the crisis of leadership of the working class.

The task of resolving that crisis rests on thousands of working class activists taking the message of the *Manifesto* to millions of workers who, today, believe socialism is dead. If socialism is dead, then humanity is condemned to death. But the selfless struggles of the working class across the globe, which will intensify as the crisis deepens, propelling workers who have not yet even heard of Marx and Engels towards revolutionary conclusions and towards the revolutionary organisations, prove it is not dead: as long as there is a working class it cannot die because, as the *Manifesto* teaches, socialism and communism are only the living expressions of the objective, historic interests of the class itself.■

FOOTNOTES

1 K Marx, "Manifesto of the Communist Party", in *Revolutions of 1848*, Harmondsworth, 1978, p67

2 ibid., p66

3 L Trotsky, "Ninety Years of the Communist Manifesto" in I Deutscher (ed). *The Age of Permanent Revolution: A Trotsky Anthology* , New York, 1964 p286

4 An example of this outlook is Francis Fukayama's book *The End of History*, New York 1992

5 J Buchan "Back from the grave" *The Observer*, 19 October 1997

6 M Sarup, *An Introductory Guide to Poststructuralism and Postmodernism* , Hemel Hempstead, 1993

7 K Marx op cit.

8 L Trotsky op cit

9 A Gorz, *Goodbye to the working class*, London 1973

10 K Marx op cit.

11 Trotsky op cit.

12 K Marx op cit. p70

13 ibid., p290

14 K Hassell "Imperialism and Revolutionary Theory" *Permanent Revolution* No 8, London 1989

15 See B Nicolaevsky and O Manchen-Helfen, *Karl Marx Man and Fighter*, London 1983 p228-240, for an account of how Marx 's overoptimistic perspective allowed the League to become controlled by ultra-lefts, idealists and adventurers.

16 See Workers Power/Irish Workers' Group, *The death agony of the Fourth International and the tasks of Trotskyists today* London 1983

17 In February 1848 a joint uprising by the Parisian workers and republican bourgeoisie overthrew the French monarchy and ushered in a republic. In June 1848 the reactionary general Cavaignac imposed a "republican" crackdown on the armed working class, stifling the attempt to transform the democratic revolution into a socialist one

18 K Marx op cit. p 87

19 K Marx op cit. p87

20 For an account of Marx and Engels' developing tactical relationship to the bourgeoisie see for example B Nicolaevsky and O Manchen-Helfen op cit

21 Bernstein was the leader of the "revisionist" camp within the Second International and the first to argue openly that Marxism should allow for the peaceful transformation of capitalism into communism. Grant was the leader of the Militant tendency in the British Labour Party who advocated the "peaceful road to socialism" through a Labour government.

22 B Nicolaevsky and O Manchen Helfen op cit. p 172

23 K Marx and F Engels op cit. p86

24 ibid. p85

25 ibid. p70

26 ibid. p77

27 ibid. p75

RESTORATION

HUNGARY Capitalism

In 1989 the Hungarian Socialist Workers Party voted to dissolve itself and relinquish its monopoly of power. Eight years and two governments later many of the old Stalinist bureaucrats at that conference are at the helm of state as the country reintroduces capitalism. **Keith Harvey** maps out the country's tortured journey back into the hands of imperialism

IN 1994 Gyula Horn, leader of the Hungarian Socialist Party, became the country's Prime Minster. Over the last four years he has been a key figure in Hungary's transition to capitalism.

Horn's career brilliantly illustrates the truth of Leon Trotsky's view of the Stalinist bureaucracy as an "agent of imperialism in the workers' state". Forty years ago Horn was a member of Janos Kádár's security services which engaged in a search and destroy mission against the remnants of the workers' councils and militias that were crushed by Soviet intervention into Hungary in 1956. He helped to smash the political revolution against Stalinism.

By 1989, Horn was Foreign Minister in the Stalinist government of the Hungarian Socialist Workers Party (HSWP). In June that year he sanctioned the uncontrolled border crossings to Austria that led to a breach in the Iron Curtain. Before the end of 1989 the Berlin Wall was hauled down and the west's victory in the Cold War was complete. Thus, in his own way, Gyula Horn played a key part in precipitating the end of Stalinism in Eastern Europe.

Having once preserved Stalinist dictatorship against workers' democracy, Horn has just completed the sale of the country's prime industrial and financial assets to western multinational companies and turned Hungary into a dependent, semi-colonial capitalist state.

The west is pleased with Horn's work. A year ago the *Financial Times* recognised the "fundamental structural changes that have put Hungary at the forefront of the fast-track reforming countries of east Europe."[1]

Indeed, it claimed then that Hungary's "transformation to a market economy is all but complete." Twelve further months of privatisation, the liquidation of ailing firms, an unrivalled stock market boom and a wave of enterprise restructuring have completed the decisive phase of Hungary's transition to capitalism: it stands with both feet on capitalist terrain, if a little unsteadily.

In order to guide the working class of Eastern Europe in the changed conditions of class struggle, we must confront the implications of the successful restoration of capitalism for Marxist theory–not just in Hungary but also in Poland and the Czech Republic. This article is the LRCI's latest contribution to that task, and uses Hungary as its reference point because it has advanced furthest and fastest down the path of capitalist restoration in central Europe.

The dissolution of the Stalinist bureaucracy

To understand the process of capitalist restoration[2] in Eastern Europe it is essential to take into account the history of the states involved in that transition. Capitalism was uprooted in east and central Europe by Stalinist administrations in the years 1945-49.[3] Bureaucratic command economies were built on the basis of:

- nationalised industries;
- a state monopoly of foreign trade;
- the abolition of profit-driven production.[4]

The concrete tasks of the restoration process today are affected by this historical point of departure. First, those who wished to restore the profit system had to re-create a class of private capitalist owners/managers and a proletarian class with no access to ownership of the means of production.

Second, they had to transform money from the passive instrument of accounting that it was in the bureaucratic command economy into a mea-

triumphs

sure and store of value and hence into profit-oriented investment capital.

Third, they had to purge and restructure the bureaucratic Stalinist state machine into one that could ensure the reproduction of all these features against resistance both from the working class and, where necessary, deficient elements of a nascent capitalist class.

After 1989 the new Hungarian regime approached these tasks with a number of advantages. As the European Bank for Reconstruction and Development (EBRD) remarked, Hungary "entered the transition with particularly favourable initial conditions".[5]

After securing political stability in 1957 through outright repression, Janos Kádár embarked on a series of economic reforms which encouraged, or turned a blind eye to, small scale entrepreneurial activity. This met basic consumer needs better than the old system; by means of what became known as "goulash communism" the HSWP hoped to buy the acquiescence of the population.

After the introduction of a further round of "market socialist" reforms in 1968 (the New Economic Mechanism –NEM), the major state enterprises in Hungary ceased to be simply the property of the state, and ownership was jointly vested in the central ministries and the enterprises themselves. This gave an important share of independent control to the enterprise managers. Many decisions regarding product range and use of labour fell to them instead of to the central planners. The central state and party bureaucrats retained control over decisions on longer term investment. But by the 1980s the resources available to them were substantially diminished and, with this, so too was the central bureaucracy's leverage over the enterprises.

Reforms in 1984 further shifted control away from the centre. After 1984 more than two-thirds of the enterprises had ownership rights concentrated in enterprise councils – where the managers had a preponderant influence. In 1988, on the eve of the fall of the Berlin Wall, the power of enterprise managers was further increased by the Companies Act; this gave local managers the right to sell their ownership rights in the factories and led in turn to a process of "spontaneous privatisation".

Before the collapse of the HSWP's monopoly rule and the elections of 1990, several large enterprises had already converted themselves into joint stock companies.[6]

Hence, before the final removal from power of the ruling Stalinist caste within a degenerated workers' state – indeed with its active encouragement – the legal framework for the transformation of state property into industrial capital had made great strides forward, even if it still lacked a genuine social and economic content.[7] Through these measures the enterprise and industry strata of the economic bureaucracy were preparing themselves to inherit the fruits of capitalist restoration.

But in 1988 the leadership of the HSWP was captured by the "new technocrats". Rising as a result of the post-1968 market reforms these "communist" bureaucrats had, by the early 1980s, consciously abandoned any commitment to a centrally planned economy. In 1988 they forced the resignation of Kádár and opened up multi-party discussions with opposition forces inside Hungary with a view to abandoning the HSWP's monopoly of political and military power and arriving at a "negotiated transition".

While being openly pro-capitalist they objected to the process of enrichment by the "red managers". They preferred a more controlled process of transition, which would include foreign participation and help for the substantial layer of Hungarian small businesses to take a large slice of privatised state assets. But in 1988 the technocrats were still too weak to stop spontaneous privatisation.



GYULA HORN: FROM STALINISM TO CAPITALISM

In 1989 the adoption of the Transformation Act by the dying Stalinist regime further entrenched enterprise managers' rights in return for a commitment to keep the economy going during a phase of accelerated decline,[8] a measure which effectively gave up on central planning as any kind of direct economic mechanism. This was complemented by the decline, in the late 1980s, in the amount of direct budget subsidies given to the enterprises by the central ministries. By 1988 they were down to 8% of GDP – the lowest in Eastern Europe.[9] As the central state's direction and influence shrank further, spontaneous privatisation mush-

roomed and the number of joint stock companies increased five-fold in the last year of the Stalinist regime.[10]

Hungary as a moribund workers' state

As a result of the elections of 1990 Hungary became a Stalinist state with an openly pro-bourgeois government: an unprecedented and by definition transitory phenomenon which we have defined as a moribund workers' state (see box). Henceforth, its ruling regime was actively dismantling all the remaining centralised economic mechanisms that prevented the capitalist law of value11 from dominating the economic life of the country.

The Hungarian Democratic Forum (HDF) government abolished the already much weakened central ministry-based planning institutions and removed all restrictions in the way of individual firms trading internationally. This was accompanied by the "liberalisation" – i.e. removal of state control – of prices. Both measures helped to convert money from a passive instrument into an active agent in establishing the relative exchange ratio of commodities in the market.

The enterprise was the main point of access for workers to welfare payments, housing allocation and even holiday entitlement

This led in turn to the prices of most enterprise assets (factories, stocks etc.) being marked down as they were far less valuable than in the west.

The break-up of the existing exchange relations in the Comecon bloc precipitated a catastrophic economic slump throughout Eastern Europe. In Hungary, output collapsed by 20% in 1990-93.[12] The main task of the new government was to ensure that the costs of this crash were borne by the working class in the form of mass unemployment. By the end of 1993 the labour force fell by an incredible 40%. The largest 150 manufacturing firms reduced their workforce by 47% between 1989 and 1993.[13]

This massively speeded up the process of transformation of labour power into a commodity. Under the social relations of a degenerated workers' state, despite the existence of the "wage form" of payment, labour power did not function as a commodity as it does under capitalism. Workers were "tied" to the enterprise. It was very difficult to sack them. So there was no system of "free labour" typical of capitalism, which guarantees a permanent reserve army of labour that can act as a pressure on the employed labour force to depress wage levels. On the contrary, wage levels were predetermined by the plan, irrespective of the demand or supply for any specific type of labour.

But the mass unemployment of the early 1990s "freed" the workers from the means of production to become a truly exploited proletariat, i.e. a class with nothing to sell but their labour power.

For workers, their enterprise was the main point of access (via the trade unions) to welfare payments, housing allocation and even holiday entitlement. A key task of the regime in a moribund workers' state was to oversee the wholesale destruction of this welfare function of the enterprises, stripping the trade unions too of their role in distributing benefits.

Instead, in a much reduced and weakened condition, benefit distribution was transferred to the state. This process also involved turning non-wage benefits, such as housing and even some food supplies, into commodities to be bought and sold in the market in return for a part of wages received.

This too was pioneered by the HDF government, although as with the other countries in the region, "reform" of the pension and social security system has been one of the last elements of the welfare system to be restructured, requiring as a precondition the prior solution of another problem – the overhaul of the taxation system.

This change in taxation is crucial, since it determines the volume and rate of the new state's revenues. In a degenerate workers' state these were derived primarily from a charge on the enterprise (a turnover tax). As part of the transition process the bourgeois government of the moribund workers' state has to remodel taxation so that it is primarily a charge on the working class. It does this by introducing a regressive taxation system such as a sales tax (for example, VAT or GST) as well as introducing an income tax on wages.

Naturally, all of this takes a great deal of time since the social structures, culture of acceptance and professional skills necessary to implement it have been obliterated or driven underground for 40 years. The necessary legislation on property and contract law, a bourgeois justice system, an internationally recognised system of accounting – all these have to be rebuilt and then enforced.

But all these problems pale into insignificance compared to the task of creating a class of capitalist property owners. While the new government inherited some of the legal framework for this from the 1980s, it had to fill it with a social content via the privatisation of state assets. This, in turn, begged a series of questions: what kind of capitalist class should be created and how? What should be done about the pre-war claims of old bourgeois owners? What role should foreign capitalists play? What share, if any, should the workers have in the ownership of the new firms?

There is no "rational" solution to these questions, to be drawn out of some general model of the capitalist economy. The answers depend upon a struggle, a struggle of existing classes and castes and of nascent ones. The outcome reflects the residue of past struggles and their results. Because of this, each country in the region has arrived at different specific solutions.

In the case of Hungary, by the time of the negotiated agreement with the opposition forces in 1989 and the parliamentary elections of 1990, the majority of the "new technocrats" in the re-named Hungarian Socialist Party (HSP) – and most of the opposition parties – had agreed on the need to establish a State Property Agency (SPA). The purpose of this was to halt and, if possible, reverse the process of "spontaneous privatisation" and the resulting enrichment of the enterprise managers. In this way the state machine hoped to regain control over the restoration process.

The first two years of the HDF government (1990-92) witnessed a sharp struggle within the state machine over the direction of capitalist restoration, focusing on the nature and powers of the new SPA. Privatisation from below did not cease. But the SPA bureaucracy, made up of figures drawn from formally different parties, united in opposition to the enrichment of enterprise managers, fought for control over the right to sell firms.

The various parties and coalitions, in and out of government, were weak. Their economic policies did not express clearly different programmes for restoration. This reflected the fact that the multiplicity of newly created parties – made up of intellectuals, former Stalinists, small entrepreneurs and enterprise managers – did not represent stable bourgeois forces, but overlapping and sometimes contradictory programmes. In this situation the possession of control within the state machine, rather than parliament, was more decisive in influencing the form of restoration policy.

The imperialists recognised the importance of continuity and stability in the state machine both before and after the formal change of ruling political parties. The 1997 *Transition Report* contrasts the situation in Eastern Europe to the fragmentation of the federal state in the USSR after 1991:

"The political transition...did not entail the same challenge to the capacity of the central state, enabling the key state institutions to continue to

CAPITALIST RESTORATION AND THE MARXIST METHOD

THIS ARTICLE presents a concrete application of a method the LRCI has used to analyse the process of the restoration of capitalism which has been under way in central and Eastern Europe since 1989.

We started from Trotsky's analysis of the USSR as a degenerated workers' state and considered all the Eastern European states where Stalinist bureaucracies presided over centrally planned economies – including those with an important degree of "market socialist" decentralisation like Hungary – to be qualitatively the same as the USSR.

After the overthrow or fragmentation of the ruling Stalinist bureaucracies and the dissolution of the central planning apparatus we characterised these countries as moribund workers' states (MWS).

We defined a MWS as one in which a bourgeois restorationist government had come to power, and actively undertaken the restoration of capitalism but where this restoration process had not yet succeeded in "crossing the Rubicon" into an economy dominated by the operation of the law of value. The institutions of command planning were dismantled in this phase together with the removal of Stalinist control over the apparatus of state repression. In the sphere of trade and commerce the law of value triumphed and a capitalist sector of production began to grow .

The countries of central Europe and the Baltic states passed into this stage in 1989-90. In the Commonwealth of Independent States this occurred later, in 1991-92. In some Balkan countries the MWS-process started even later– due to the wars in Croatia and Bosnia-Herzegovina– and was halted several times. In Serbia and Montenegro bourgeois-restorationist governments have not yet been established: the rump Yugoslav republic remains a degenerate workers' state in which (like China and Cuba) the Stalinist bureaucracy is taking steps towards capitalist restoration while retaining a monopoly of political power.

By the beginning of 1997 capitalism had been restored in certain parts of Eastern Europe: in the Czech Republic, Hungary, Poland, Slovenia and the Baltic states the social system is now one which we describe as newly restored capitalism (NRC).

We have identified two phases within this transitional stage. Poland and Hungary have already entered the second phase of restoration in which they have shown themselves to possess not only a mainly profit-making industrial sector, but an independent and dominant financial sector.

The Czech Republic displays certain defects or structural weaknesses which remain in the application of the law of value to the whole circuit of capital. The finance sector remains partially under state control with the result that profit-maximising behaviour is circumscribed by political considerations.

While there is a high level of product markets, at this stage there are few market institutions to mediate between enterprises and between industry and finance capital. There are relatively few bankruptcies due to the lack of creditor incentives with the result that capital is frozen in non-performing assets. Finally, residual state ownership of banks and/or investment funds prevents effective commercially based lending from taking place.

In Eastern Europe after the war the first waves of nationalisation took place before the establishment of degenerated workers' states in 1948-51. In many cases the most important banks were statified before 1948.

We can expect a situation in which actual production is already governed by the law of value whereas the investment process is still distorted, as indeed it is in other capitalist states in extreme situations. The lack of an autonomous finance sector is an important defect that will not allow such a system to develop beyond a certain stage. It is a deformation of capitalism, but one that is not absolutely unique in the history of capitalism.

In Eastern Europe after the war the first waves of nationalisation took place before the establishment of degenerated workers' states in 1948-51. The most important banks were statified before 1948. In many cases the state industries were often privileged in relation to private firms because the labour movement (and to be sure, the Soviet Armed Forces) was in a position to put enormous pressure on the governments. This means that the point of departure for the emerging degenerate workers' states was the existence of already "deformed bourgeois states". Rewinding the film backwards is likely to produce similarly deformed bourgeois states.

Naturally, the starting point, the institutional framework and the tempo of the transition has varied enormously in all these countries: it is impossible to describe any one of them as "typical".

Nevertheless, Hungary has gone further faster than the others. It started the process earlier, met less institutional resistance from the working class along the way and adopted forms of ownership of capital that have allowed the new bourgeoisie to impose the law of value more completely and sooner over decisive sectors of industry and finance. As the furthest country along the road it shows the others important features of their future.

Although qualitatively capitalist, the system of NRC is quite different in appearance from modern capitalism in its western form. The share of state ownership in industry (often over 30%) remains higher in most restorationist states than in the most "state capitalist" countries in Europe (e.g. Austria, Sweden where there is a still a large state sector). State responsibility for big loss-making enterprises far exceeds what is usual in the OECD countries. Labour markets remain distorted and "rigid" in important ways unpalatable to the capitalists.

In these respects NRC combines features of capitalism in its infancy and in its senility. Similar degrees of state ownership can be found in the poorest third world countries and in war-oriented or crisis-wracked imperialist countries. NRC represents a particular combination of "modified" capitalism — not as it emerges from pre-capitalism but from a failed post-capitalist social transformation.■



OVERSEEING THE TRANSITION: THE EBRD HQ

function through this transition albeit under different political leadership."[14]

The privatisation law came into force in August 1992. The battle for control resulted, in the words of one observer, in the "centralisation of the entire ownership right [which is] nothing other than renationalisation." [15]

The SPA was able to appoint the top managers in the enterprises that had been formed into companies, together with the members of the management board.

The HDF government, until its demise in 1994, spent much of its time resolving these essentially political disputes about the character of privatisation, implementing the privatisation of small-scale state property (shops, small enterprises) and legitimating the many previously illegal small businesses that mushroomed during the Kádár decades.

Hungary's experience shows that a government of a moribund workers' state uses the bankruptcy legislation not to enforce the untrammelled logic of the profit system but to protect illiquid enterprises from being destroyed

Contradictions of the transition process

As in all moribund workers' states, Hungary's new rulers had to work their way through a number of real social contradictions on the road to capitalism. Alongside unambiguously pro-capitalist measures they also had to carry through a series of measures that worked in the opposite direction and, for a whole period, acted to protect much economic activity from the operation of the law of value.

The bulk of material production in a moribund workers' state can become surplus value-generating only on condition that its initially unprofitable character is sustained and reproduced for some time during the process of transition. A generalised and immediate imposition of the law of value on the entire production process in these states would have destroyed the possibility of future surplus value creation.

The limits of the law of value at this stage can be observed in the gradual increase in the number of loss-making enterprises in Hungary in the period 1990-92, as the real worth of assets is revealed. The opening up of the internal market to international competition soon revealed the extent of loss-making firms in Hungary. One estimate suggests that, in 1992, half of all enterprises were "drifters" (i.e. barely solvent), one-quarter healthy and capable of withstanding short-term competition, and another quarter hopelessly failing.[16]

In 1992, much to the chagrin of its western advisers, the government picked out 14 big state-owned companies for debt-relief. These employed 83,000 workers and were responsible for a quarter of all Hungary's industrial exports at the time. The government poured in $1.7 bn of aid to keep them going while it decided which ones could be saved in the medium term.

Inter-enterprise debt (IED) mushroomed to $5.2 bn by the first quarter of 1992, as traditional supply lines between similarly afflicted enterprises were maintained. This amounts to the extended reproduction of loss-making production in the old state sector. IED was accompanied by systemic use of non-commercial bank-lending to replace missing government subsidies and the government itself tolerated non-payment of enterprise taxes (and energy bills) to ease the financial crisis of the lame-duck firms.

The 1990-94 government also, rather uniquely among the Visegrad countries, attempted a reflationary economic policy by borrowing abroad to keep up domestic demand. As a result, although unemployment skyrocketed, wage levels of those in work rose: by the end of 1993 they stood at 130% of the 1989 level.[17] Pensions remained pegged to real wage levels and were eroded at a slower rate than elsewhere in the region.

This reflationary programme was aimed, quite unashamedly, at keeping vast swathes of the ailing smaller domestic industries (the "drifters") afloat: not surprisingly, since these firms formed the main social base of the leading party in the government, the HDF.

A further notable feature of Hungary's policy at this time was the way in which the government used bankruptcy laws which they introduced in 1992. Their function under capitalism is to remove unprofitable sectors from the circuit of capital and release whatever assets can be saved from the liquidated enterprise so that they can be used productively by another firm or bank.

The spontaneous, purely economic, movement of capital is insufficient to ensure the destruction of capital: bankruptcy is a conflict between creditor and debtor. Hence, the state must adjudicate and resolve this conflict in favour of one side or the other, usually the creditor.

When implemented, early in 1992, the bankruptcy laws were the most far-reaching in the region. They required all firms more than 90 days in arrears to file for reorganisation or liquidation. Over 22,000 firms did so by the end of 1993. But by mid-1994 over 95% of the firms that went through the procedures were still in business and yet only one quarter were profitable. The major study of this experience concluded, in 1995, that "what the system lacked and still lacks, is an efficient and dependable exit process on which creditors can rely as the final stage in debt collection."[18]

Hungary's experience shows that a government of a moribund workers' state uses the bankruptcy legislation not to enforce the untrammelled logic of the profit system but to protect illiquid enterprises from being destroyed.

As Marx said, no matter what laws are on the statute book "right can never be higher than the material foundation upon which it rests." Hungary possessed neither the political balance of forces, nor the technical infrastructure, to carry through capitalist restoration in the originally intended form.

To put it bluntly, the new laws were used by debtors to gain protection from creditors. No bankruptcy laws in a moribund workers' state allow for creditors to initiate bankruptcy. By acting in this way the state machine acts to prevent the law of value being imposed, objectively impeding the transition to capitalism, despite its subjective and strategic desires.

But we are dealing here with a contradictory process and the bankruptcy legislation did have effects which prepared state-owned industry for privatisation. Almost two-thirds of all the enterprises that entered into the process of bankruptcy proceedings slashed their workforce by between one-quarter and one-third as a condition for survival. This undoubtedly prepared some of them for being sold off later. But this kind of "passive restructuring" was typical of the early years of the transition whereby any reorganisation of production takes place on the old technical foundation by means of wage cuts and/or mass sackings, by finding new markets, rather than by transforming the production process by new investment in plant and machinery.

Thus we see that, in the form of extended IED, a government reflation package and bankruptcy laws "of a special type", the moribund workers' state in Hungary carried through a contradictory historical task: it protected decisive sectors of the economy from the re-introduction of the law of value in order to ensure its introduction at a more favourable moment in the process.

The role of bank reform

Major problems plagued Hungary's banking sector during the first half of the 1990s. Banking reform began in the 1980s with the creation of five state-owned commercial banks sepa-

rated off from the central bank. Their function was to provide long-term investment finance for industry.

These banks entered the transition process saddled with non-performing loans to bankrupt industries. In 1991 the government guaranteed Ft 10 bn worth of "doubtful loans". Then, in 1992, it began the process of recapitalising these banks by siphoning off these debts and pouring in new capital to bring their reserves up to internationally acceptable levels. Without this the banks could not act against the ailing and failing firms which they owned, or were creditors of, for fear of forcing themselves out of business if they forced the firms into liquidation. By 1997 this amounted to a Ft 334 bn injection of capital—equivalent to 8% of the 1994 GDP.

This process of recapitalisation was carried through in the form of a tax on the future profits of the capitalist class. It represented the nationalisation of banking debts and, as such, indicated the deepening of the capitalist character of the state machine. The state was now proving capable of raising itself above the individual interests of any one capitalist and undertaking measures beneficial to the capitalist system as a whole. This was an important measure since it enabled the process of new production to be separated off from the burden of past production.

However, all commentators agree that in the first two years of operation the terms of the recapitalisation programme were so lax that it did not require the banks to fundamentally change the nature of their lending operations to ailing firms. This created what is known as "moral hazard", whereby banks continued to extend bad loans in the belief that, in the last instance, the government would step in and bail them out. It therefore failed, initially, to force the banks to be an instrument in the battle to restructure the social relations of production inside the enterprises. And it failed to force the banks themselves to become commercial, profit-oriented businesses.

By mid-1994, therefore, Hungary's economy was still structurally dislocated. There was a growing profit-oriented private sector which consisted of: newly founded private enterprises in the hands of domestic owners, newly acquired outlets of foreign multinationals and a few commercially restructured former state enterprises. In addition, there was a sizeable "grey" sector of the economy which delivered informal goods or activities but did not appear in official statistics.

The non-state sector was strongly represented in retail and wholesale trade,[19] personal and business services and light industry oriented to consumer goods. Due to slow progress with privatisation the non-capitalist state sector continued to dominate large-scale industry (e.g. steel) together with the energy and transport sectors.



THE BUDAPEST STOCKMARKET

Many of these enterprises not only operated at a loss but were not even geared to the goal of profit-making. More than half of the biggest loss-makers in state ownership as of 1992 had still not entered into bankruptcy procedures by mid-1994. Some of them retained their monopoly position, backed by state subsidies, and were therefore not forced to change under the impact of competition.

More than half of the biggest loss-makers in state ownership as of 1992 had still not entered into bankruptcy procedures by mid-1994

Still more enjoyed protection because it was thought that ways had been found to make them commercially viable under state ownership in the future. This category includes four of the original 14 state-owned giants that the government picked out in 1992. As long as the old state sector dominated the whole economy – as long as the non-capitalist laws of this sector regulated the accumulation process of the bigger part of the economy and held the other sector in dependence and subordination – Hungary remained a moribund workers' state.

Crossing the Danube

The Danube – which flows through the centre of Hungary's capital, Budapest – divides the old historic city of Buda from the commercial and industrial district of Pest. The river could easily stand as a metaphor for the transition process from degenerate workers' state to capitalism. The Hungarian economy, after several years of lingering on the Buda bank of the mighty river has now passed over into Pest. All the key institutions of modern Hungarian capitalism, its stock market, major banks and MNC headquarters are to be found there.

In this process the election of the new HSP-led coalition government in May 1994 was a watershed. The restoration of capitalism, after all, is not a blind, spontaneous economic process. The state is the forcing house of transition, and during the last three years Horn's administration has speeded up the privatisation process especially in the big state-owned industries and above all the banks.

By a strict tightening of the bankruptcy procedures it has ensured the liquidation of more than half of the firms that entered into the process. Those that have survived have been sold off to foreign multinationals, where they have been restructured through the use of new technologies rather than simply through mass sackings. And, in a marked departure to the previous administration, Horn implemented a draconian austerity programme in which he "has applied his shears to social welfare and wages."[20]

The new government showed itself to be deaf to the protests of the trade unions or small domestic producers. Horn and co. have shown themselves to be genuine "comprador" agents of multinational capital. They have proven willing and able to enforce the general logic of capitalist accumulation against both small-scale private capitalists and state-owned enterprises.

The government virtually completed the privatisation process with the 1995 Privatisation Law. In 1990 the SPA held 1,698 enterprises for privatisation. By May 1997 state ownership had been reduced to less than 50% in 1,489 of these. Nearly 1,000 of these were completely sold off and only in 209 companies does the state now have a share of more than 50%. In 1996-97 key companies such as MOL (oil) and Richter (pharmaceuticals) have gone to foreign owners. In 1998 the government aims to have shares in only 109 firms and intends to keep 100% ownership only in the postal

service and the rail industry.

But it is not the mere change in ownership rights that is crucial in the restoration of capitalism. The experience of privatisation in Eastern Europe and the CIS has been quite diverse. In itself, the return of state-owned industries and banks to formally private ownership does not signify the return to capitalism, any more than state ownership in itself signifies the transition to socialism.[21]

If ownership rights are distributed too widely, they can impede the centralisation and concentration of capital ownership needed to effect changes of behaviour among the managers of the enterprises – most of whom are products of a different social system. This problem has slowed down the restoration process in the Czech Republic, for example, until recently.

Or if for political reasons ownership is vested in "insiders" (i.e. managers and workers) this can slow down the restructuring process by which managers are turned into agents of capital and workers are turned into wage-slaves exploited by capital. This has been the experience in Russia.[22]

Finally, ownership may come to reside in banks which are also creditors of the mass of ailing and failing enterprises. They are reluctant to impose ruthless, profit-oriented financial restructuring on these firms for fear of provoking their own collapse.[23]

Hungary adopted a different strategy early on. As part of its long-term openness to imperialist multinational firms and banks, Hungary had borrowed heavily in the 1970s and 1980s. Consequently, it entered the transition process after 1989 saddled with a far higher level of foreign-owned debt than anywhere else in the region—a debt totalling $17.8 bn.

The idea of raising cash to pay off this debt appealed to the leading figures in government. But only the western multinationals had the necessary money, given the weakness of a domestic Hungarian bourgeoisie.[24]

Privatising state firms into foreign ownership gained favour for a further reason; it was a way of preventing the embourgeoisement of the enterprise managers through spontaneous privatisation.

The long-term ties that multinationals had formed with the Hungarian bureaucracy before 1989 to some degree predetermined the route taken by privatisation. As the European Bank for Reconstruction and Development (EBRD) notes:

"More than in any other centrally planned economy, Hungarian enterprises were extensively engaged with western companies by the 1980s and many of these original links formed the basis of subsequent sales."[25]



HUNGARIAN TROOPS SOON TO JOIN NATO

The Economist noted in 1995 that:

"Western business instinctively went to invest [in Hungary] when communism fell because it had long been the easiest place in the old eastern bloc to operate in. Its system was by far the most liberal. . ."[26]

Hungary's well developed ties with imperialism before 1989 made the new regime very suggestible to entreaties and threats from the battery of new inter-governmental agencies thrown up to oversee the restoration of capitalism. And just to make sure, in 1992 the World Bank forced the HDF government to abandon any attempt at an industrial policy that sought to restructure SPA property with a view to keeping it in state ownership.

The country's industries have enjoyed a sustained recovery since 1994, and it is clear that the majority of enterprises are making an operating profit

The figures for foreign direct investment (FDI) into the country illustrate the scale of multinational capital penetration. At $1,113 per capita Hungary has attracted twice as much FDI as the Czech Republic. Between 1989-95 it attracted a total of $11.3 bn, which amounted to one third of the total FDI that went to Eastern Europe and the CIS. And this for a country of 10 million people.

After 1992 the multinationals bought the best and potentially most profitable parts of Hungarian industry for knock-down prices in recessionary conditions. Alongside this many western companies have set up in green-field sites in Hungary to establish a regional productive base for sales to other former Stalinist countries. These include Audi, GM, Suzuki, Unilever and Pepsi.

As a result, 49% of Hungarian manufacturing is now foreign-owned and 70% of Hungary's manufacturing exports (aimed at the bigger markets in central Europe and the CIS) come from companies partly or wholly owned by multinationals.[27] Most of these "have largely set up low-value added sub-assembly operations" according to the Economist Intelligence Unit[28] The head of economic strategy in Hungary's industry ministry, László Csernszky, admits that these firms "import, assemble and export with hardly a link to the local economy."[29] There is, as a result, little technology transfer or demand for domestically produced inputs. In many ways Hungary is a carbon copy of the Irish Republic, but without the huge inward funds from the EU which have helped sustain its growth.

By undertaking a bonfire sale of industrial and financial assets in the last five years the Hungarian government has also met two other key objectives of the restoration process:

- finding the necessary investment capital to go beyond passive restructuring (e.g. sackings, change of product line and market direction) and into active restructuring of production technologies;
- imposing profit-oriented behaviour on the managers of the privatised firms.

As one commentator has said:

"Virtually all cases of foreign ownership have been associated with a major investment programme. Considerable change in management structure has also taken place, with senior local managers typically being supplanted by foreign managers."[30]

In a moribund workers' state the enterprise managers typically resist pressure to impose the "logic of capital" on the production process. They resort to maximising output rather than profit; they engage in deals with other stricken enterprises to roll over debts; they make special pleas to government for funds or plead for concessions on their tax obligations. All this reflects a corporate identity that stresses the needs of the enterprise (including its workforce) and abstracts from the class divide that separates worker from boss under fully restored capitalism.

While Polish and Czech owners and governments have addressed this problem too – for example, by insisting on government or Investment Fund representatives on management

boards and by training up a new generation of bourgeois-minded managers and accountants – the Hungarians have often imposed foreign managers upon a newly purchased firm, or set up their own operations on greenfield sites.

But the experience of foreign management has filtered through to domestically-owned enterprises as well. The hard-to-please EBRD conceded in its latest report that:

"Available evidence reveals that strategic owners of Hungarian firms are more directly involved in management than is the case in the normal operation of a firm in an industrialised market economy. New owners have tended to exert direct influence over the running of the firm rather than relying on the formal structures of corporate governance, such as the General Assembly or the Supervisory Board"[31]

In other words, the private owners of Hungarian industry have broken through any insider resistance to the single-minded, profit-oriented operation of the firm and imposed the social relations of capitalist exploitation on the working class.

With the country's industries enjoying a sustained recovery since 1994, and exports growing at 13% a year since then, it is clear that the majority of the country's enterprises are making an operating profit. The bankruptcy process has liquidated those that can never be profitable and restructured and/or sold those that could, dealing with their debts along the way by negotiated settlements with creditors and absorption of debts into the budget deficit of the government by means of successive rounds of bank recapitalisation.

Once again, the banks

The final part of Hungary's transition to newly restored capitalism (see box) was assured by further important changes in the relationship between the banks and the state on the one hand, and the banks and industrial capital on the other.

The banks play a critical, even decisive, role in the economics of transition to capitalism. In the "market socialist" forms of the degenerated workers' state, the banks have no independence from the state. But by controlling the supply of investment credit to industry, they are the key agencies of central planning. The goal of the restoration process for banks is clear: extend commercial-based investment credit to industry and where they are owners of industrial capital, enforce profit-maximisation behaviour. But realising this goal is fraught with difficulty.

First, they have to gain their independence from the state so that lending is not politically directed. Secondly, they have to gain freedom from their ties to any one firm or sector of industry with which they have a privileged or unique relationship, so that they can carry out their function of aggregating and recycling total social capital to wherever it is most profitable. Thirdly, they must take a lead in the process of destruction of unprofitable output in conditions where many of the firms responsible for this output are assets on the banks' balance sheets.

To complete these tasks the government has to legislate and enforce the autonomy of the banks from the state. In Russia this took the form of a massive growth in new banks; in Poland it involved the commercialisation of state-owned banks. But in Hungary it has primarily occurred through the foreign take-over of domestic banks.

All five of Hungary's previously state-owned commercial banks have now been sold to foreign banks. Now, more than 50% of banking assets in Hungary are held by foreign banks. The state's share in all remaining banks must be less than 15% by the end of 1997. These banks have taken advantage of their new asset structure and autonomy to enforce profit-maximising behaviour inside firms they own or lend to. They have done this through direct participation in the management of the enterprise, selling off shares, varying the terms of loans and petitioning for bankruptcy.

With the widespread banking reform of 1995-97 the government has done much to ensure that surplus capital is systematically directed into spheres of investment that promise the most profitable employment of capital irrespective of its origin in any particular line of production or in any one firm.[32] The profits from individual firms are now concentrated and centralised (together with savings of the working class) into a formally autonomous financial sector. This sector is the institutional embodiment of the power of money capital, which extinguishes all traces of its specific origin in the profits squeezed from workers at the point of production.

By redeploying capital to more profitable areas of investment, by speeding the velocity of capital's circulation (i.e. by reducing the turn-over time between production of surplus value, its realisation in profits and its reinvestment) the autonomous and privatised banks ensure the formation of an average rate of profit. They do this by ensuring that capital is allowed to move unhindered between different sectors of industry, wherever the best returns can be made. Over time this tends to lead to the equalisation of profit rates between different economic sectors. Finally, an independent banking sector assists in the destruction of irredeemably unprofitable enterprises.

A country like Hungary, so weak and exposed to foreign capital movements and capricious demand for exports, is a crisis waiting to happen

When the state excluded itself from the political direction of the financial sector, through the 1995-97 bank privatisation process, an important stage was reached in stabilising Hungary's existence as a newly restored capitalist country. A now autonomous finance sector (including capital markets) finally entered into an independent (but at the same time fully integrated)



HUNGARIAN WORKERS STRIKE AGAINST THE EFFECTS OF THE MARKET

relationship with industrial capital, providing for the bulk of its investment needs on a commercial basis.[33]

Where the state retains ownership of industry it does so merely as one among equals capable of applying its own laws equally to itself and the rival capitalists in the regulation of competition.[34]

Future evolution

The Economist reported in June 1997 that "Hungarian companies have been through the bankruptcy wringer. Privatisation is virtually over. And huge foreign investment flows have sucked the survivors onto a new plane of efficiency."[35]

As a reward for its "progress" Hungary was given a seat at the top table of industrial capitalist economies—the OECD—in 1996. In March 1994 it had already applied for EU membership. The Commission opened negotiations with Hungary on the terms for membership and is due to issue a report on progress by the end of 1998. Already it has made it known that "Hungary can be regarded as a functioning market economy".[36]

The restoration of capitalism in Hungary has been achieved at a great price for Hungary's workers. Since Horn's government came to office in 1994 real wages have fallen by a third. Unemployment in the eastern part of the country is above 15%. Many more are without work but cannot officially appear so in a country with the harshest rules on welfare entitlement in the region. Many of those who do have a job have more than one in order to survive. Some 20% of the population lives below the official poverty level.

"Goulash communism" has given way to soup-kitchen capitalism. The meat in the dish – the prime cuts of Hungarian industry and the banks – has been devoured by foreign multinationals. But they were served up to the IMF, the EBRD and World Bank by one-time Stalinists who now watch, like the bloodsuckers they are, as profits drain out of the country and the national debt to the foreign bankers mounts.

They will demand even more sacrifices from the Hungarian workers.

In an epoch of globalised capitalism, a country like Hungary, so weak and exposed to foreign capital movements and capricious demand for exports, is a crisis waiting to happen.

The working class of Hungary must disabuse itself of the lying promises made in 1989 of lasting prosperity and a consumer paradise. A capitalist Hungary is and will remain an impoverished semi-colony of the big imperialist powers.

But there is an alternative and Hungarian workers can discover it in their own past – though not in the Stalinist dictatorship and bureaucratic planning. The parents and grandparents of today's Hungarian workers created a heroic legacy of struggle. Twice – in 1919 and in 1956 – they created a republic of workers' councils. To recreate such bodies as fighting organisations for the expropriation of the foreign and Hungarian exploiters is the first step.

The second is to create a state of workers' councils running a democratically planned economy. That is the way to make the country's first post-war capitalist crisis also its last one.■

Footnotes

1. "Survey of Hungary" *Financial Times*, 16 December 1996.

2. Here we use the term transition process to mean the series of measures enacted since 1990 under the post-Stalinist governments, during and beyond the stage of a moribund workers' state. This is to distinguish it from the broader "restoration process" which predates 1989 and of which the Stalinist bureaucracy was the chief agent.

3. See Workers Power and the Irish Workers Group, *The Degenerated Revolution* London, 1982

4. See "Plan Versus Market", *Trotskyist Bulletin* No. 9, London 1996

5. European Bank for Reconstruction and Development (EBRD), *Transition Report* London, 1997, p91

6. For a full discussion see E Szalai, "Political and Social Conflicts Arising from the Transformation of Property Relations in Hungary", in *Journal of Transition*, June 1994 pp56-77

7. *The Economist* noted that even before the Stalinists ceded power Hungary's "laws [were] half-way conducive to a market economy." Survey of Hungary", 18 November 1995

8. Average growth between 1978-87 was 1.8% but in 1989 it was -0.7%. State investment had fallen by 10% in the previous decade and inflation was 15% and rising fast.

9. Compare this with a figure of 20% for Czechoslovakia in 1988.

10 E Szalai op cit p59

11 The law of value is the Marxist term for the process by which capitalism spontaneously reflects the amount of human labour power embodied in a commodity. See K Marx, *Capital* Vol. 1, Harmondsworth, 1973

12. Labour productivity too fell for the first three years of the new government.

13. C W Gray et al, "Hungary's bankruptcy experience 1992-93" in *The World Bank Economic Review* Vol 10 No3 11 1996 p442

14. *Transition Report* 1997, op cit, p80

15. Quoted in E Szalai op cit p67

16. *Business Central Europe*, June 1997 p13

17. The reverse is true for the Czech Republic. Here the regime traded off relatively low levels of unemployment against a massive drop in real wages.

18. C W Gray et al, op cit p443/44

19. Of the 10,423 state owned shops and small firms in 1990, 9,990 were privatised by June 1994.

20. "Survey of Hungary", *The Economist*, op cit.

21. See "Russia: death agony of a workers' state", *Trotskyist International* 22 for a discussion.

22. In the case of enterprise managers they too continue to operate according to other criteria than profitability at the outset, such as revenue or output maximisation; they may also be forced to concede to the interests of their co-owners (i.e.the workers).

23 Again, this has been the experience in the Czech Republic.

24 "Privatisation has mainly involved selling companies off to western investors for cash", *Financial Times*, 16 December 1996. By May 1997 privatisation had raised $5bn for the government.

25 *Transition Report* 1997, op cit p91

26 "Survey of Hungary" , op cit

27 Foreign-owned companies accounted for 14% of GDP in 1997

28. *Business Central Europe*, June 1997 p13

29. ibid

30. W Carlin et al, "Enterprise restructuring in the early transition", in *Economics of Transition*, vol 3 (4) 1995 p449

31. *Transition Report*,op cit p91

32. Hungary is still the only country in Eastern Europe or the CIS to get full marks from the EBRD for its progress on banking reform, which entails "Significant adoption of banking laws and regulations towards BIS standards; well-functioning banking competition and effective prudential supervision; significant term lending to private enterprises; substantial financial deepening." ibid, p16

33. Hungary had the region's most rapidly developing stock market in 1996-97. Turnover quadrupled in 1996 and market capitalisation more than doubled in the first half of 1997 before the East Asian crash affected Hungary along with all markets. Most investment for industry still comes from issuing shares and foreign oweners rather than domestic banks.

34. This system of regulation has necessitated easily available, consistent and readily understood state enforced rules for effective competition. The government has introduced a regulated market in securities and equities as well as effective registers for property claims.

35. *Business Central Europe*, op cit

36. As a geopolitical counterpart to Hungary's economic trajectory, in November 1997 a referendum delivered 80% backing for Hungary's application to join NATO – i.e. to place the defence of Hungary in the hands of US and EU imperialism.

Stalinist bureaucracy
Marxist theory and the state

Trotsky called the old ruling Stalinist caste in the USSR a "bourgeois-bureaucratic machine". **Mark Abram** and **Helen Watson** explore this and outline the results of a five year debate inside the LRCI on the question.

IN 1956 THE Hungarian Uprising demonstrated to the world both the possibility of a political revolution against Stalinist bureaucracy and the character it would take.

It showed that the ruling Communist Party, the army, the secret police and the state administration would act as agents of repression against any working class attempt to establish its own control over a state which claimed to be proletarian. Newly created fighting organisations (workers' councils, a militia) would be necessary to forcibly overthrow Stalinist tyranny.

Even though the power of the Hungarian workers' councils was crushed by Soviet tanks, these events put flesh and blood on the positive scenario contained in Leon Trotsky's prognosis in the *Transitional Programme* that:

"either the bureaucracy, becoming ever more the organ of the world bourgeoisie in the worker's state, will overthrow the new forms of property and plunge the country back to capitalism or the working class will crush the bureaucracy and open the way to socialism."

Three and a half decades later, after further revolutionary crises and Soviet interventions or threats of them, a general and terminal crisis hit the states of Eastern Europe and spread to the USSR itself. Whilst events in 1989-91 vindicated Leon Trotsky's analysis of these countries as degenerate workers' states, they also confirmed the negative alternative prognosis he had made in 1938, that the Stalinist bureaucracy would be the main agent of social counter-revolution.

Events of such great historic moment should force revolutionaries to reflect upon the key aspects of their inherited doctrine and theory. Has it stood the test of great events? One aspect of this challenge has been to the Marxist theory of the state in general and more particularly Trotsky's concept of the bureaucratic state machine in the post-capitalist societies of the USSR, China, S.E. Asia, Eastern Europe and Cuba. The last seven years have given us ample evidence of the impact the capitalist restoration process has had on the ruling parties and the different components of the state machine.

In 1982 Workers Power and the Irish Workers Group published *The Degenerated Revolution, the Origin and Nature of the Stalinist States* in which we set out the implications for Marxist theory and programme of the creation of a series of Stalinist states after World War Two. This book was a landmark in the theoretical rearming of Trotskyism and a break with previous centrist analyses of these events. It provided a revolutionary account of the way in which Stalinist parties and armies crushed or derailed the working class challenge to capitalism in the aftermath of World War Two, before bureaucratically overthrowing capitalism as a defensive measure in the face of imperialist aggression.

While the bulk of the book served to orient Trotskyists to the coming death agony of Stalinism, one aspect was—we have since decided—flawed: the book contains a false attempt at a re-elaborated Marxist theory of the state.[1]

What do Marxists mean by the state?

At its most general (and imprecise) level the term state is used by Marxists and non-Marxists alike to signify the whole "social formation"—to indicate the political superstructure, as well as the means of production and social classes that live within a definite territory. So, for example, when we speak of a "degenerated workers' state" we have this totality in mind. This is a dialectical, a contradictory conception, one which reflects and expresses real socio-economic and political contradictions.

When we use the term state in this way and seek to define its fundamental class character we do so according to the property relations that are predominant and are actually protected by the political superstructure, no matter what class character this superstructure might have if analysed in isolation from this economic base. Hence, the USSR under Stalin remained a workers' state despite the monstrous totalitarian character of its apparatus of repression.

When the occasion arises we are forced to be more precise, often to isolate our political tasks, or to differentiate our political from our economic tasks. Then we have to distinguish between the "state" and "civil society". By the latter we mean the nexus of economic relations and the various social classes, and other cultural forms that arise out of them. In a market economy these economic and social relations operate "blindly" and do not need direction from any political, external force, though the political public force acts as a guarantor of their reproduction.

In this duality we use the term "state" in a narrower sense to mean the political superstructure. Within this category we include not only the essential core of the state—police, standing army, bureaucracy—but in addition, the governmental regimes: parliamentary assemblies, monarchies, republican presidencies, theocracies. For Marxists the latter, however important they may be, are not "the essence" of the state. Thus even the most representative of these institutions, subject to periodic elections under a system of universal suffrage, come and go, rise and fall, without anything fundamental changing about the essence of the "state".

Finally, when we want to focus the discussion even more narrowly we can isolate the core institutions of police, standing army and bureaucracy, and designate these alone as the "state-machine".

As early as the *German Ideology*

(1845), but fully codified in the 1870s (*Origins of the Family, Private Property and the State*), Marx and Engels give us a consistent class and materialist account of the nature and origin of the state, in the second sense explained above, that is, a public force or political superstructure rising out of and above civil society.

Quite simply, it arises on two conditions: first, that there should be a condition of generalised scarcity of goods; secondly, that classes have appeared and that the level of material wealth has developed sufficiently so as to give rise to a large enough surplus for society to sustain an armed public force separate and distinct from the rest of the population. Such a public force is necessary when society is divided into antagonistic classes (i.e. exploiters and exploited) since otherwise the latter will use their weapons to overturn their exploiters. This ostensibly public force is an instrument of the ruling economic class and serves to perpetuate its domination.[2] Through a historic process of revolutions and counter-revolutions in different class societies, the bureaucratic-military state machine core becomes more hypertrophied and powerful vis-a-vis other components of the state.

The more generalised and sharp the class conflict generated by this exploitation and oppression all the more does the state machine isolate itself from any democratic and accountable pressure. [3]

In his early writings Marx had no clear idea of what the tasks of the working class were in relation to this public force. Could it be seized as it was and used to emancipate the working class? By the time of the *Communist Manifesto* (1848) Marx had concluded that economic emancipation would not be possible for the working class without winning "the battle for democracy", i.e. to replace the state machine with the "proletariat organised as the ruling class". That is, it had to win political power in order to liberate itself from its exploitation. But, as Lenin remarked, in the *Communist Manifesto*, "the state is still treated in an extremely abstract manner, in the most general terms and expressions."[4]

Having lived through the bourgeois revolutions and counter-revolutions in Europe between 1848 and 1851 Marx was able, in Lenin's words, to "take a tremendous step forward" in respect of his theory of the state. In 1851, in *The Eighteenth Brumaire of Louis Bonaparte* Marx analysed what had occurred during the ebbs and flows of the French revolution of 1848-51. Behind the frequently changing scenery of parliamentary and presidential republics, conventions and assemblies, and ultimately the restoration of a monarchy, Marx perceived the essence of the state, the "executive power with its enormous bureaucratic and military organisation".



THE PETROGRAD SOVIET IN 1917: A SEMI-STATE IN THE MAKING

This executive or state machine was the prize over which revolutions were fought, around which parliamentary, bonapartist or monarchical institutions were assembled. Marx finally concluded what the proletariat's tasks were in relation to this machine:

"All revolutions perfected this machine instead of smashing it. The parties that contended in turn for domination regarded the possession of this huge edifice as the principal spoils of the victor".[5]

By 1871—with France once more in revolution—Marx re-affirmed this conclusion and elaborated upon it. For the first time the proletriat had seized power , in a great modern city. Marx believed that the actions of the Paris Commune had proved:

"The proletariat cannot, as the ruling classes and their various competing factions have done after their victory, simply take possession of the existing machinery of state and employ this ready-made machinery for its own purposes. The prime condition for retaining its political power is to reconstruct this inherited political machine and to destroy it as an instrument of class domination."[6]

Lenin says of this: "This conclusion is the chief and fundamental point in the Marxist theory of the state".

Marx was now, after the Paris Commune, able to flesh out exactly what "smashing" the state machine, as opposed to "taking it over", means. For Marx the idea of smashing the state signified above all the replacement of the bourgeois state institutions—standing army, unaccountable executive, unrecallable legislature—by institutions of proletarian democracy: a territorial workers' militia, defending a body that fused a legislature and executive and which was in turn fully and immediately recallable by its electorate.

In *The Eighteenth Brumaire* Marx explicitly drew a fundamental dividing line between the classical bourgeois French Revolution and the nature of the impending proletarian revolution.

He argued that whereas the former had ultimately only taken over the old military bureaucratic apparatus of feudal absolutism and developed it anew, the task of the proletarian revolution was to smash that very apparatus of social and political oppression. Marx counterposed the most thoroughgoing bourgeois revolution from below to the programme of the proletarian revolution in that the latter will entail the "smashing" of the old state machine, whereas the former did not.

And yet the French Revolution involved the total destruction of the

old absolutist army replacing it with a new revolutionary arming of the people. It involved the establishment of organs of popular bourgeois democratic dictatorship which routed the old aristocratic rule. Marx knew all this but still refused to grant that the old absolutist state machine had been smashed in the sense of his new conception.

Merely violently destroying and then recomposing the former institutions to serve a new master was, in his view, not smashing but rather, "taking hold of" the state machine. In an all out war for example one state machine can be totally destroyed by the actions of another state; one set of rulers thereby completely obliterated by another, without this conforming to the smashing of the state in the sense outlined by Marx. Human history is replete with such examples, involving the most diverse stages of development and the most diverse classes and nations in conflict.

Following the experience of the Paris Commune Marx began to elaborate the tasks of the proletariat in smashing the state. He saw the Commune as a specific form of republic that could end class rule, through implementing its programme:

"The first decree of the Commune (...) was the suppression of the standing army, and its replacement by the armed people."

All officials were to be elected and subject to recall and to be paid the same wages as workers. Lenin argues that these changes may appear to be merely "fuller democracy", but in fact they represent a replacement of state institutions by others of a "fundamentally different type." He goes on:

"This is exactly a case of "quantity being transformed into quality": democracy, introduced as fully and consistently as is at all conceivable, is transformed from bourgeois into proletarian democracy; from the state (= a special force for the suppression of a particular class) into something which is no longer the state proper."[7].

Through the experience of the Commune, and later of the Russian Revolutions, Marx and then Lenin were able to make concrete the difference between the tasks of the proletarian revolution and those of earlier revolutions, that previously Marx had only been able to point to in abstract. These concrete acts–the replacement of the standing army with the armed people, and the subordination of all officials to the rule of the people–led to the qualitative transformation that is the essential difference between all previous revolutions and the proletarian revolution.

The proletariat does not "abolish" the state. Indeed it requires a force to suppress the inevitable resistance of the bourgeoisie and its allies. Why then does Lenin say that this is "no longer the state proper"? He argues that as the organ of suppression is the majority of the population, there is no need for a special force, and therefore the state, in its essence as a special force, necessarily begins to wither away. The proletarian state retains key tasks, but it is transformed into something qualitatively different from all previous forms of the state.

"(Marx) stated that the "smashing" of the state machine was required by the interests of both the workers and the peasants, that it united them, that it placed before them the common task of removing the "parasite" and of replacing it by something new".

Lenin argued that the creation of this something new, the semi-state, must begin immediately upon the workers seizing power. He saw it as inseparable from the general tasks of the proletarian revolution, with the workers organising large-scale production based on their own experience and backed by the state power of the armed workers, alongside the reduction of the role of state officials to "modestly paid foremen and accountants". This will inevitably lead to the gradual withering away of bureaucracy, and end a state with a separate and special function.

The Russian Revolution and the bourgeois state machine

In essence, Lenin adds nothing new to Marx's theory except to show how the Russian Soviets of 1917 corresponded to the proletarian type of state that must smash the bourgeois state machine. As Lenin says: "The Soviet power is a new type of state, without bureaucracy, without a police force, without a standing army."[8]

Trotsky echoed Lenin in this regard:

"Lenin, following Marx and Engels, saw the distinguishing feature of the proletarian revolution in the fact that, having expropriated the exploiters, it would abolish the necessity of a bureaucratic apparatus raised above society—and above all, a police and standing army."[9]

In other words, the working class needs a state that is constructed in such a way that it immediately begins to die away—a semi-state. Moreover, this applied to all aspects of the state machine;

"This same bold view of the state in a proletarian dictatorship found finished expression a year and a half after the conquest of power in the programme of the Bolshevik Party, including its section on the army. A strong state, but without mandarins; armed power, but without the Samurai! It is not the tasks of defence which create a military and state bureaucracy, but the class structure of society carried over into the organisation of defence. The army is only a copy of the social relations. The struggle against foreign danger necessitates, of course, in the workers' state as in others, a specialised military-technical organisation, but in no case a privileged officer caste. The party programme demands a replacement of the standing army by an armed people."[10]

The working class needs a state that is constructed in such a way that it immediately begins to die away—a semi-state.

The army is the core of the state machine. In Engels' words "in the last analysis the state is reducible to bodies of armed men."[11] Therefore, the smashing of this part of the state machine goes to the heart of the programme of socialist transition in a workers' state. Trotsky, as head of the Red Army, naturally recognised that a workers' state needs a "specialised military-technical organisation" to defend itself from threats. Yet Trotsky was in no doubt that the Red Army during 1918-23 was qualitatively different from the bourgeois standing army:

"The great French Revolution created its army by amalgamating the new formations with the royal battalions of the line. The October Revolution dissolved the Tsar's army wholly and without leaving a trace. The Red Army was built anew from the first brick."[12]

Trotsky located the special and unique character of a revolutionary army in a workers semi-state in the amalgamation of the regular forces with the militia system and the abolition of military ranks.

In March 1919 the 8th CPSU Congress argued for the creation of an army "as far as possible by extra-barrack room methods—that is, in a set-up close to the labour conditions of the working class." Divisions in the army were to coincide territorially with the factories, mines, villages etc and through the closest connection with the working class a "co-operative spirit instilled by the barracks, and inculcate conscious discipline without the elevation above the army of a professional officer's corps."[13]

But Trotsky was aware that the programmatic norm—territorial militia—required for its fullest flowering a certain minimum material foundation in economic life; that is, the relative homogeneity between town and country, a minimum level of infrastructure. A considerable depth of economic foundations were required for the introduction and universalisation of the cheaper and more efficient and effective territorial militia system. But they barely existed. So:

"the Red Army was created from the very beginning as a necessary compromise between the two systems, with the emphasis on regular troops."

This can also be seen in the Red Army's experience with the officer corps. The standing army of the bourgeoisie needs one. It sets the officers aloof from the ranks and has a political and social function reflecting the class society it is based upon. With rank comes privilege and the chain of command that allows for the army to

be set up against the people. Trotsky argued that in the Red Army, by contrast:

"The growth of internal solidarity of the detachments, the development in the soldier of a critical attitude to himself and his commanders will create favourable conditions in which the principle of the electivity of the commanding personnel can receive wider and wider application."[14]

The fact that a professional armed force needs to be assembled and trained to fight to secure the borders of the workers' state does not in itself make it a "standing army" in the Marxist sense of this term. A healthy workers' state needs an army and an intelligence service to protect itself against imperialist aggression.

But such an army would be drawn from an armed people, would live for the most part among the people when not fighting, would not enjoy privileges over the rest of the population and while observing military discipline in the face of the enemy would not be hierarchically stratified with the usual privileges that goes with this in a standing army. A people armed always undergoing military training at some level and capable of being sent to the front in turn is the antithesis of the bourgeois "standing army".

In 1947-48, the form of this state machine and the content of the economy it defended – capitalism – were in an uneasy harmony

There is no doubt that the programmatic norm of the Bolsheviks and Trotsky after October was for such an army. But almost immediately they were thrown into a civil war and the norm was compromised with the reality as they inherited it—the Tsar's army, with its ranks and general staff. Trotsky had to make use of this army. They did subject it to workers' control—party commissars supervising generals etc—as the next best bet in the circumstances. But it was not what they aspired to.

This can be seen in the fact that at the earliest opportunity—in 1920—Trotsky proposed (and it was adopted) at the Ninth Conference of the CPSU that the Red Army be turned into a Popular Militia. Trotsky wrote years later on this attempt:

"In the Red Army the problem of shifting to a militia system played an enormous role in our work as well as in our military conceptions. We considered the question one of principle.

We believed that only a socialist state could allow itself to shift over to a militia system. 'If we are carrying out this shift gradually,' I wrote in May 1923, 'it is not out of political apprehensions but for reasons of an organisational and technical nature: it is a new undertaking—one of immeasurable importance—and we do not want to advance to the second stage without securing the first'. All this great work came to nothing. The militia was abolished in favour of a standing army. The reasoning was purely political: the bureaucracy ceased to have any confidence in an army scattered among the people, merged with the people. It needed a purely barracks army, isolated from the people."[15]

The Degenerated Revolution revises the Marxist theory of the state

The Degenerated Revolution analysed in detail the process of Stalinist expansion after World War Two. Faced with a revolutionary tide sweeping across central Europe after 1944, Stalin's Soviet Armed Forces and national Communist Parties sought to contain its anti-capitalist thrust. The Stalinists came to the rescue of imperialism and constructed a series of class collaborationist governments across the region.

Where it was unavoidable these governments nationalised industries to take them out of the hands of the workers. They disarmed the popular militias or guerrilla bands that had been forged to fight occupying fascist or collaborationist armies. In short, they rebuilt the shattered foundations of the capitalist state machine and underpinned the much weakened capitalist economies.

Of course, this was no normal bourgeois state machine; military power was in the hands not of the national bourgeoisie but of Stalinist bureaucracies under the ultimate control of Moscow. The armed power of the bourgeoisie had been broken in East Europe as it was to be later in China, Cuba and Vietnam. *The Degenerated Revolution* is clear that the state machine reconstructed in 1945-46 throughout Eastern and Central Europe was bourgeois in form, and as such that it was an obstacle to the transition to socialism.

For a couple of years, until the political offensive launched by US imperialism in 1947-48, the form of this state machine and the content of the economy it defended – capitalism – were in an uneasy harmony. But under threat of being ousted by a resurgent national bourgeoisie with stronger ties with imperialism, Stalin's national agents moved to bureaucratically overthrow capitalist social relations, dump their political representatives from the Popular Front governments and through the medium of bureaucratic workers' governments, create degenerate workers' states.

The result of this process embodied an enormous contradiction, between the bourgeois form of the state machine and the proletarian content of the social relations of production defended by this machine. One clear dynamic flowed from this contradiction, one already evident in the USSR. There could be no possibility of a transition towards socialism so long as an unaccountable and savagely repressive political machine towered over the working class. On the contrary, this machine would serve to destabilise the nationalised planned economic foundations of each country and would claim more and more of the surplus product to satisfy the life styles of those who ran it.

As a description of the course of events and a class characterisation of the structures that emerged *The Degenerated Revolution* is spot on. The problem lay elsewhere – in its theorisation of this process. Speaking of these 1947 social overturns in East Europe the book says:

" . . . when the actual stages of these revolutions are examined it becomes clear that the abolition of capitalism by Stalinist parties did not contradict the Marxist theory of the state.

The capitalist state was smashed in each bureaucratic revolution, but in a manner not envisaged by Marx, Engels or Lenin, nor in a manner that is at all desirable from the standpoint of revolutionary communism."[16]

This point is emphasised later when it said that *The Degenerated Revolution* rejects the idea:

". . . that workers' states can be created without the smashing of the capitalist state. The bureaucratic revolutions were only possible because in each case the coercive apparatus of the bourgeoisie had been smashed."[17]

A further passage describes what this smashing consisted of:

"If the essential characteristic of the state is the existence of bodies of armed men in defence of property, then the essential element in the smashing of the state is the destruction of the armed power of the bourgeoisie. This is a fundamental law of proletarian revolution. By smashing the state we mean first and foremost smashing its armed apparatus."

But since the state is also "a huge and powerful bureaucratic apparatus (civil service, judges etc) . . .", then, "the smashing of the state must also involve the destruction of this bureaucracy."[18]

Other parts of the bureaucracy (lower rank administrators, for example) would not have to be smashed but heavily purged and taken over and put to use under the control of the workers.

Thus, while the smashing of the capitalist state is a process that begins with destructive tasks and ends with the building of a state of an entirely new kind (soviet based), the essential moment of this proces, is that "the



TROTSKY'S RED ARMY: "BUILT ANEW FROM THE FIRST BRICK."

armed power of the bourgeoisie was physically smashed prior to each of the bureaucratic revolutions that marked the expansion of Stalinism in the post-war period."[19]

Since the essential part of the smashing had been completed, the future creation of a healthy proletarian semi-state, while necessary, would not have to smash the state.

Without being conscious of it, in these formulations *The Degenerated Revolution* revised the Marxist theory of the state by reducing the process of the smashing of the capitalist state to what it has in common with earlier forms of political revolutions in class society rather than what is historically unique and specific about the process.

The position in *The Degenerated Revolution* laudably tried to avoid "formalism" with respect to the Marxist theory of the state by developing a more abstract concept of "smashing" that could be applied equally to the quite distinct historical experiences of 1917 and the period between 1945-49. We did not realise that in the attempt to deepen the concept we merely ended up regressing to a concept that had been rejected by Marx and Lenin.

We decided that "smashing" the state was an elongated process with several "moments". But the essence of the smashing, the key moment as it were, was to be found in the violent destruction of the armed power, the destruction of the ability of the bourgeoisie to apply coercive power to defend its property relations.

But the book muddled the following distinguishable "moments" in the unfolding of a revolution: first, the defeat and disintegration of one standing army by another; second, the emergence of a dual power situation; third, the seizure of power by the proletariat by methods of armed insurrection; fourth, the smashing by the victorious proletariat of the old bourgeois state machine and its replacement by the armed people and popular self-administration of the soviets.

This last task, no matter how much it depends upon, or has been prepared for by the preceding moments, is what Marx and Lenin insisted was the qualitative difference with previous transformations. This is therefore the *specific* meaning of the "smashing of the state" required by the proletarian revolution in contrast to all previous revolutions.

The Degenerated Revolution confused the question of violent revolution with the task of state smashing, and then to fit it in with the actual events of the bureaucratic social overturns in 1947-48 (no soviets, militia etc.) it reduced the essential tasks of smashing to the violent seizure of power.

Obviously, for the proletariat to be able to set about the task of smashing the state presupposes a "violent revolution", that is, forcibly depriving the bourgeoisie of its control over its "special bodies of armed men". This can occur as a result of defeat in war, the mutiny and internal disintegration of the armed forces or by an insurrectionary rising by the armed workers—or all three in varying combinations.

Equally obviously, this can and usually does occur "in parts", via a period of dual power. But none of these are what Marx and Engels referred to as the "smashing of the bureaucratic-military machine". They constitute a violent revolution, no more and no less. All revolutions, bourgeois as well as proletarian, which are worthy of the name involve this forcible seizure of power.

But worse was to follow. In order to prop up this false idea the book looked again at the process of the Russian Revolution in order to see if the same sequence of events happened there too. And this is what we found:

". . . the coercive machinery of the Russian bourgeoisie—its army and police—disintegrated prior to the direct seizure of power by the proletariat and to this extent was smashed before the October Revolution".[20]

Thus to bolster one false idea Workers Power and the IWG were forced to revise an important part of the established understanding of the course of the Russian Revolution during 1917.

It is true that the February Revolution instigated a situation of dual power, or rather a twin set of dual power situations. First, between the Tsarist forces, the high command and much of the officer corps of the army on the one hand, and those opposed to Tsarism among the Russian bourgeoisie, the peasants and the workers on the other. More importantly, there was dual power between the soviets and the Provisional Government. Clearly the February Revolution took the army out of the undivided control of the high command and forced it to accept the abdication of the Tsar (and then the dynasty), putting the army at the service of the imperialist bourgeoisie.

This process obviously weakened the army, undermined the authority of the officer caste and strengthened the rank and file soldiers' committees. Especially after the July-August offensive widespread disintegration of morale set in among the army. This made the job of the October Revolution easier, deepening and completing this disintegrative process. But October produced the qualitative watershed when the smashing of the state became the conscious act of a revolutionary party at the head of the masses; it did not "to this extent" occur before October.

The whole thrust of Lenin and Trotsky's writings on this subject push in this direction. First Trotsky:

". . . the destruction of the Tsarist bureaucratic and military apparatus, the introduction of national equality and national self-determination—all this was the elementary democratic work that the February revolution barely even addressed itself to before leaving it, almost untouched, for the October Revolution to inherit."[21]

In this Trotsky was merely following Lenin who recognised that far from smashing anything in February the state machine was "taken over" by the Russian bourgeoisie and taken (half-heartedly) out of the hands of the Tsarist followers

Here is Lenin's judgment on February:

"The development, perfection and strengthening of the bureaucratic and military apparatus proceeded during all the numerous bourgeois revolutions which Europe has witnessed since the fall of feudalism . . . Consider what happened in Russia during the six months following February 27, 1917. The official posts which formerly were given by preference to the Black Hundreds have now become the spoils of the Cadets, Mensheviks and Socialist-Revolutionaries. Nobody has seriously thought of introducing any serious reforms.

Every effort has been made to put

them off 'until the Constituent Assembly meets', and to steadily put off its convocation until after the war! But there has been no delay, no waiting for the Constituent Assembly, in the matter of dividing the spoils, of getting the lucrative jobs of ministers, deputy ministers, governor-generals etc etc! (...) But the more the bureaucratic apparatus is 'redistributed' among the various bourgeois and petty bourgeois parties . . . the more keenly aware the oppressed classes, and the proletariat at their head, become of their irreconcilable hostility to the whole of bourgeois society. Hence the need for the bourgeois parties . . . to intensify repressive measures against the revolutionary proletariat, to strengthen the apparatus of coercion, i.e. the state machine.

This course of events compels the revolution 'to concentrate all its forces of destruction' against the state power, and to set itself the aim, not of improving the state machine, but of smashing and destroying it."[22]

It can be argued that in "taking over" the apparatus of the bourgeois state machine the Stalinists continued to "perfect" it

The conclusion could not be clearer. The February Revolution did not smash the state; rather the Russian bourgeoisie got its hands on it and began to purge it of Tsarist placemen and start to perfect the executive power which is nothing other than centralising the repressive apparatus against the popular classes even more. While they did not achieve much in terms of "perfecting" the state machine, this was the clear intent of the Provisional Government in its service of the bourgeoisie.

The Marxist programmatic conception of the smashing of the old state is historically and class specific. It is impossible to abstract it from its working class nature, from the nature of the class force and class state which carries out the smashing and replaces the old machine, without thereby transforming it into a bare ahistorical abstraction.

The Degenerated Revolution did this unconsciously, without even being aware of it and its implications. Its "false abstraction" was to hit upon a description of what the 1917 process and 1947-51 process had in common. Thus:

"These coercive bodies were smashed to the extent that the bourgeoisies were no longer able to deploy armed force in defence of their remaining property rights . . "[23]

And there we have it.

The process of smashing is redefined so that it can embrace quite different historical processes and outcomes. Theoretical consistency was sacrificed for superficial historical description.

Against this we can now say that the capitalist state was not "smashed" in February 1917 nor in the post-war period in Eastern Europe. Between February and October 1917 the Russian bourgeoisie did have an armed force, albeit one that was in disarray due to the enormous pressure it was under from the contending forces of dual power.

After the Second World War the Stalinist bureaucracy, far from smashing the capitalist state, simply took hold of the old apparatus of political domination and, utilising bureaucratic, military, police measures transformed/purged its structures and functions in its own image and in its own interests. In the first period this state, controlled by the Stalinists, was used to defend and rebuild capitalism, and then later the same state machine was used as a lever for the economic expropriation of the bourgeoisie.

In some parts of Eastern Europe, for example in Austria, the Stalinists took hold of the state in the post-war period in exactly the same way as in Poland or Eastern Germany. However, in Austria that state, having been used to help rebuild capitalism, was never used to expropriate the bourgeoisie but rather handed back to the bourgeoisie. In this case the Austrian bourgeoisie did not have to carry out a revolution, or "re-smash" the state to make it work in their interests, as it had remained, throughout, a bourgeois state.

In those Eastern European countires where capitalism was abolished, the working class was excluded, through counter-revolutionary measures, from seizing state power in its own right. As a result the Stalinist bureaucracy was able to construct an apparatus which was a bourgeois organ in a workers' state.[24]

It can be argued that in "taking over" the apparatus of the bourgeois state machine the Stalinists continued to "perfect" it, as for example, in respect to the standing army.

The Stalinists everywhere introduced modifications such as the existence of controlled "popular" militias (e.g. Committees for the Defence of the Cuban Revolution) or party militias attached to party cells in factories, as supplements to or extensions of the standing army.

These modifications can be seen as further perfecting the bourgeois state machine in the workers' state since they represent nothing other than a further method by which the state enforces repression, atomises and renders completely unaccountable the political administration.

In the Soviet Union the smashing of the Stalinist state machine had been a programmatic necessity ever since the counter-revolutionary political expropriation of the working class by the Stalinist caste. In Eastern Europe such a task was necessary from the moment of their creation as workers' states.

Trotsky on the "bourgeois-bureaucratic" state machine

That *The Degenerated Revolution* could fall into these errors was in part conditioned by the fact that the legacy of Trotsky on the issue of the class character of the state machine in the USSR is at best ambiguous. Nowhere did he clearly point to the fact that, conceived in abstraction from the property relations defended by the bureaucracy, this state machine was bourgeois. To understand his thinking we have to establish the progression of his thought on this question.

In the *Critique of the Gotha Programme* Marx argued that in the lowest stage of communism "bourgeois right" (i.e. bourgeois law) would still be in force in the sphere of the distribution of that part of society's total product destined for individual consumption. He argued that immediately after the socialist revolution, in the lowest stage of communism, the state can enforce "only" equal rights in the sphere of consumption (from each according to their ability to each according to their work); that is to say, there is not as yet such material abundance that naturally unequal individuals can receive "according to their needs".

In *State and Revolution* Lenin took Marx's idea and developed it into a clear theoretical conclusion. He insisted that not only bourgeois right survives "but also even a bourgeois state without the bourgeoisie" even in the healthiest, most prosperous case, even in America. In a backward country like Russia a workers' state will not for some time be able even to introduce full equality. It will have to accord privileges to some (skilled workers, bureaucrats, army officers) in order to retain services which are essential to the survival of the workers' state.

Trotsky found in this conclusion the key to a scientific understanding of the nature and dynamics of the rise of the Stalinist bureaucracy in the Soviet Union:

"In so far as the State which assumes the task of Socialist transformation is compelled to defend inequality—that is material privileges of a minority—by methods of compulsion, in so far does it remain a bourgeois state even though without a bourgeoisie."[25]

Both Marx and Lenin held that the state would wither away under the

highest stage of communism when the productive forces of social labour had reached the stage of development where the objects of social and individual consumption could be distributed on the basis of human need alone. Lenin grasped that what this meant was not the withering away of voting etc. but the final withering away of this "bourgeois state without the bourgeoisie", the final withering away of even the most democratic instrument of political and social repression.

This withering away would be achieved through a process of conscious political, cultural and social reform beginning in the transitional period of the dictatorship of the proletariat and culminating in the lowest stage of communism or socialism. However, soviet reality in imperialist-encircled and backward revolutionary Russia immediately started to come into contradiction with this perspective and the associated programme.

The bureaucracy of the new workers' state, the very embodiment of the "bourgeois state without the bourgeoisie" did not begin to wither away at all; it began to grow apace, assert its power and appropriate a large share of the social product. Lenin himself became increasingly alarmed about this growth of "bureaucratic deformations" within the workers' state. His response was a programme of political reform designed to enable the proletariat to control this burgeoning bureaucracy through its soviets and its party.

Trotsky's theory of the intensified degeneration of the Soviet Union was a further development of Lenin's idea through to and beyond that point at which quantity passed into quality. The Stalinist apparatus of state power—the ruling bureaucracy within a workers' state—strangled the soviets and the vanguard party which it once had to serve and with which it had shared power. The counter-revolutionary Thermidor was completed in 1927 with the expulsion of Trotsky from the party and the outlawing of the Left Opposition.

Trotsky had to chart the consolidation in power of a bonapartist bureaucracy which enjoyed more and more privileges whilst still defending the revolutionary social foundations established by the October Revolution. This led inexorably to a qualitative *political* degeneration of the Soviet state. These were no longer deformations which could be reformed if the Stalinists were displaced from power.

In the *Revolution Betrayed* Trotsky refers to "the crushing of Soviet democracy by an all-powerful bureaucracy".[26] But in his 1935 article, *The Workers' State, Thermidor and Bonapartism*, Trotsky developed this brief formula in a way characteristic of his position both before and after 1936:



FIVE-STAR GENERAL ZHUKOV: HIERARCHY, PRIVILEGE AND OPPRESSION IN STALIN'S ARMY

"the present-day domination of Stalin in no way resembles the Soviet rule during the initial years of the revolution. The substitution of one regime for the other occurred not at a single stroke but through a series of measures, by means of a number of minor civil wars waged by the bureaucracy against the proletarian vanguard. In the last historical analysis, soviet democracy was blown up by the pressure of social contradictions.

Exploiting the latter, the bureaucracy wrested the power from the hands of mass organisations."[27]

Or again:

"The toiling masses lived on hopes or fell into apathy . . . Such power (of the Stalinist bureaucracy) could be obtained only by strangling the party, the soviets, the working class as a whole."[28]

And, "The old cadres of Bolshevism have been smashed. Revolutionists have been smashed."[29]

Organs of democratic workers' power can also be said to have been "smashed" by the Stalinist bureaucracy in the other degenerate workers' states after the second world war. In these cases this occured before the Stalinist bureaucracy could consolidate its own power, later used to expropriate the bourgeoisie. The Stalinist caste first crushed the workers, and then blocked their path to power.

The "smashing" of the political rule of the working class by the bureaucracy of the workers' state cannot be seen as a simple mirror image of the smashing of the old bourgeois state through workers' revolution. The smashing of a bureaucratic-military state machine cannot but differ in its very essentials from the destruction of democratic soviet power by a bureaucratic-military state machine.

Trotsky clearly enumerates these concrete differences in the course of his analysis of the evolution of the

The "smashing" of the political rule of the working class by the bureaucracy of the workers' state cannot be seen as a simple mirror image of the smashing of the old bourgeois state through workers' revolution

political expropriation of the working class in the Soviet Union. The basis of the whole process was the chronic backwardness of Russia exacerbated by the destruction and depredations of the civil war, the lack of culture, particularly political culture of the mass of Soviet workers increasingly drawn directly from the ranks of the peasantry. Capping this was a series of important defeats of the international revolution.

We should place the passages from Trotsky, written in 1935, against this background. These conditions explain the growing apathy and quiescence of broad layers of the Soviet workers and the stultification of the soviets from the early 1920s onwards as well as the growing isolation of the revolutionary vanguard in the party as represented by the Left Opposition. All this was both cause and, increasingly, effect of the continuously growing power of the bureaucracy. In these circumstances the momentum, or mobile inertia, of the centralised bureaucratic juggernaut led to a process of grinding down of activity, organisation and initiative on the part of the mass of the population.

The drawn out character of the process is one reason why it was so difficult for the Left Opposition, or indeed anyone, to determine the exact moment of transition from counter-revolutionary political quantity to quality in the life of the country. Nonetheless, the outcome of this process was clear enough to Trotsky long before 1935 – Soviet power had been comprehensively smashed or "blown up" and replaced by the absolutist rule of a totalitarian bourgeois bureaucratic-military state machine, but one which drew the source of its power and material privileges from nationalised property and planned economy.

The contradictions of the first degenerate workers' state can be summed

up thus: the dictatorship of the proletariat had taken the paradoxical form of a political dictatorship of "a bourgeois state without the bourgeoisie" over the proletariat. It had taken the form of the rule of a politically counter-revolutionary bonapartist state machine which still rested upon the post-capitalist social foundations established by the October Revolution. That state machine was still the organ of a workers' state because it defended those revolutionary property relations. But it defended them in its own way and in its own material interests, in order to maintain its caste privileges against the working class.

It is clear that after 1935 Trotsky completely understood the character of the state machine that arose on the debris of Soviet power—it was "bourgeois-bureaucratic"[30] (even fascistic). But here then arises a further problem. Why then did Trotsky never argue that the Stalinist state machine should be "smashed" in the course of the political revolution?

Trotsky's theoretical and programmatic development lagged behind the evolution of the Soviet Union in some important respects

Trotsky was aware that a bald counterposition between the state superstructure and civil society in the USSR was of limited value both theoretically and an insufficient guide to practical action. Why? Quite simply, because although there is a unity of form in regard to the state machine of a bourgeois state superstructure and a degenerated workers' state there was no identity. It is clear if we ponder the significance of the following passages:

"In a number of previous writings we established the fact that despite its economic successes, which were determined by the nationalisation of the means of production, Soviet society completely preserves a contradictory transitional character, and measured by the inequality of living conditions and the privileges of the bureaucracy, it still stands much closer to the regime of capitalism than to future communism.

At the same time, we established the fact that despite monstrous bureaucratic degeneration, the Soviet state still remains the historical instrument of the working class insofar as it assures the development of economy and culture on the basis of nationalised means of production and, by virtue of this, prepares the conditions for a genuine emancipation of the toilers through the liquidation of the bureaucracy and of social inequality (...) Raising itself above the toiling masses, the bureaucracy regulates these contradictions . . . By its uncontrolled and self-willed rule, subject to no appeal, the bureaucracy accumulates new contradictions. Exploiting the latter, it creates the regime of bureaucratic absolutism."[31]

Here Trotsky conceptually distinguishes between "state" and "society" in the USSR. The "state" includes within it both the progressive aspects of nationalised property relations and the wholly reactionary aspect of bureaucratic absolutism. In turn, this distinction flows from some important differences of the USSR as compared to capitalism. This he defines in the following way:

"Once liberated from the fetters of feudalism, bourgeois relations develop automatically (...) It is altogether otherwise with the development of social relations. The proletarian revolution not only frees the productive forces from the fetters of private ownership but also transfers them to the direct disposal of the state that it itself creates. While the bourgeois state, after the revolution, confines itself to a police role, leaving the market to its own laws, the workers' state assumes the direct role of economist and organiser."[32]

So political revolution in the degenerate workers' state involves a dual task; on the one hand, the smashing of the "bourgeois- bureaucratic" state machine (police, standing army, bureaucracy). This Trotsky calls sometimes the "bonapartist apparatus", sometimes "bureaucratic absolutism"; on the other hand, having smashed this apparatus the victorious proletariat in its soviets will rescue and take over the apparatuses associated with the monopoly of foreign trade, the administrative organs of planning, purge them, and wield them for its own purposes. Naturally, this clearing out process will be very far reaching since the apparatus of economic administration has also been distorted to reproduce bureaucratic privilege.

But did Trotsky still not at least formulate the task of smashing the state machine more narrowly defined? Yes and no. It is a fact that Trotsky's theoretical and programmatic development lagged behind the evolution of the Soviet Union in some important respects, a fact he openly recognised himself.

In the first place Trotsky had to openly correct his initial analogy with Thermidor in the French revolution in an article written in 1935. He argued that Thermidor in the Russian revolution should no longer be regarded as the counter-revolutionary restoration of capitalism but as the politically counter-revolutionary consolidation of the bonapartist power of the Stalinist bureaucracy still remaining on the foundations established by October.

In other words Trotsky openly admitted that the Soviet Thermidor stood not in the future as he had previously thought but some eight years in the past. Without doubt this self-critical theoretical appraisal followed from the fact that Trotsky had been compelled to develop a dramatic new programmatic stance: the abandonment of a programme of political reform and the development of the programme of political revolution. But Trotsky's new theory of the Soviet Thermidor which placed its completion in 1927 raised an obvious problem; namely, that the development of the programme of political revolution had been delayed for eight years.

Trotsky's belated development of this programme retained a certain algebraic character up to his death. One reason for this was that nobody then had had the chance to go through the experience of an actual political revolutionary rising of the working class in a degenerate workers' state. Trotsky knew that nobody could be exactly sure of the dynamics and overall character of the political revolution without the benefit of the experience of the class struggle itself. Hence, it is not surprising that he did not leap into print with the idea that the bonapartist state machine would be smashed in the classical Marxist sense in the political revolution.

Indeed, in the *Transitional Programme* of 1938 Trotsky still poses the tasks of the political revolution in a form that lies somewhere between the old reform perspective and the new revolutionary one. On the one hand, Trotsky recognises that the political "apparatus of the workers' state . . . was transformed from a weapon of the working class into a weapon of bureaucratic violence against the working class".

On the other hand, he calls for the "regeneration of Soviet democracy" and "democratisation of the soviets" as though the soviets existed but only needed to be purged:

"It is necessary to return to the soviets not only their free democratic form but also their class content. As once the bourgeoisie and kulaks were not permitted to enter the soviets, so now it is necessary to drive the bureaucracy and new aristocracy out of the soviets."[33]

Yet it was clear that although they may have been called soviets they had nothing in common with the organs set up in 1905 and 1917. They were powerless "parliamentary" bodies made up of pre-selected members of the bureaucracy and labour aristocracy, subordinated entirely to the bonapartist clique around Stalin. As structures they needed to be smashed.

Indeed, later in May 1939 Trotsky drew the necessary inference in a passage for the first and only time:

"To believe that this [Stalinist] state is capable of peacefully "withering

away" is to live in a world of theoretical delirium. The bonapartist caste must be smashed, the soviet state must be regenerated. Only then will the prospects of the withering away of the state open up."[34]

This plays the same role in Trotsky's theoretical development as did Marx's observations in *Eighteenth Brumaire*- But Trotsky did not live to see the political revolution's equivalent of 1871. If he had seen the Hungarian revolution of 1956, which generated Soviets outside of and counterposed to the existing state apparatus of Hungarian and Russian Stalinism, Trotsky would undoubtedly have recognised that the lack of sharpness in the *Transitional Programme* would have had to have been changed.

The Degenerated Revolution and the programme of political revolution

Faced with the challenge posed by Trotsky's ambiguities *The Degenerated Revolution* opted for theoretical conservatism. Basing itself on the revision regarding the "smashing" of the state, it chose to interpret Trotsky's 1939 formulation—"the bonapartist caste must be smashed, the soviet state must be regenerated"—in a very specific way when it came to its implications for the programme of the political revolution.

Since Trotsky did not say that the "state" must be smashed in the political revolution and given that *The Degenerated Revolution* had insisted that this had already been done in the process of overthrowing capitalism then, with Trotsky, we restricted ourselves to saying that while the caste had to be smashed the state could be "regenerated" (i.e. "taken over" and purged).

The counterposition of the "caste" to the "state" can as we have shown be given a meaning that does not impair the tasks of the political revolution; that is, providing we understand Trotsky to be arguing for the smashing of the military-bureaucratic core of the state machine and "regenerating" or purging the organs of economic administration.

But *The Degenerated Revolution* took us in an altogether different direction. Since the section on the nature of the state had argued that the state was essentially "bodies of armed men" then it must mean that Trotsky's words could be interpreted to mean that the state as bodies of armed men must not be smashed in the political revolution but "regenerated".

Even at first glance this idea was incoherent since it suggested that the bureaucratic caste could be smashed without smashing its armed power. But *The Degenerated Revolution* consciously rejected the simple idea that the whole standing army of the Stalinist bureaucracy must be abolished and replaced by a workers' militia. Instead it argued:

"The bureaucracy maintains a massive standing army and specialised armed squads to defend its privileges in times of political revolutionary crisis. The working class will need to build its own workers' militia to defend its organisations against police and military attack. It will in the course of the political revolution have to create armed forces capable of dissolving and defeating all armed forces loyal to the bureaucracy. It will seek its weapons in the arsenals, and from the hands of, the conscript army. To win the troops to the side of the political revolution the proletariat must advance the slogans:

- Full political rights for soldiers, culminating in the calls for soldiers' councils to send delegates to the workers and peasants' soviets.
- Dissolution of the officer corps, abolition of the titles and privileges of the generals and marshals – commanders, officers and NCOs to be democratically elected or selected.
- For the immediate dissolution of the paramilitary repression apparatus, the secret police and militia.

The victorious political revolution will arm and train all those workers capable of bearing arms. The workers' state will rest upon the armed proletariat. For the military defence of the workers' states against imperialism the maintenance of a standing army is necessary. The political revolution will, however, transform the existing armies – instruments of bureaucratic tyranny as well as defence – into Red Armies of the type founded by L D Trotsky."[35]

This is quite clear and in line with the false view of the "necessary" character of a standing army in any workers' state already outlined. The programme adds a further twist however, saying that it is necessary because one is needed to defend a workers' state from attack.[36] It is a conception that potentially bolsters illusions in the standing army of a Stalinist caste by suggesting that it is necessary to defend the workers' state from restorationist attack, when in truth it is an agency perfectly suited to overseeing the capitalist restoration process – as we have seen since 1989.

The Degenerated Revolution subordinated a crystal clear formulation of the strategy of political revolution to formulations on the possible need for united fronts with the Stalinist standing army against imperialist attack.



THE FRONT BENCH OF THE "BOURGEOIS-BUREAUCRATIC" STATE MACHINE IN THE USSR

But the formulation that the standing armies of the Stalinist caste have a dual character – "instruments of bureaucratic tyranny as well as defence" surrenders too much to the Stalinists, above all in the light of events since 1989.[37]

The mistake was to believe that Lenin's position, as expressed in *Can the Bolsheviks Retain State Power?* concerning taking over parts of the lower bureaucratic administration of the Tsarist regime and using them in the transition to socialism, could be applied to the standing army in a Stalinist state once those "loyal to the bureaucracy" had been defeated.

In truth what was needed was a clear statement that the armed struggle of the workers' councils and militia against the bonapartist standing army is the process of smashing the state machine in the political revolution, essentially identical to the arming of the whole population in contradistinction to the maintenance of a standing army above the masses.

Trotsky on the state machine and capitalist restoration.

The Degenerated Revolution could not find anywhere in Trotsky's analysis the idea that the bourgeois state machine would not and could not be smashed in a bureaucratic social overturn. It did not draw a theoretical inference which flowed directly from the whole of the rest of his conception and which should have followed from an analysis of the actual events of the bureaucratic social overturns after Trotsky's death.

Similarly, the book stuck rigidly to the letter of Trotsky's programme on political revolution when a certain re-elaboration was needed. What then of an interconnected question; namely, what would happen to the Stalinist "bourgeois-bureaucratic" state machine in the context of capitalist restoration?

A moment's reflection reveals that if it is legitimate to apply the Marxist category of the smashing of the state to the counter-revolutionary overthrow of Soviet power then the same line of thought surely indicates that in the Soviet Union, Eastern Europe, China and Cuba, the "smashing of the state" on the road to capitalist restoration stands not in front of us but far behind, in the counter-revolutionary consolidation of the bonapartist state power of the Stalinist bureaucracy.

In *The Revolution Betrayed,* written in 1936, we find three hypotheses concerning the possible future course of development of the Soviet Union:

"Let us assume first that the Soviet bureaucracy is overthrown by a revolutionary party having all the attributes of the old Bolshevism, enriched moreover by the world experience of the recent period. Such a party would begin with the restoration of democracy in the trade unions and the Soviets. It would be able to, and would have to, restore freedom of Soviet parties. Together with the masses, and at their head, it would carry out a ruthless purgation of the state apparatus . . . But so far as concerns property relations the new power would not have to resort to revolutionary measures. It would retain and further develop the experiment of planned economy. After the political revolution—that is the deposing of the bureaucracy—the proletariat would have to introduce in the economy a series of very important reforms, but not another social revolution.

If—to adopt another hypothesis—a bourgeois party were to overthrow the ruling Soviet caste, it would find no small number of ready servants among the present bureaucrats, administrators, technicians, directors, party secretaries and privileged upper circles in general. A purgation of the state would of course, be necessary in this case too. But a bourgeois restoration . . . would probably have to clean out fewer people than a revolutionary party. The chief task of the new power would be to restore private property in the means of production. . . Notwithstanding that the Soviet bureaucracy has gone far toward preparing a bourgeois restoration, the new regime would have to introduce in the matter of forms of property and methods of industry not a reform, but a social revolution.

Let us assume—to take a third variant—that neither a revolutionary nor a counter-revolutionary party seizes power. The bureaucracy continues at the head of the state. Even under these conditions social relations will not gel . . . it (the bureaucracy) must inevitably in future stages seek support for . . . itself in property relations . . . It is not enough to be the director of a trust; it is necessary to be a stockholder. The victory of the bureaucracy in this decisive sphere would mean its conversion into a new possessing class . . . The third variant consequently brings us back to the two first."[38]

The *Degenerated Revolution* should have asserted that that the bonapartist state apparatus must be smashed by the armed working class organised in its own democratic workers' councils.

Trotsky asserts that both a political revolution and a social counter-revolution would involve a "purgation" of one and the same Soviet state apparatus. This is a curious argument because it strongly implies that the same state—while transformed in opposite directions—could preside over either a restored capitalist economy or—in the democratised form of a revived workers' power—over the transition to socialism.

It was necessary to break with this suggestion and consciously revise the idea that the political revolution will involve the purgation of the Stalinist bureaucratic-military state machine. Rather, *The Degenerated Revolution* should have asserted that that the bonapartist state apparatus must be smashed by the armed working, class organised in its own democratic workers' councils.

Only after the smashing of all the armed executive in the political revolution would the question of the "purgation" of its bureaucracy arise, i.e. the utilisation, where necessary, of some of the old officials in the apparatus of the new power.

On closer inspection Trotsky introduced a deliberate asymmetry into his hypothetical cases involving the "purgation of the state apparatus". The political revolution, he asserts, will involve a "ruthless purgation" while capitalist restoration "would probably have to clean out fewer people".

What is more, in his third hypothesis he goes much further. He assumes the possibility that the Stalinist bureaucracy "continues at the head of the state" and, through the destruction of nationalised property, converts itself into a "new possessing class", that is, a bourgeoisie.

In the light of the experience since 1989 we can now assert that even in this, Trotsky's third, case the Stalinist bureaucracy would undergo an internal purgation due to the inevitable splits and conflicts within its own ranks.

In any case, Trotsky argued that the overthrow of the degenerated workers' state along the line of the restoration of capitalism would, in all events, involve a lesser transformation of the state superstructure than would a political revolution.

Since 1989 it is Trotsky's third variant that has predominated, or at least a combination of the first and third.[39] The successful counter-revolutionary bureaucracy/bourgeoisie coalition in Eastern Europe has taken hold of the bureaucratic state machine, purged it, and then used this to smash those elements of the state which were responsible for the system of economic administration.

The parliamentary forums that may or may not exist, may or may not have been the means by which the restorationists managed to take hold of the state machine is irrelevant in the last analysis. Also, that the "smashing" of the system of economic administration—planning organs, economic Ministries—is taking place with little violence has nothing to do with the essence of the matter. What is interesting is that this process involves a dialectical inversion of the process that would be necessary in the proletarian political revolution. In the latter case the soviets would have to smash the executive power and purge the organs of economic administration.

A healthy debate

It is a mark of the health of a revolutionary tendency that it can study its own past critically. If doctrine is not to be turned into dogma then revolutionaries are obliged to subject all theory to scrutiny in the light of major new events.

Serious debate with in the ranks of the LRCI over an extended period has allowed it to correct a mistake and thereby rearm itself politically. In the process all sides in the debate realised that despite their differences they were bound together in complete agreement on the programmatic tasks facing the working class after 1989.

We did not have any differences over the programme of political revolution from 1989 onwards which was based solidly on continued defence of these states against imperialism, the absolute necessity of soviets as instruments of the revolution, the smashing of the Stalinist states' apparatus of repression and the erection of a Paris Commune or Russia 1917-style semi state.

Thus the *Degenerated Revolution* proved a strong enough pillar of the LRCI to bear the weight of an important but narrowly circumscribed theoretical difference. ■

Footnotes

1. When Workers Power and the IWG first wrote the book we had differences within our ranks over the question of what exactly happened to the bourgeois state machine during the overthrow of capitalism by the Stalinists. Was it "smashed" in the sense that Marxists use the term? The majority insisted that it must have been, believing that to say anything less was to suggest that a social overturn was possible by the road of reform, A minority argued the positions developed in this article. After a joint conference of the IWG and Workers Power which agreed the contents of The Degenerated Revolution the debate ceased for ten years.

Under the impact of the events in Eastern Europe, which raised the question "would the state machine, as distinct from the planned economy and the Stalinist parties, have to be smashed or would it be sufficient to drastically purge the "special bodies of armed men etc" the debate broke out anew in 1993. This time some members of the former majority joined the old minority. After four years of internal discussion within the LRCI including two congresses (1994 and 1997) and with many documents written on either side, this error was corrected. No side in the debate called into question for a moment Trotsky's designation of the USSR (or the later Stalinist states) as degenerate workers' states.

2. Moreover, the state public force also has its own interests and possesses certain caste-like features that set it off from classes in civil society. Hegel first spoke of these as being security of employment and guaranteed income.

3. The first species of standing army, dating from the end of the 15th century, although standing apart and opposed to the common people, still reflected its origins in feudalism. The standing army was not made up, as later was to be the case, by national conscripts. This was because the nobility rightly feared arming its peasantry which might exert revolutionary democratic pressure upon the ruling class. Instead they were primarily mercenary armies, made up of foreigners whose loyalty could be bought.

4. Lenin, *State and Revolution*, p30

5. Marx, *The Eighteenth Brumaire of Louis Bonaparte* – quoted in Lenin *State and Revolution* p411 CW vol. 25. It is worth noting in passing that when they talk of "perfecting" the bourgeois state machine, Marx and Lenin do not mean developing more representative forms of government (e.g. parliamentary democracy). Quite the opposite, for "perfecting" means purging it of the revolutionary-democratic aspects of the revolution and centralising the executive power against them. This is the whole point of Marx and Engels' analysis of the rise and fall of the Great French revolution from Jacobin clubs to the centralising measures of Napoleon.

6. *Draft of the Civil War* in France

7. Quoted in Lenin *State and Revolution*, op cit:p.242.

8. E Mandel, *From Class Sciety to Communism*, London, p46

9. L Trotsky, *The Revolution Betrayed*, London 1973, p49

10. ibid, p50-51

11. F Engels, *The Origin of the Family Private Property and the State*, New York, 1978, p24

12. L Trotsky op cit, p209

13. ibid, p216

14. ibid p222. As Trotsky argued: "The right to a commanding position is guaranteed by study, endowment, character, experience, which need continual and moreover individual appraisal. The rank of major adds nothing to the commander of a battalion.", p223

15. L Trotsky *Writings Supplement 1934-40* p883

16. Workers Power and the Irish Workers Group, *The Degenerated Revolution*, Londn 1982, p48

17. ibid, p51

18. ibid, p49

19. ibid, pp50-51

20. ibid, p50

21. ibid, p54 This idea is nothing other than a restatement of permanent revolution; that is, far from carrying out a task which was the object of the proletarian revolution it failed miserably to carry out any serious task of the bourgeois revolution.

22. Lenin, *State and Revolution* op cit, pp31-32

23. *The Degenerated Revolution*, op cit, p50

24. Only under fascist bourgeois states (e.g. Hitler's Germany) have we seen similar "perfections". A standing army—just because this army defends post-capitalist property—does not thereby become a proletarian form of military technical organisation. It still needs to be replaced by "an armed people".

25 Revolution Betrayed, op cit, p 58

26 ibid, pp268

27 ibid, pp172-73

28 ibid, p175

29 ibid, p178

30. L Trotsky Preface to Ukrainian edition of *My Life*, Writings 1938 p?

31. L Trotsky, *Writings 1934-35* pl70-171; original emphasis

32. ibid pl79

33. L Trotsky, *Transitional Programme*, New York 1977, p145

34. L Trotsky, "The Bonapartist Philosophy of the State", *Writings, 1938-39*, New York 1974, p325

35. *The Degenerated Revolution* op cit p79.

36. *The Trotskyist Manifesto* (1989) compounded this error with an even worse formulation: "For the standing army to be reduced to a size commensurate with the legitimate defence needs of the workers' states against imperialism." London 1989, p97 This was corrected in 1994.

37 The programme in *The Degenerated Revolution* singles out the secret police as needing to be dissolved but not the standing army, as though the former agency did not also have a role to play in defence of the workers' state from imperialism. Eventually, in the *Trotskyist Manifesto* revised chapter on political revolution adopted in 1994, the LRCI removed all ambiguity in respect of the tasks of the proletarian revolution where it states that the workers councils will "smash the whole repressive machine of the Stalinist state apparatus". See *Trotskyist International* 15 October 1994 p42.

38. *The Revolution Betrayed*, London 1973, p253-54

39. For example, Yeltsin's split with the nomenklatura in 1990 helped realign the restorationist forces from outside the bureaucracy (e.g. Chubais) around his clique which after 1991 then isolated a hardline Stalinist faction, before co-opting decisive elements of the Stalinist bureaucracy (e.g. Chernomyrdin) into the restoration process. A similar combination occurred in Hungary. In Serbia, Croatia and Slovakia the whole bureaucracy is playing the decisive role in line with Trotsky's third variant.

The Leninist Party and DEMOCRATIC

"The party is not an arena for the assertion of free individuality, but an instrument of the proletarian revolution". Trotsky's words from 1939 form the background against which Lenin himself approached the question of democracy in the revolutionary party. As **Dave Stockton** explains Lenin's views on the balance between centralism and democracy in the party were forged concretely in the struggle for a revolutionary programme in the fight against Russian Tsarism

IN THE AFTERMATH of the collapse of Stalinism it has become fashionable on the "far left" to question the principles of democratic centralism. The most radical critics suggest that the working class does not need a centralised party but rather a decentralised, amorphous movement, similar to the "movements of the oppressed". Others suggest that even if a democratic centralist party is desirable in the long term it is impossible to build one now. What is needed today, they say, is to regroup the large number of left groups into a mutually tolerant forum for discussion and common action.

Social Democrats and libertarians have been joined by repentant Stalinists in blaming many of the problems of the degeneration of the Russian Revolution on the supposed democratic deficiencies of the Bolshevik Party itself. They claim that the roots of Soviet totalitarianism were to be found in the Leninist party and in its organisational principle—democratic centralism.

Even when the democratic centralism of the Bolsheviks is not dishonestly conflated with Stalinist bureaucratic centralism, it is often seen as playing some sort of contributory role—lacking the checks and balances, the federal and decentralising elements which could prevent bureaucratisation. In this view Leninism is in need of being supplemented with the left reformist or the libertarian traditions, often disguised as feminism.

In their view the "centre" of such a formation must by definition be ignorant and out of touch with the lived experience of struggle and practice. This is found only in the local, the base unit, the periphery. Orders "from above" will inevitably cripple democratic self-expression. They must, the argument goes, inhibit spontaneity and self-confidence; a centre by its nature will tend to dominate and repress.

This article attempts to answer the question, was Lenin's Bolshevism responsible in some measure at least for the bureaucratisation of the Russian Revolution and the first workers' state? Of course, part of the answer to this lies in an analysis of why that state degenerated. But a vital part also lies in examining what democratic centralism was in Bolshevik practice, how it evolved during the history of Russian Social Democracy and Bolshevism.

This is no abstract historical question. The Bolsheviks are, so far, the only party to successfully lead a mass workers' revolution and to place power in the hands of direct organs of workers' democracy—soviets.

An examination of the key stages in the development of the Leninist party and democratic centralism is vital because examples of Bolshevik practice and quotes from Lenin are often treated as a decisive argument when taken out of context. This is done both by over-zealous defenders of democratic centralism and by its critics.

The former give it a bureaucratic and sectarian interpretation, the latter an opportunist, spontaneist and libertarian spin. Their unity is that they both believe there is a fixed formula for democratic centralism which fits equally the small propaganda group fighting for its ideas in a situation of profound ideological confusion and a mass party attempting to lead the workers' organisations in a revolutionary situation.

The clearest and most succinct statement of the method that must be used to understand what democratic centralism means is Trotsky's short article *On Democratic Centralism: A Few Words about the Party Regime*:

"A party is an active organism. It develops in the struggle with outside obstacles and inner contradictions . . . The regime of a party does not fall ready made from the sky but is formed gradually in struggle. A political line predominates over the regime. First of all it is necessary to define strategic problems and tactical methods cor-

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rectly in order to solve them. The organisational forms should correspond to the strategy and the tactic. Only a correct policy can guarantee a healthy regime."

Later he says:

"Democracy and centralism do not at all find themselves in an invariable ratio to one another. Everything depends on the concrete circumstances, on the political situation in the country, on the strength of the party and its experience, on the general level of its members and the authority which the leadership has succeeded in winning before a conference. When the problem is one of one of formulating a political line for the next period, democracy triumphs over centralism. When the problem is political action, centralism subordinates democracy to itself. Democracy again asserts its rights when the party feels the need to examine critically its own actions. The equilibrium between democracy and centralism establishes itself in the actual struggle, at moments it is violated and then again re-established."[1]



ST PETERSBURG LEAGUE OF STRUGGLE 1897: LENIN IN THE CENTRE, MARTOV TO HIS LEFT

Laying the foundations of a revolutionary party in Russia

A party is that section of a class which understands the need to organise together to intervene in political life in order to shape the policy, or indeed the very character of, the state. It must therefore have a goal or series of goals which constitute its programme. It must also have methods of work (tactics) for achieving these goals. It must have principles which guide its conflict or collaboration with other parties.

A working class party must pursue the historic interest of the proletariat, understanding its immediate or local interests and its tactics in terms of what advances the achievement of its strategic goals. No Marxist party can be founded except on the basis of a programme. The entire life struggle of Marx and Engels was devoted to developing such a programme and its organisational expressions. Their work in the First International culminated with its London Congress, in September 1871, declaring that:

"... the working class cannot act as a class, except by constituting itself into a political party, distinct from and opposed to all the old parties formed by the propertied classes."[2]

Marx and Engels did not elaborate a conception of the form that such party should take, nor any view of the relationship between democracy and discipline within it. This was left to Russian Marxism and above all to Lenin. But the theory and practice of the Leninist party represents a continuity with Marx and Engels' outlook and at the same time a leap forward.

A vital transitional figure between Marx and Engels, and Lenin was George Plekhanov. In 1883 he helped found the Emancipation of Labour Group. This tiny grouping concentrated for over a decade and a half on the application of Marxism to Russia. Producing a string of books, pamphlets and translations of key Marxist texts, it laid the theoretical basis of Russian Marxism and the future Russian Social Democratic Labour Party (RSDLP).

The working out of the overall perspective, strategy and key tactics of that programme is, necessarily, the task of a small nucleus of political cadres, intellectuals or worker intellectuals. A new programme, a new party, cannot be born and find its way in the world except in struggle against pre-existing parties or movements and their ideas and their programmes. Such an original nucleus must, there-

fore, develop the maximum homogeneity in order to see its ideas triumph. Polemical conflict is central to this original stage.

Many such nuclei will perish in the attempt. Those whose ideas are in accord with the fundamental trends and tasks facing the working class will triumph—if they are upheld by a determined and creative grouping of fighters. In this early stage of party building the first centralism is programmatic, i.e. all work centres on the eventual creation of a revolutionary strategy. Democracy is the freedom of ideas and debate within such an organisation.

Lenin took only one lesson from the revolutionary populists of the 1880s: without a serious professional illegal organisation Social Democracy would never gain a foothold in Russia

This stage is far from the easy-going, free for all of ideas and theories that the petty bourgeois intelligentsia imagines. It is harsh, full of conflict, "intolerant" of error; for systematic error represents the influence of the bourgeoisie. The earliest years of Russian Marxism were dominated by such struggles.

Agitation and the fight against Economism

But it was the young Vladimir Ulyanov, Lenin, who was central to the practical and theoretical working out of how to build a revolutionary workers' party in Russian conditions. He had become a social democrat in 1890. From the autumn of 1893 he was active in Marxist propaganda circles in St Petersburg. This development had required a break with the Narodniks, the Russian populists whose politics were a mixture of revolutionary democracy and utopian socialism and whose tactics concentrated on illegal conspiracy and the use of individual terror.

Lenin took only one lesson from the revolutionary populists of the 1880s: without a serious professional illegal organisation Social Democracy would never gain a foothold in Russia. For Lenin, only with such an organisation would it be possible to build links with the Russian workers. And with such an organisation, rooted in the working class, Tsarism could and would be overturned.

Lenin had an active, combative notion of the revolutionary party—one that could involve itself in and stimulate the day to day struggles of workers and link these struggles to the goal of destroying Tsarism and, beyond that, the socialist revolution.

But by the second half of the 1890s the success of the early Marxists led to conflict within and between the existing propaganda circles, conflicts which involved questions of programme and organisation. Programmatically the argument arose: does the working class need a programme at all? Is it not enough that the spontaneous movement of the workers is towards struggle?

If that is the basis of politics then either a party is not needed at all or it is one whose role is merely to encourage spontaneity or organise links between existing groups. If, however, the task is indeed to link the immediate struggle of the workers to the struggle for power then an organisational form has to be developed that infuses the day to day struggle with the revolutionary goal. Such a party will, to the degree that this is possible, be internally democratic and democratic in its relations with other mass workers' organisations but it will have to be centralised and disciplined in its pursuit of its goals.

The debate focused on a new method of social democratic work that had recently been developed among Jewish (Yiddish speaking) workers around Vilna in Lithuania. There Arkadi Kremer had, together with another young intellectual Yuli Martov, written a short pamphlet, *On Agitation*.

This advocated a decisive break with the old method of Marxist study circles in favour of the production and distribution of leaflets at the factories which took up the workers' immediate grievances. This would attract the most combative proletarians towards the social democratic circles rather than those who merely wanted to receive an education. The adoption of this method of work was a major step forward and the young Lenin welcomed and adopted it.

The "agitators" believed it was the task of Marxists not simply to educate individual workers in Marxism and wait for the revolution but to actaully hasten that day by helping to build a mass movement of the working class. It went beyond the illegal distribution of literature to the promotion of direct action by the workers in the factories. That this was the business of a social democratic organisation (as opposed to a trade union) was a new idea.

The new agitational method spread to St Petersburg. Martov brought copies of *On Agitation* to the capital. There he met Lenin for the first time and both agreed on the new type of work. In the autumn of 1895 they founded the St Petersburg League of Struggle for the Emancipation of the Working Class.

This turn necessarily raised organisational problems. It involved activities which would be much easier for the Okhrana's network of spies to uncover. The question was how to organise secretly to intervene publicly. The propaganda circle alone could not provide the answer. Indeed the League of Struggle was on the eve of bringing out the first issue of their paper when the entire leadership was arrested. Lenin was later to blame this on their own lack of professionalism in conspiratorial work.

Nevertheless, the growth of mass struggles showed that the new method could work. In 1896/97 a strike wave of textile and other workers swept St Petersburg, Moscow and other factory towns over wages and the length of the working day. The Social Democrats found a warm welcome in the factories

This led to some of the "agitators", like Arkadi Kremer, drawing false one-sided conclusions, leading away from a revolutionary strategy altogether. Enthusiastic over the workers' strikes over wages, the length of the working day and factory conditions they came to the conclusion that only such immediate economic demands of the workers could be the basis of agitation. For a whole stage at least, the political struggle against Tsarism should be left to the bourgeois liberals and the Narodnik intellectuals. The workers should concentrate on making "palpable gains". Plekhanov and then Lenin named this trend "Economism".

In the summer of 1900, after discussions in St Petersburg with Martov, Lenin left Russia with the project of reaching agreement with Plekhanov and Axelrod to produce an anti-Economist paper which would lay the programmatic and organisational foundations for a real revolutionary social democratic party in Russia. That paper was *Iskra*.

Lenin, *Iskra* and *What is to be done?*

Iskra set out both to establish a programme and tactical principles and to win the underground committees and circles across the Russian Empire to its project. The aim was to make a leap to a centralised, necessarily illegal, party. The Russian Social Democratic Labour Party (RSDLP) had been founded in 1898 but the police had arrested most of its leadership and by 1900 it was in fragments.

Iskra was, in effect, an open faction within the RSDLP and was publicly homogeneous—as factions must be because they are fighting to act as the basis for the leadership of the party. Lenin commented that people could scarcely tell who had written which articles in *Iskra*, so closely and homogeneously did the editorial board work.

From late December 1900 to July

1903, 44 issues of *Iskra* campaigned for a unified, centralised party for the whole Russian Empire based on a common programme, with a central party organ, produced abroad, which would give political direction to the whole party.

The paper served both an ideological and an organising purpose. It launched a savage battle against all programmatic confusion, heterogeneity and opportunism. In the fourth issue of *Iskra* Lenin wrote an article entitled *Where to begin?*,[3] that defines and attacks the Economism of the emigré paper *Rabochaya Mysl* (Worker's Thought) as "endeavouring to clip and narrow the work of political organisation and agitation."

But he goes on to attack even more savagely the semi-Economist organ *Rabocheye Dyelo* (Workers' Cause) for practicing "unprincipled eclecticism in organisational and tactical questions", pointing out that it is "incapable of distinguishing immediate demands from the main tasks and permanent needs of the movement."[4]

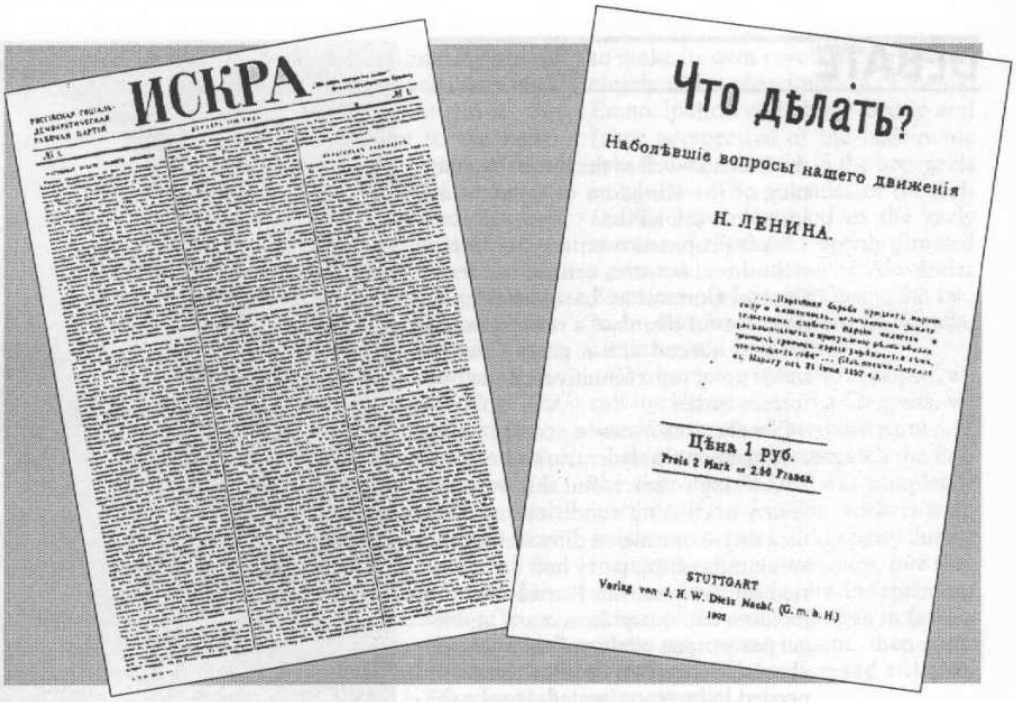
Lenin was not afraid to argue openly for a political organisation which was structured outwards from a centre, or "from above", one able to mobilise and direct every local committee and if need be individual party cadre. The summary of the whole approach of *Iskra* is the famous pamphlet *What is to be Done?* which appeared in 1902.

Here Lenin attacked the core of the Economist's method, the idea of tailing the spontaneous consciousness of the working class. Lenin argued that socialist consciousness is not spontaneously and gradually generated by the workers on their own. Here we emphasise that Lenin is not talking about general class instinct, awareness of the common interests of workers as workers, but of socialist consciousness. He insists that this has to be brought into the working class "from outside"—outside, that is, of the everyday, piecemeal economic struggle.

Lenin accepts that the working class is drawn, by its very conditions of social existence, into struggle against capital and that such struggles clash with the state and raise political questions.

His view was that "the spontaneous element, in essence represents nothing more or less than consciousness in an embryonic form", that it represented the "class struggle in embryo, but only in embryo", i.e. not yet social democratic consciousness. It is no insult or deprecation of such workers and their struggle that they "were not and could not be, conscious of the irreconcilable antagonism of their interests to the whole of the modern political and social system."

Lenin's starting point in defending an organisation of "professional revolutionaries" is the conditions of deep illegality which existed in Russia. Attempts to organise throughout the preceding decade had repeatedly failed, condemning activists to long jail sentences, exile, or in some cases, death. Many more were demoralised and left active politics. Only people who devoted their whole lives to this work could achieve the desired result of a party that could survive and prosper, even under conditions of illegality and repression.



ISKRA (LEFT) CAMPAIGNED FOR A SINGLE CENTRALISED PARTY WHILE *WHAT IS TO BE DONE* (RIGHT) OUTLINED THE TYPE OF PARTY ACTIVITY NEEDED IN RUSSIA

However, totally unexpectedly to both sides, the Iskra faction itself disintegrated during the course of the Congress.

Lenin never imagined for one minute that this apparatus was a separate, sufficient unto itself "representative of the working class". Its task was precisely to relate to the spontaneous eruption of struggles, to the temporary organisations of struggle which would be thrown up, to the growth of semi-secret or public bodies that already did or would in the future make up the labour movement. Lenin never confused this secret, underground party organisation with the labour movement. A key part of its task was to serve that movement, protect it as much as possible from disruption by the police:

"Centralisation of the most secret functions in an organisation of revolutionaries will not diminish, but rather increase the extent and enhance the quality of the activity of a large number of other organisations that are intended for a broad public and are therefore as loose, as non-secret as possible, such as workers' trade unions, workers' self-education circles and circles for reading illegal literature: and socialist as well as democratic circles, circles amongst all sections of the population, etc., etc."[5]

The "professional revolutionary" became an almost instant target of attack from professional opportunists and careerists. It was, they claimed, a bureaucratic concept which would exclude the masses from control of their own organisations.

Despite the fact that *What is to be Done?* is written for Russian conditions before the 1905 revolution, it remains a key work, indeed the foundation stone of the Leninist party. Even those features that relate most closely to its "illegal context" are far from irrelevant in an epoch where legality for the revolutionary party up to the seizure of power is highly unlikely and where only small and highly privileged parts of the globe have enjoyed unbroken decades of democratic liberties. The ability to organise secretly remains central in many countries and for all international organisations which have cadres in countries with few legal rights.

The concept of the professional revolutionary is a broader one than that of fighting under illegal conditions. It is, as we shall see, broadened and supplemented by Lenin's development of the theory of the party fighting in more legal or fully legal conditions which allow for full internal democracy at all levels of the party.

The Second Congress and the 1903 split

The second congress of the RSDLP assembled in Brussels on 30 July 1903. The congress was the only fully democratic element possible in an underground party's life and it was clear that the *Iskra* faction had a large majority of the 70 delegates' votes. Ranged against *Iskra* at the Congress were the Economist "public factions" around the newspapers *Rabocheye Dyelo* and *Rabochaya Mysl*, the powerful Jewish workers' organisation,

the Bund, as well as the Social Democracy of the Kingdom of Poland and Lithuania (SDKPiL).

Iskra proposed a unitary party but with three, not one, central bodies: a Central Committee based in Russia, an editorial board of a central organ located abroad and a party Council made up of representatives of the two former bodies.

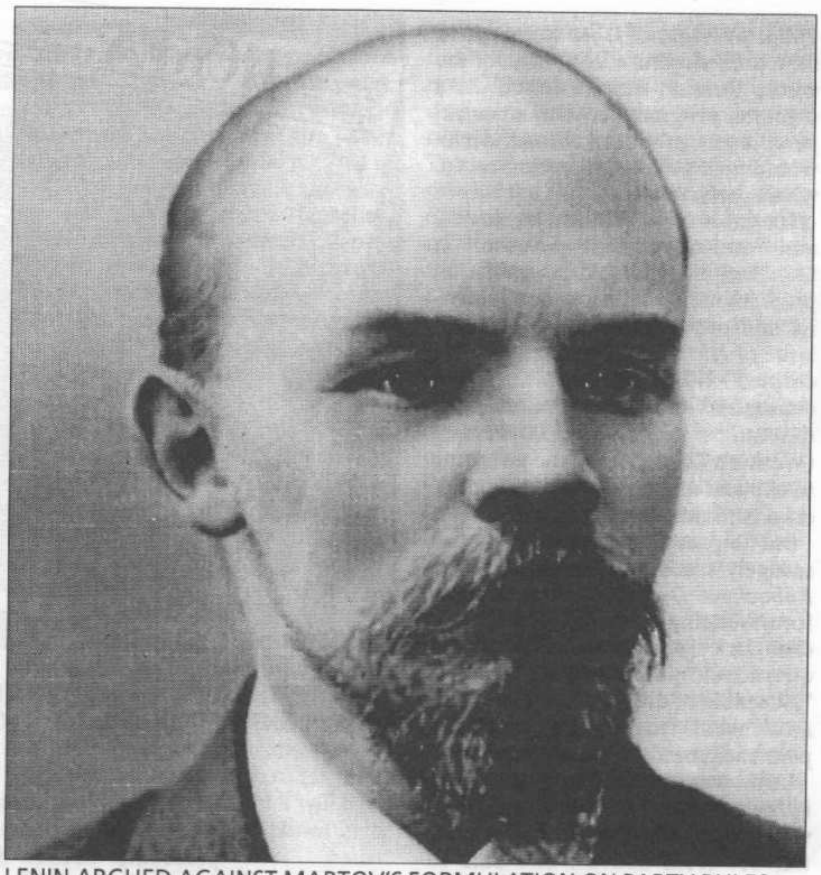
Clearly this was a compromise arrangement, polycentric rather than with a single centre. But this was necessary in existing conditions of deep illegality. Centralised direction of the local units of the party had to be carried out from within Russia. But the freedom and outspokenness of an illegal party organ could only be achieved abroad. The two bodies however needed to be co-ordinated—hence the party Council. *Iskra* also proposed the dissolution of all the émigré papers and organisations except those recognised by the congress.

However, totally unexpectedly to both sides, the *Iskra* faction itself disintegrated during the course of the Congress. An apparently minor question of a formulation on the definition of membership in the party rules was later deepened by a much more bitter conflict over the composition of the editorial board and the Central Committee.

Martov, with the aid of the votes of the Bund and *Rabocheye Dyelo*, won on the party rules. He succeeded in gaining a majority for the definition of party membership as a "personal association under the direction of one of the party's organisations", as opposed to Lenin's formulations of "personal participation in one of the party's organisations".

Lenin and Plekhanov fought hard against Martov's formulation as too broad and loose. Lenin did not, as some writers still try to claim, insist that to be a member of the party you had to be a full-time revolutionary, let alone that such "professional revolutionaries" were to be exclusively members of the intelligentsia and not workers. Lenin and Plekhanov argued that in present Russian conditions a member had to run the risks and dangers of the party's illegal work: producing, transporting and distributing its papers and leaflets, agitating in the factories and the universities. Without this a member had no right to share in making its decisions.

Obviously when legal rights and a constitution were won in Russia the narrowness of the illegal party would give way to a broad mass party—though still one that insisted on active participation in its work. When he lost the vote on the membership definition Lenin did not believe that some sort of split had to be organised. He did believe that the struggle showed that Martov and his supporters had given in to opportunism on the question of organisation.



LENIN ARGUED AGAINST MARTOV'S FORMULATION ON PARTY RULES

After this, the battle over the rest of the rules was joined with the Bund which demanded to be recognised, in the words of its main spokesperson Lieber, as "the sole representative of the Jewish proletariat in the party". The Bund wanted a completely free hand in organising and representing Jewish workers throughout the Tsar's empire. *Iskra* objected to this, insisting that the Bund should indeed be the organisation of the RSDLP working among Yiddish speaking workers but it should not be a quasi-national organisation of all individual Jewish workers.

The entire *Iskra* faction was united in rejecting this federalist conception of the party. Martov and Trotsky both spoke vigorously in the debate. When the vote was taken the Bund and the *Rabocheye Dyelo* faction walked out.

Their departure now gave Lenin and Plekhanov a majority ("bolshevik" in Russian). They could count on 24 hard *Iskra*-ists to 20 Martov supporters (called "mensheviks" or minority). Lenin was determined, for both political and practical reasons, to reduce the editorial board of *Iskra* and the Central Committee to three-person bodies. The practical reasons were straightforward. Axelrod, Potresov and Zasulich despite being on the old editorial board, had played virtually no active role, writing few articles and never taking part in the editing.

Martov was determined to have a majority on the editorial board. Lenin and Plekhanov, having only been defeated on the party membership definition by the votes of the departed Bundists and Economists, were equally determined to ensure a firm line . They fought for a majority on the *Iskra* board and on the Central Committee. Martov, Axelrod, Potresov and Zasulich vehemently opposed this with a proposal to retain the old editorial board of six with, in addition, the power of a vote of two thirds to co-opt new full members.

In fact, this would give the congress minority a two thirds majority on the board and the power even to increase this by co-opting others, probably Trotsky, who supported them but who Plekhanov heartily detested. The Lenin-Plekhanov majority duly elected their three person slate (themselves and Martov) to the *Iskra* editorial board.

The protest which the Mensheviks made about Lenin the dictator, the Bonaparte, Robespierre etc., was utterly in bad faith and covered up the minority's own shamefully undemocratic actions at the end of and after the congress. When they were defeated they refused to play any further part in the proceedings. Martov refused to serve on the editorial board of *Iskra* unless three of his supporters were co-opted. He also refused to serve on the Central Committee. Lenin and Plekhanov's supporters thus secured all three places on the Central Committee. Thereafter, the "mensheviks"

boycotted all the leading and executive bodies chosen by the congress. It was, as Lenin said, "the general strike of the generals".

This behaviour showed the petty bourgeois intellectual character of the Mensheviks, their determination to hang on to the circle spirit of the days of pre-party organisation when personal commitment, personal trust and personal relationships had—understandably enough—played a central role. But it was necessary to move on to the stage of a real party with a programme, sovereign congresses, elected leading bodies, a regular illegal propaganda paper, and a network of underground committees. In these circumstances the old personalism was out of place. It could lead only to amateurishness and ineffectiveness and an indulgence towards opportunism—such as Martov had shown at the second congress.

The actual split in the party was carried through by the Mensheviks not by the Bolsheviks. The Mensheviks wanted a majority on the editorial board of *Iskra* despite the decisions of the congress which had brought together the assembled representatives of the party in Russia itself as well as abroad. This was thoroughly undemocratic and Lenin rightly resisted it. For a month or two Plekhanov supported him and then caved in to Martov calling on the party council in the autumn of 1903 to co-opt the prima donnas.

This was a clear violation of the decisions of the second congress and Lenin therefore refused to serve on *Iskra* any longer in these circumstances. He set about organising a public faction instead, rallying to his side the underground organisations in Russia where he could count upon a majority.

Menshevism, by abandoning the old *Iskra*'s work became the rallying point for all the former Economists, for the social democrats who advocated federalism or adapted to various forms of nationalism. Their general evolution was rightwards. Lenin never doubted from this time onwards, whatever his views on a united or two distinct parties, that the Mensheviks represented an opportunist trend which had to be fought and defeated not compromised with or conciliated. Here he was to differ with two figures who, in terms of fidelity to the goal of working class power and revolutionary tactics, he stood closest to—Leon Trotsky and Rosa Luxemburg.

Their approach represented an active spontaneism or objectivism and demonstrated their failure, at the time, to understand the relationship between the concept of the democratic centralist party and the fulfilment of the revolutionary strategy. They believed that the militant forward thrust of the proletariat in revolutionary situations would suppress opportunist (and sectarian) deviations by the revolutionaries. Since they in no way shared Martov and Axelrod's increasing tendency to leave the democratic revolution to the bourgeoisie, it made a split between them and Menshevism inevitable as the revolutionary crisis approached. But they did mistake Lenin's development of an active role for the party for sectarianism and bureaucratism. They misunderstood his specific and temporary insistence that democratism (not democracy in general) in illegal conditions was "a dangerous plaything", for dictatorial, undemocratic principles.

In July 1904 the Mensheviks managed to involve Rosa Luxembourg in the dispute. She wrote an extensive article which was carried in both *Iskra* and in the theoretical journal of the German Social Democracy Neue Zeit. In *Organisational Questions of Russian Social Democracy* she attacked Lenin's much disputed dictum that the Social Democrat is "the Jacobin indissolubly linked to the organisation of the class conscious Proletariat". She characterises Lenin's position as a collapse into Blanquism. She insisted:

Lenin never doubted from this time onwards that the Mensheviks represented an opportunist trend which had to be fought and defeated

"Social Democracy is not linked to the organisation of the working class, it is the working class's own movement. Social democratic centralism must therefore have an essentially different character from Blanquist centralism. It can be none other than the authoritative expression of the will of the conscious and militant vanguard of the workers, vis a vis the separate groups and individuals among them: it is as it were, a self-centralism of the leading stratum of the proletariat, the rule of the majority within the confines of its own party organisation."[6]

Luxemburg was wrong and the fact that opportunism in matters of organisation could lead on to opportunism in matters of tactics and then in matters of programme became clearer during 1904 and 1905. The new *Iskra* took a line on the campaigns and activities of the liberals which sharpened the differences. *Iskra* argued a position of avoiding at all costs frightening the liberal campaigners then rallying around the protest banquets organised around the Zemstvo local government organs in autumn 1904.

In sharp contrast, the Bolsheviks issued a clear warning of the cowardice and reactionary nature of the liberal bourgeoisie and sought to ensure the maximum political independence of the working class from the bourgeois banqueters. Within a year of the split, as Lenin said, "tactical differences became the most important".[7]

By the spring of 1905 the two public factions were organised separately, each with its own organs: the Menshevik *Iskra* and the Bolshevik *Vperyod* (Forward). At this time they both held congresses claiming to be the RSDLP. For the Mensheviks, the proletariat's role was to encourage the bourgeoisie to make its own revolution. This was clearly a tacit abandonment of the old Emancipation of Labour Group and *Iskra* perspective of the hegemonic role of the proletariat in the bourgeois revolution. The polemics of the Bolshevik paper Vperyod in the early months of 1905 were openly directed against this. In a letter to Alexander Bogdanov and Sergei Gusev, the two main Bolshevik leaders in Russia, Lenin wrote;

"We bring the split into the open, we call the Vperyodists to a Congress, we want to organise a Vperyodist party. . ."[8]

Lenin's attempt to relaunch the Bolsheviks as the RSDLP was completely justified. If the Russian workers were to have an active leading party during the approaching revolution, one that did not hold back the independent action of the working class in favour of the reform movement, then complete freedom of action and criticism were essential.

The revolution of 1905—from sharper divisions to reunification

On 22 January 1905 the fusillades fired by the guards regiments into tens of thousands of peaceful demonstrators unleashed the revolution. This revolution was, in the short run, to confound the organisational plans of both the Bolsheviks and Menshevik factions and set them both on the path to re-unification. Why? Because the Mensheviks' perspective was falsified and the Bolshevik one confirmed.

Quite simply the Mensheviks' illusions in liberal leadership of the revolution were quickly dashed while the Bolsheviks' belief in the revolutionary character and potential of the workers and peasants was vindicated. By the summer of 1905. Menshevism was still a form of centrism—petty bourgeois opportunists or vacillators in Lenin's contemporary terminology. It could and did swing left under the pressure of revolutionary events.

Some of the Menshevik leaders, such as Dan and Martynov, came close to adopting Trotsky's theory of Permanent Revolution. By October the Mensheviks were supporting calls for insurrection. The de facto, revolutionary legality brought a "spontaneously" revolutionary proletariat onto the stage via the Soviets, which the Mensheviks played an important part in initiating. Bolshevism, in the form of the professional revolutionary "committee men", on the other hand, momentarily evinced a one-sided, potentially sectarian hostility to Soviets. Lenin had to launch a political fight to correct Bolshevism.

During the summer and autumn of 1905 Lenin changed his position on the desirability of re-unification with the Mensheviks. As a result of the effects of the revolutionary proletariat on the factions and because of the

need for the largest possible vanguard party to lead a nation-wide insurrection, Lenin became convinced that unity and full democratic centralism were necessary and possible.

This did not indicate any softening of his line on the Mensheviks' opportunist positions. A united party with the Mensheviks was neither an absolute good nor an absolute evil. It was a means to the end of winning the working class to the revolutionary line of the party. If it had meant for one minute the subordination of the revolutionary forces to the strategy of accepting the hegemony of the liberals in the democratic revolution he would never have supported it.

In October there was a national railway strike and soviets were set up in Moscow and St Petersburg. On 17 October, as a result of a general strike organised by the soviet, Nicholas II was forced to issue a manifesto promising a popularly elected Duma and a broad series of democratic liberties, freedom of the press and parties.

As a result of the failure of their perspective the Mensheviks were in a state of advanced political disarray. By the autumn of 1905 the main Menshevik paper, *Nachalo*, was being edited by Trotsky and Parvus, the theorists of Permanent Revolution.

The news of the arrest of the St Petersburg Soviet impelled the Moscow Soviet to launch a general strike that lasted from 7 to 11 December

Lenin saw that unity was now possible, based on the revolutionary actions of the class. In a period of mass struggle, pressure on the Mensheviks would present them with a clear choice between revolutionary and opportunist. politics—providing, of course, the Bolsheviks did not disarm but strove to take the lead in the united party:

"The tactics adopted in the period of 'whirlwind' did not further estrange the two wings of the social democratic party, but brought them closer together. Former disagreements gave way to a unity of opinion on the question of armed uprising."[9]

In addition an unprecedented period of legality was opening up and in such conditions it was possible to build a mass Social Democratic Party, with both right and left wings, but with the revolutionaries in the ascendant. The party would have to be open to mass of revolutionary social democratic workers, "spontaneously" roused to political life by the revolution and by experiencing first hand the work of the revolutionaries within it. To do this the democratic principle would have to be applied to all levels of the party.

As early as September 1905, Lenin began to raise the question of extending the democratic principle of elections within the party. If the party was to draw in the young militant workers coming into struggle it would have to combine democratic structures with continued central leadership. Lenin had to address the sectarian doubts and fears of the Bolshevik cadres trained in the underground struggle against the Mensheviks:

"Danger may be said to lie in a sudden influx of large numbers of non-Social Democrats into the party. If that occurred the party would be dissolved among the masses, it would cease to be the conscious vanguard of its class, its role would be reduced to that of a tail. And this danger could undoubtedly become a very serious one if we showed any inclination towards demagogy, if we lacked party principles (programme, tactical rules, organisational experience) entirely, or if these principles were feeble and shaky, but the fact is that no such 'ifs' exist. We Bolsheviks have never shown any inclination towards demagogy. On the contrary, we have always fought resolutely, openly and straightforwardly against the slightest attempts at demagogy: we have demanded class consciousness from those joining the party, we have insisted in the tremendous importance of continuity in the party's development, we have preached discipline and demanded that every party member be trained in one or other of the Party organisations."[10]

One expression of the Menshevik swing to the left in 1905 was that, after over a year of defying the legitimate leadership and organisational structures agreed by the second congress, they were now willing to consider unity. Indeed it was the Mensheviks, in particular Axelrod, who coined the term "democratic centralism". At an All-Russian Menshevik conference held on 20 November 1905 they passed a resolution which said:

"The RSDLP must be organised according to the principle of democratic centralism. All party members take part in the election of party institutions."[11]

Only three weeks later a Bolshevik conference passed a similar resolution—On Party Reorganisation—which said:

"Recognising as indisputable the principle of democratic centralism, the conference considers the broad implementation of the elective principle necessary, and, while granting elected centres full powers in matters of ideological and practical leadership, they are at the same time subject to recall, their actions are given broad publicity, and they are to be strictly accountable for these activities."[12]

Events in Russia were moving to a climax and involving the Mensheviks and the Bolsheviks in common revolutionary action. In St Petersburg, the Soviet was under the leadership of Trotsky, who had broken his links to the Mensheviks and regarded himself as a "non-factional Social Democrat". Aiding him was Parvus, hitherto a left-wing member of the German SPD and co-author with Trotsky of the theory of Permanent Revolution.

In mid-November another general strike in St Petersburg had to be called off, failing to win the eight hour day. On 3 December the government, seeing the weakening of the numbers of strikers who responded to the Soviet's calls for action, decided to arrest the entire Soviet—charging them with preparing an armed insurrection.

The news of the arrest of the St Petersburg Soviet impelled the Moscow Soviet to launch a general strike that lasted from 7 to 11 December. It then transformed this into an armed insurrection which seized control of and barricaded the workers' district of Presnaya and captured the city's main railway stations. Troops sent from St Petersburg eventually put down the rising.

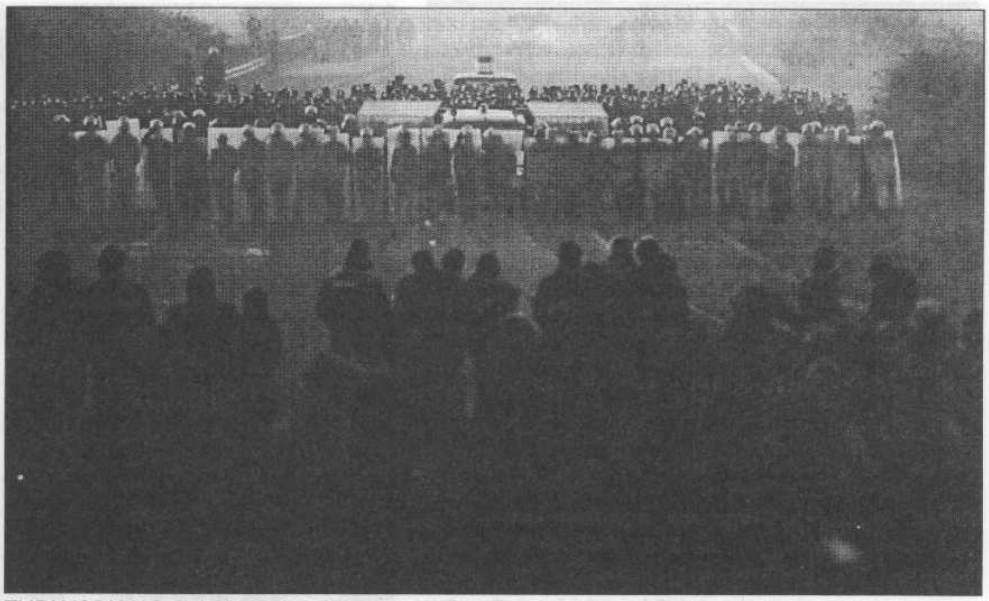
Without the revolutionaries realising it this was the high point of the revolution, though it was to be a further eighteen months before the Tsar was able to reassert anything like the autocracy he wielded before October 1905. The years 1905-07 were the years of the birth and flourishing of full democratic centralism. Based on the influx of revolutionary workers into the party it involved the principle of election and recall for all leadership bodies in the party, from the local committees to the central committee. It was based on annual sovereign congresses. It allowed for the maintenance of groupings within the party; what Lenin called "trends" but which could harden and sharpen once more into factions. The basis of this democratic centralism remained discipline in action.

This very democratic structure was made possible, and was necessitated by, the revolutionary situation, the broad de facto legality, the existence of legal daily papers, mass public meetings and debates in the factories and other workplaces. Some commentators—such as Marcel Liebman—have idealised this situation as a for all time norm.[13] Others, such the Spartacists, have insisted that Lenin was effectively doing an entry tactic in a non-Bolshevik, non-Leninist mass party and that therefore the democratic centralism of this period was not real Leninism at all.[14]

Both are wrong. If Lenin's views on the scope of party democracy, the permitted level of public disagreement had altered, and were to alter again,

this is due not to a regression into sectarianism or bureaucracy in 1908-1914 (Liebman) nor to an ascent to full Bolshevism in 1912-14 (the Spartacists). The most casual observer will spot the fact that the practice of the Bolshevik Party in 1917, with its vigorous internal polemics which repeatedly spilled into the party press, the frequent conferences, the changes in the strategy and tactics, all indicate a party very close to that envisaged by Lenin in his writings on democratic centralism in 1905-06.

If these were contradictory positions then it was because the operation of democratic centralism depends on "the struggle with outside obstacles and inner contradictions", as Trotsky said. Certainly, the model of 1906 cannot be taken as good for all time. It did not "fall ready made from the sky" but was itself the product of struggle and would continue to evolve through struggle.



THE WORKING CLASS NEEDS CENTRALISM AS MUCH AS DEMOCRACY TO BEAT CAPITALISM

1906-1908: a united party with two factions

In April-May 1906 the RSDLP was reunified, the Mensheviks having a majority of the mandates. Nevertheless when it came to the debate on the reunified party's statutes Lenin's disputed 1903 formulation on membership was adopted without opposition!

"1. A member of the party is one who accepts the party programme, supports the party financially, and belongs to some party organisation;

2. All party organisations are built on the principles of democratic centralism."[15]

The statutes summed up the new principles of democratic centralism and they remained those of Bolshevism up to and after the Russian Revolution. In an Appeal to the Party by Delegates to the Unity Congress the "former Bolsheviks" commented especially on the rights of minorities:

"We were all agreed on the principles of democratic centralism, on guarantees for the rights of all minorities and for all loyal opposition, on the autonomy of every party organisation, on recognising that all party functionaries must be elected, accountable to the party and subject to recall. We see the observance in practice of these principles of organisation, their sincere and consistent application, as a guarantee against splits, a guarantee that the ideological struggle in the Party can and must prove fully consistent with strict organisational unity, with the submission of all to the decisions of the Unity Congress."[16]

When, shortly after the Congress, the Central Committee tried to restrict freedom of criticism to the party press and party meetings but forbid it in public meetings Lenin objected strongly:

"The principle of democratic centralism and autonomy for local organisations implies universal and full freedom to criticise so long as this does not disturb the unity of a definite action: it rules out all criticism which disrupts or makes difficult the unity of an action decided on by the party . . . criticism within the limits of the principles of the party programme must be quite free . . . not only at a party meetings but also at public meetings."[17]

For Lenin democratic centralism, during this period and in these conditions, included the right to publish differences in party publications, the right of a minority to issue their own publications, the right to speak against the party in public meetings. But it was not permitted to oppose an agreed course of action. For example, once a party decision had been taken to participate in elections, no member should be allowed to call on the public to refrain from voting "nor should criticism of the decision be tolerated until after it is over".

The congress affirmed most of the revolutionary programmatic positions of the old party. The Mensheviks, under mass pressure, did not dare to bring forward their opportunist positions on the role of the bourgeoisie. Nevertheless, during and after the congress Lenin was absolutely open about the continued existence of Bolshevism as an ideological trend, that is, of what today would be called a tendency, and urged a continued ideological struggle against Menshevik backsliding from the historic programme of the party, especially concerning the hegemonic role of the working class in the coming revolution.

This was important because the Mensheviks, from 1906 onwards increasingly ignored the preparation for revolutionary struggle and insurrection in favour of parliamentary manoeuvring. What is more he openly called on the party members to watch carefully the decisions of the Menshevik-dominated Central Committee and to call it to order if it did opportunist things. In particular, Lenin warned against the Mensheviks' tendency to seek unprincipled blocs with the Cadets (the newly formed liberal party) while ignoring the Trudoviks (a radical peasant party).

His lack of trust in the Mensheviks is also revealed in the fact that he kept in existence the Bolshevik underground organisation, with its own leadership. Despite the fact that the Bolsheviks won a majority at the London Conference in 1907, and hence a majority for themselves and their Polish and Latvian allies on the Central Committee, unfortunately the revolutionary period which opened in January 1905 was definitively ended by the 3 June coup by the Tsar's prime minister, Stolypin. From then on things went from bad to worse and the RSDLP was thrust back further and further into illegality.

The Mensheviks, under the impact of mounting defeats, began to swing right back to their worst opportunist positions of 1904

1908-1911: a return to a Bolshevik faction, then a party

The trend towards unity in the RSDLP only lasted as long as the revolutionary period itself. The Mensheviks, under the impact of mounting defeats, began to swing right back to their worst opportunist positions of 1904, returning to Axelrod's idea of a broad, legal labour organisation. They could not bear the idea of being cast back into the illegal life of underground committees. Yet to maintain legality meant to operate exclusively within the framework of what was permitted by Stolypin's laws. Axelrod began to talk about a Labour Party similar to the British one founded in 1906. Not only was this non-socialist and non-revolutionary, but in Russia it would have to be, in Lenin's terms, a "Stolypin Labour Party".

By December 1908 Lenin and nearly all the other leaders had been forced back into exile in various west European countries. The Mensheviks, desperate to preserve the legal, "normal"

life of the party, started to trim again politically and tone down their slogans. Hating to submit the new legal organisation to the old underground structures—in which the Bolsheviks were much stronger—they again called for Axelrod's old slogan of a broad democratic workers' congress to "reconstruct the party". This would give them an overwhelming majority and bring to bear the "realistic" (i.e. pessimistic) pressure of the demoralised rearguard of the workers on the party.

The Bolsheviks stuck to the position reached when the party fused in 1906; namely, that an illegal party apparatus and publications must be maintained for as long as Tsarism existed. But they also favoured utilising legal or semi-legal work around the Duma deputies (who had parliamentary immunity), attempting to preserve a legal press, legal trade union work as well as maintaining a network of social democratic cultural and sporting clubs.

"Unity may at the present time be achieved only by the rapprochement which has already begun, between definite factions that are strong and influential in the practical workers movements, and not by moralising, whining for their abolition" – Lenin

The political reason for all this was obvious. Only the illegal publications and agitation could freely and frankly put forward the full revolutionary programme and tactics. Legal or semi-legal agitation required "Aesopian language", such as references to "the uncurtailed views of consistent democrats." The experienced socialist could interpret this for what it was, but the masses often could not. To leave the party's work to this sort of agitation would give an enormous advantage to the opportunists.

But the Bolshevik-Menshevik factional polarity was now made even more confusing by splits within Bolshevism and Menshevism. Soon there were four semi-public factions plus the conciliators (a grouping of left Mensheviks and a few former Bolsheviks) headed by Trotsky.

Bolshevism in 1905-1907 had been led by Lenin, Krupskaya, Alexander Bogdanov and Leonid Krasin. Bogdanov drew into the party and its Bolshevik faction figures such as Anatoly Lunacharsky, Maxim Gorky, M N Pokrovsky. Already in June 1907 sharp differences emerged within the Bolshevik faction over whether to participate in or boycott the Third Duma elections. A majority of Bolsheviks led by Bogdanov, Krasin and others favoured a boycott. They refused to accept that the revolution had been defeated and that a counter-revolutionary situation existed, one in which the parliamentary tribune (and Duma deputy immunity) were important defensive weapons, as was participation in the trade unions.

Instead they stuck to the 1905-1906 perspective. What was important for them was preparation for insurrection. Hence their downplaying of work in the unions and their demand for the boycott of the Duma elections or the "recall "of the Duma fraction. In mid-1907 the conflict within the Bolshevik faction became sharp. A new layer of Bolshevik leaders came to the fore: Grigory Zinoviev, Lev Kamenev, Alexei Rykov and Mikhail Tomsky. They all sided with Lenin. Bogdanov went public in his sectarian criticisms of the agreed Bolshevik line on the Duma and Lenin expelled Bogdanov and his supporters from the Bolshevik centre.

Bogdanov then demanded a general conference of the Bolshevik faction which was impractical given the difficulty of getting representatives from the Russian underground to go abroad. Instead from 8-17 June 1909 Lenin called a conference of the extended editorial board of Proletary. This dissociated Bolshevism from Bogdanov. When Bogdanov refused to recognise this conference he was finally expelled from the Bolshevik faction. He created a new faction around the relaunched *Vperyod*. The fight between his group and the Bolsheviks, within the fragmented RSDLP, was then open—revolving around fundamental questions of perspectives and tactics.

Lenin explained his actions in insisting on relative uniformity within Bolshevism in terms of the difference between a faction and a party. In a faction there was no room for public disunity on essential questions of perspective and tactics. Lenin explained that the decision was not hastily taken or without prolonged debate inside the faction:

"We have exhausted all possibilities and all means of convincing the dissenting comrades, we have worked at this for over eighteen months. However, as a faction, i.e. an association of like-minded people in the Party, we cannot work without unity on fundamental issues. Splitting away from a faction is not the same as splitting away from the Party. Those who have split away from our faction are not all deprived of the opportunity of working in the Party. Either they will be 'free lancers' i.e., members of no faction, and will have to be drawn in by the general circumstances of the Party work, or they will try to form a new faction - that is their legitimate right, if they want to uphold and develop their particular shade of views and tactics."[18]

In January 1910 the battle shifted to the Mensheviks once more when the Fifth All-Russian Conference of the RSDLP met in Paris. It condemned the attempts "to liquidate the existing organisation of the RSDLP and to replace it with a shapeless association". By now Axelrod and Potresov were openly arguing for the liquidation of the old RSDLP including its illegal underground apparatus. Axelrod demagogically claimed that doing this would enable the proletariat:

" . . . to make a revolution the aim of which is to eliminate the regime of the intelligentsia's tutelage over the labouring masses and . . . liquidate our old party system and initiate a new party regime in the ranks of Social Democracy"[19].

Lenin was increasingly certain that the Menshevik Liquidators would never come back, as a disciplined minority, to the party. The approach of Trotsky of uniting all factions and trends and hoping that the class struggle, the revolution would make them all do (roughly) the right thing, as happened between October and December 1905, was a hopeless piece of objectivism.

The Liquidators had clearly abandoned all commitment to the old programme and principles of the RSDLP. Lenin insisted the Bolshevik faction was the core of those loyal to such a programme and such a party and if others wished to return to them then a clear agreement had to be struck with these trends and factions, not a marsh-like organisation where all said and did what they liked:

" . . . unity may at the present time be achieved only by the rapprochement which has already begun, between definite factions that are strong and influential in the practical workers movements, and not by moralising, whining for their abolition. Moreover, this rapprochement must take place and develop on the basis of revolutionary social- democratic tactics and an organisational policy aiming at a determined struggle against Liquidationism both of the 'left' and of the 'right' especially against the latter, since 'left' Liquidationism, being already routed, is a lesser danger."[20]

1912 – The foundation of the Bolshevik Party

In the autumn of 1911, Lenin stepped up the campaign against the Bolshevik conciliators and began preparations for a party conference, aimed at purging the Liquidators and ignoring the conciliators. Hundreds of striking miners in the Lena gold fields had been brutally shot down by troops. Sympathetic strikes broke out across



Trotsky criticised Lenin as a "Jacobin" in 1903 and opposed his view of the party. Later he was a leader of the August bloc in 1912 which attempted to conciliate between the Mensheviks and Bolsheviks. It was not until 1917 that he joined Lenin and accepted democratic centralism

all the industrial centres of Russia signalling an end to the dark counter-revolutionary years (1908-1911). In January 1912 the Sixth All-Russia Conference of the RSDLP met in Prague. A small assembly of eighteen Bolshevik and two "pro-party" Mensheviks conferred from 18 to 30 January.

In fact as a congress of underground workers from Russia, it was very critical of the factional polemics of the exiles and Lenin had to take a repeated dressing-down for the failure to produce literature abroad "suitable for workers". Against his inclinations the conference decided to launch a thrice weekly and then a daily paper inside Russia. Clearly this was no conference of yes-men and women. But on one thing they were all agreed: the Liquidators were outside the RSDLP.

The Prague conference was denounced by all the other fractions and trends of the old party: the conciliators, the Liquidators and the Vperyodists. The conference, therefore, had to justify its "usurpation" of the party. It did so in terms of "the extremely urgent practical tasks of the working class movement", the vital need to "re-establish a competent, practical party centre, closely linked with the local organisations" and the fruitless two year campaign to convene a congress.

The conciliators, led by Trotsky, organised the famous "August Bloc" conference in Vienna in 1912—a motley collection of Liquidators and conciliators brought together only by their hostility to Bolshevism. Most conciliators were politically closer to Lenin, yet refused absolutely to fight Liquidationism to the finish. Thus, Lenin characterised them, Trotsky in particular, as "phrase-mongers" and "windbags". Their bloc against the Prague conference was politically unprincipled, hence the particular venom of Lenin's denunciation of them. As a tendency, Lenin characterised them as what he would later dub, "centrists":

"When there is a split and in general when there is a bitter struggle between trends, it is inevitable that groups should appear which base their existence on a continuous darting from one side to the other and on petty intrigue."[21]

Lenin characterised these centrists attitude thus:

"I condemn Liquidationism—but I don't say plainly who are the overt and consistent Liquidators. I admit that Liquidationisism endangers the very existence of the party - but I don't say plainly whether or not such and such a group ought to be in the party!"[22]

The urgency of breaking with Liquidationism (and with conciliationism in 1912) flowed from the upsurge of the working class movement and the need to rebuild the illegal organisation in preparation for the struggles ahead. Soon it was plain that a new revolutionary upswing was beginning. Workers began to flood into the party organisations and fronts in significant numbers. A Bolshevik-dominated daily newspaper—*Pravda*—was launched in St Petersburg. During the Fourth Duma elections five Bolsheviks deputies and seven Mensheviks were elected.

In the semi-legal conditions which existed during these two years the party returned to a considerable degree of the democratic elements placed in the statutes of the party (and never altered) in 1906. But on one question the rules were more strict. Lenin now held that:

"... the minority shall have the right to discuss before the whole party, disagreements on programme, tactics and organisation in a discussion journal especially published for the purpose, but shall not have the right to publish, in a rival newspaper, pronouncements disruptive of the actions and the decisions of the majority."[23]

Given the struggle with the Liquidators it was no longer permissible for a member of the RSDLP to advocate legality at any price, to deprecate the full slogans of the programme etc. Clearly the post-1912 party was more centralised and disciplined than it had been six years earlier. But this unanimity and discipline were not to remain unaltered in the year of revolution—1917.

The balance had to shift once more towards democracy to embrace the hundreds of thousands of young revolutionary workers who flooded into the party and helped it to make the revolution. But they found there a solid core of Bolsheviks who understood the party's programme and tactics. They found also a lively internal democracy which enabled the party to re-elaborate its programme once more, to fuse with a Trotsky who had at last understood the essence and the correctness of Bolshevism.

Only such a party, built on such a method of organisation could lead millions of workers and peasants, organised in soviets, not only in a year of revolution but in three years of civil war. That this war tightened and narrow the democratic centralism of the party once more cannot be doubted. But it was the bureaucratisation caused by that war, by isolation and blockade and then by the openings for corruption which the New Economic Policy brought with it that created the social basis for destroying this party.

The tragic blunder of banning factions in the party in 1921, for which Lenin and Trotsky must take full responsibility, was based on the mistaken view that the danger from without, from the Kulaks, the Nepmen and the world bourgeoisie, was greater than that from within the party and the state apparatus. To damage or weaken the self-righting mechanism of inner party democracy helped this process of bureaucratisation and hampered the struggle of Trotsky and the Left Opposition against it.

But any abandoning or damaging of democratic centralism, from the left, from a libertarian direction would have done no good at all. It would have hastened the break up of the proletarian dictatorship.

Method not blueprint

The whole history of the party to 1917, and indeed until 1921, was one not only of remorseless struggle against capitalism (including after 1914 against imperialist war) but of vigorous internal debates. Bolshevism was neither bureaucratic nor monolithic. Nor was it sectarian; it won a leading role at the head of the masses and made a revolution.

The Leninist party and democratic centralism did not spring fully formed

from the brow of Lenin. No single work of his, not even What Is To Be Done, contains a blueprint for it. Nevertheless it would be quite wrong to deduce from this that there are no Leninist principles of organisation or that Lenin was a free wheeling pragmatist—or worse a cynical manoeuvrer on these questions. The reality and the theory emerged in the class struggle and in sharp internal and external battles and polemics between would-be socialists and revolutionaries over the three decades of Lenin's political life. Each stage of it contributed something vital. He did not think that he was inventing "a party of a new type". Yet that, in the end, was what he succeeded in doing.

He developed a theory and a practice of the party as organising the vanguard fighters of the working class. They would literally be found in the forefront of all the battles of the working class, both economic and political. They would be the most class conscious elements who were able to survive and re-orient in the downswings of mass struggle as well as in the upswings, in times of defeat and retreat as well as in those of revolutionary upsurge and victory. These vanguard elements had to be able to hold steady during the inevitable rapid changes in working class consciousness: able to resist the passivity, backwardness and reactionary ideas when they were dominant as well as head the class in times of militant offensive.

Lenin developed his views on the party through a series of stages of building one: from an initial period of circles devoted at first to pure propaganda and then engaging in attempts at agitation, then rival émigré ideological currents engaged in a fierce struggle trying to develop a programme, tactical principles and a centralised organisational structure. Only the latter, when it establishes roots among the vanguard fighters of the working class, is worthy of the name party.

Lenin learned by bitter experience to see that this struggle was a ceaseless one—necessary through all stages of party building. He learned that these stages do not form an ascending unbroken curve. They are interrupted by crises, collapses, splits as well as by fusions, returns to earlier stages and rapid advances.

Lenin came to realise that capitalist (and pre-capitalist) society was not a passive bystander in the history and development of the workers' movement and its organisations. Through its varied strata, its academic establishment, its press, as well as through its police forces, parties and judiciary, it exerts enormous pressure on the working class and its organisations. To build a revolutionary workers' party is not only to struggle against the bosses and their state forces. It is to struggle against bourgeois (and petty bourgeois) influences and those who carry these influences into the workers' ranks—who objectively or subjectively are agents of these alien classes.

What Lenin sought at a every stage was the sharpest ideological clarity on programmatic goals, on tactical principles, and on the methods of organisation needed to carry these into life. For this reason he often reserved his hardest blows for the compromisers confusionists and conciliators who made it difficult for workers to see who were their friends and who their enemies. This did not represent a mania for splits and polemics but the realisation that to wait, with a passive optimism, for experience to reveal all was to give the outright traitors and hopeless vacillators a golden opportunity to throw the workers' struggle into confusion and defeat at the vital moment.

If internal struggle and political demarcation was a constant component of political life, if splits and unifications were necessary to assemble a political leadership for the working class capable of taking the initiative at the decisive moment, then the principles of internal party life had to allow for this. These principles, which in 1905 came to be known as democratic centralism, enabled a strategy to be worked out as well as the fighters to be assembled and trained to implement it.

The LRCI stands by those principles. We apply them to every stage of party building. We recognise that we are much nearer the earliest stages of Lenin's struggle than the later ones. Consequently, at the present stage a living internal democracy has to be combined with a high degree of theoretical and programmatic homogeneity. We reject entirely the "discussion forum" view of party building, so fashionable at the moment. We reject the idea that theory and theorists must have complete freedom of expression whereas the practical people, especially workers, have to make do with unity in action.

For us the Lenin of *Iskra* and of *Proletary* is a legitimate model for fighting through the confusion of sects and factions that exist today. But we do not make a virtue of necessity, nor imagine that a mass vanguard workers' party can run its internal life like a propaganda organisation—a fighting propaganda group. To do so would be to advocate not democratic but bureaucratic centralism. And this would mean death for any attempt to build a revolutionary workers' party.■

Footnotes

1. L Trotsky, "On Democratic Centralism: A Few Words about the Party Regime" in *Writings1937/38*. p90
2. Karl Marx, *On the First International*, Saul K Padover (ed), New York 1973 p65
3. V.I. Lenin, *Collected Works*, Vol 5 Moscow 1963 p17
4. ibid.
5. V.I. Lenin, op cit Vol 5 pp 465/66
6 In Neil Harding (ed), *Marxism in Russia. Key Documents 1879-1906*, Cambridge,1983, pp298-300
7. V.I. Lenin, *Against Revisionism*, Moscow 1966 p106
8. V.I. Lenin op cit Vol 8, p144
9. V.I. Lenin op cit, Vol 10 p253
10. ibid p31
11. Paul Le Blanc, *Lenin and the Revolutionary Party*, New Jersey1990 p128
12. ibid, pp128-29
13. See Marcel Liebman, *Leninism under Lenin*, London 1975, pp45-61
14. See *Lenin and the Vanguard Party* , New York 1978, pp49-53
15 P. Le Blanc, op cit, p129
16 VI Lenin op cit Vol10 p314
17 P Le Blanc, op cit, p131
18 Lenin op cit Vol11 p361
19 Abraham Ascher Harvard, *Pavel Axelrod and the Development of Menshevism*, Harvard,1972 p237
20 VI Lenin op cit Vol 16 p77.
21 VI Lenin op cit Vol 18 p409.
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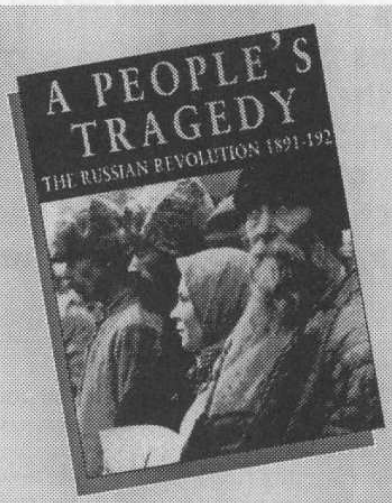
23. V I Lenin op cit Vol 20 pp 518/19

RUSSIAN REVOLUTION
Menshevism for the new Millennium



Peter Main reviews
A People's Tragedy
The Russian Revolution, 1891 - 1924
by Orlando Figes
Jonathan Cape 1996 £20

This is a deceptive, if not a deceitful, book. Figes purports to be scornful of the cold war historians who wrote, "top-down histories ... in which the common people appeared as the passive objects of the evil machinations of the Bolsheviks". However, it becomes clear that his only real disagreement is with the idea that these "common people" were passive objects. In what he calls a new synthesis, Figes sets out to show how and why the great mass of the Russian people were actually willing participants in the events of 1917.

When Figes says that, "what began as a people's revolution contained the seeds of its own degeneration into violence and dictatorship", what he means is that it degenerated into violence and dictatorship because it was a people's revolution. The people, you see, were barbaric.

Stripped down to the essentials, this is not a new synthesis at all. Like the Menshevik opponents of Lenin in 1917, Figes is well aware that Russia at the turn of the century was heading into a profound social crisis. Like them, he can see the futility of attempts to reform Russia and thus avoid catastrophe. Like them, because he views Russia in isolation from international events, he can see no real way out; the Russian people were doomed to their tragic fate.

Figes' presentation of Russian development could prove deceptive to the unwary reader. Although the debt is not acknowledged, his account owes a great deal to Trotsky's analysis of the law of combined and uneven development in Russia. What he adds is a wealth of detail to illustrate the general themes: the late development of Russian capitalism; the central role of the Tsarist state in industrialisation and the consequent weakness of the bourgeoisie; the impossibility of capitalist development maturing within a political regime inherited from feudalism; the explosiveness of the land question; the concentrated development of the modern proletariat and its openness to revolutionary politics; and, finally, the inevitability of revolution since mere reforms could not hold back the tidal wave of protest in both countryside and city.

Woven through the narrative are fascinating stories of a number of individuals, many of them peasants, who played significant roles in the revolutionary events and beyond. This device, whilst it does leaven the text, is nonetheless suspect. Chosen to illustrate the point Figes wants to make, they are neither random nor genuinely representative. Moreover, there is no figure to represent the Bolshevik workers of 1917. That is no accident. Although tens of thousands of them joined the party in Petrograd alone, Figes regards the working class as essentially a section of the peasantry on leave from the countryside.

That notwithstanding, Figes does marshal his material to create a powerful and convincing picture of the march of Russian society towards the explosions of 1917. The fighting of 1905 showed that, "social divisions were far too deep for a merely liberal settlement." (p195). Similarly, he rejects the idea that Stolypin's reforms, aimed at creating a class of peasant proprietors who would support the regime, could have worked. Not only did the poverty of the peasants make collective protection essential, but the aristocracy itself would not tolerate reform in the villages.

Nor does Figes have any time for the Tsar, a man whose uncomprehending obstinacy, together with his naive faith in Rasputin, his belief that the mass of Russians loved him and his vile anti-semitism, combined to make him the perfect last representative of medieval Russia.

The main conclusion drawn from this history is its impact on the great mass of the peasantry. Time and again he underlines how the brutal treatment of the peasants bred and nurtured barbarism throughout Russian society. When he describes the cruelty with which Stolypin and the aristocracy suppressed the revolution of 1905 he is also explaining the reservoir of hatred that will one day engulf them. He details the Tsar's encouragement of the anti-semitic Black Hundreds to explain that it was the anti-semitism of the masses to which Stolypin was pandering. His cataloguing of the hundreds of thousands sent to their futile deaths in the trenches prepares the reader for the torture of prisoners with which the peasant militias amused themselves in the Civil War.

But a barbaric people do not create a state that can survive invasion and civil war, and the peasantry are only one part of Figes' "new synthesis". The other part is the Bolsheviks and, in particular, Lenin.

Figes' handling of Lenin is unbalanced and on occasion unhinged. Take the following from his account of an episode in the famous "sealed train" that brought Lenin back to Russia in April 1917. Apparently smoking was only allowed in the toilets and Lenin insisted that non-smokers be given priority in the use of the toilets over smokers, Figes concludes, "the sealed train was an early model of Lenin's state dictatorship". (p386)

From the tone it would seem that a simple description is enough to condemn Lenin, "[his] personal life was extraordinarily dull. He dressed and lived like a middle-aged provincial clerk, with precisely fixed hours for meals, sleep, work and leisure. He liked everything to be neat and orderly. He was punctilious about his financial accounts . . . Every morning he tidied his desk. His books were arranged alphabetically. He sewed buttons on his pinstripe suit, removed stains from it with petrol and kept his bicycle surgically clean." Clearly a very dangerous character!

Like the Mensheviks, Figes cannot accept that a socialist revolution was the only way out of the social impasse in Russia. Like them, he concludes that the October Revolution was carried out against the tide

of history. He cannot deny that the Bolsheviks had popular support but to deny Bolshevik legitimacy he has to insist that they created this by demagogy and manipulation of the masses.

Figes thinks that the demand, "All power to the Soviets!", was just a banner to cover, "the nakedness of Lenin's ambition" (p461) rather than the concentration into one slogan of the whole programme of revolution. He sees every move made by Lenin before, during or after the revolution as a combination of deception, demagogy or luck.

So Lenin's insistence that the Provisional Government would never make peace only "seemed" to be confirmed by Miliukov's note to the Allies confirming that Russia would honour its obligations. (p393) His call for Soviet power, even when the Bolsheviks were a minority, was merely a device to increase the pressure from the ignorant but enraged masses upon the socialist leaders. His insistence, against Kamenev and Zinoviev, that power had to be seized as quickly as possible in October because the Soviet Congress might be postponed or delayed was either an over-estimation or "more likely" an invention. This just happened to be "lent credibility" by the decision of the Menshevik and SR Soviet leadership to delay the start of Congress to give themselves more time to mobilise against the Bolsheviks.

Figes also repeats the central falsification of Stalinism by claiming that after the 1918 Brest-Litovsk peace agreement, "in Lenin's famous phrase, the aim of the regime would be limited to the consolidation of Socialism in One Country." (ibid)

Figes' own weakness of judgement is brought out in two respects in his account of 1917. First, although he mentions in passing that the sections of workers and soldiers who were won over most quickly to the Bolsheviks were the most skilled and educated, he does not consider the implications of this for his general thesis that it was the backwardness of the Russian masses which explains the victory of the Bolsheviks.

Secondly, his suggestion that, after General Kornilov's failed military putsch against the Provisional Government, the Mensheviks and Socialist Revolutionaries could have formed a soviet government - to pre-empt the Bolsheviks - reveals an astounding blindness to the obvious. He acknowledges that "the streets had begged the Soviet leaders to take power" in July and argues that in September, "there was a fleeting chance for the revolution to follow a different course from the one that it did. If this opportunity had been taken Russia might have become a socialist democracy rather than a Communist dictatorship; and, as a result, the bloody civil war - which by the autumn of 1917 was probably inevitable - might have lasted weeks instead of years." (p464)

His conclusion is that the Mensheviks did not take power because they were bound by dogma and fearful of counter-revolution. In reality, they did not take power because they knew what the masses would expect them to do with Soviet power; give the land to the peasants, end the war and take control of the economy.

The course of the Civil War naturally furnishes plenty of material to support both the characterisation of the Russian peasants and the dictatorial methods of the Reds. Once again, there is a great deal of useful historical material which shows how many of the measures taken by the Soviet government were, in effect, the formative experience of the Stalinist bureaucracy. At the same time Figes also records the cruelty and unbridled savagery of the Whites, such as the massacres of Jews in almost all conquered territory, which left a minimum of 150,000 dead.

Like the Mensheviks, Figes cannot accept that a socialist revolution was the only way out of the social impasse in Russia. Like them, he concludes that the October Revolution was carried out against the tide of history

Figes is right to see a connection between the dictatorial methods used to maintain the regime during War Communism and the low cultural level of the mass of the population. But this is a one-sided view. He does not give sufficient weight to the prolongation of the war by the imperialist powers. In the first six months of 1919, for example, General Kolchak received the equivalent of a whole year's output of the Russian war industries. His advance from Siberia allowed Denikin to attack from the South and the two campaigns prolonged the war for the whole of 1919. Yet Figes draws no generalised conclusion from this. He will not place any blame on these imperialists for creating conditions and institutions which ten years later were to be used by Stalin to consolidate the bureaucratic dictatorship. Those he blames solely on the response of the embattled Reds.

Given what Figes has already said about Lenin's insatiable drive for power, it is not surprising that he construes all the key features and actions of the Civil War, most especially the suppression of the Tambov and Kronstadt revolts of early 1921, as evidence of the Bolsheviks' dictatorial ambitions. The fact that the peasants and the sailors raised the slogan "Soviets without Communists!" is accepted as proof that the Bolsheviks had betrayed the ideals they said they stood for in 1917.

There is no consideration of what fate would have befallen Russia if the Bolsheviks had been defeated and central power had broken down. Would the towns have been better provisioned as a result? Would the provinces already suffering from the famine have been somehow restored to health? No. The remaining Whites in the East, still being supplied by Japan, would have renewed their campaigns, the White emigré groups in every European capital would have remobilised and Russia would have been a bloodbath from the Baltic to the Pacific.

Figes' book will undoubtedly be widely read, despite its great size, and is likely to become seen as a standard authoritative work. Like Menshevism itself, although the general thrust of the book is counter-revolutionary, its Marxist ancestry might mean that it plays a part in introducing a new generation of students and militants to important aspects of Russian history. Thoughtful readers can hardly fail to see that in 1917 Figes' analysis would have led to the same abject paralysis and confusion as the original Mensheviks.

It is to be hoped that this will persuade them to turn to Trotsky's *History of the Russian Revolution*, where they will find not only the original analysis of Russian development but also an account of why the mass of workers shifted their loyalty away from the Mensheviks as it became clear that only the Bolsheviks had a solution to their crises.■

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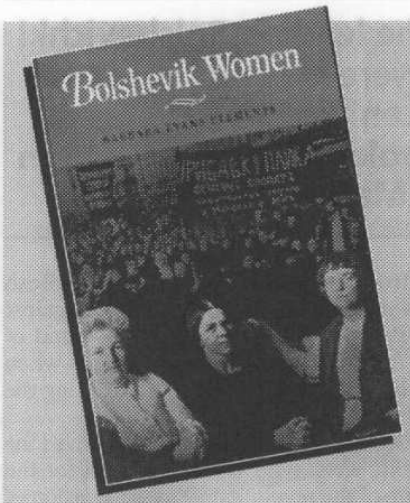


Clare Heath reviews
Bolshevik Women
by Barbara Evans Clements
Cambridge 1997 £16.95

"A **woman** who was tverdaia was unsentimental, determined, efficient and industrious. She was utterly dedicated to her work and ruthless toward opponents. She was coldly rational ... Her sentiments were always under control." (p60)

This is how Barbara Evans Clements describes tverdost (hardness), the most valued characteristic of Bolshevik women in the decades before the Russian Revolution in 1917.

Elena Stasova reflected this in her party name, Absolute. She was a well educated woman from a wealthy family who became aware of broader social issues when she taught factory workers in the mid 1890s. She soon became involved in smuggling illegal revolutionary literature, and joined the Russian Social-Democratic Labour Party (RSDLP) in 1898.

Evgeniia Bosh was from a less privileged background on a farm in the Ukraine. She rebelled against an arranged marriage, married a friend, and later, after reading about Marxism and meeting activists through her sister, left her husband to become active in the workers' movement in 1906.

Konkordiia Samoilova was the daughter of a priest in Siberia. She fought convention to be allowed to leave home to study in St Petersburg. By the time she joined the RSDLP in 1901, she had already spent several months in prison for taking part in political demonstrations.

These women were typical of those who joined the Bolsheviks at the time - relatively well educated and well-off, and fiercely independent. There were fewer working class women because of the difficulties of obtaining an education and becoming politically active while surviving in appalling economic conditions. One such woman was Klavdiia Nikolaeva, brought up in extreme poverty by her mother after her father abandoned them.

Nikolaeva had to start earning money herself at the age of eight, and in 1908, at the age of 15, she became a printer. She was arrested for trade union activity the same year, and learned about Marxism in prison. On her release, she joined the Society for Mutual Aid to Women Workers, where she met Kollontai who took her under her wing and recruited her to the RSDLP.

All these women were remarkable. They were not only committed to progressive causes, but had studied seriously, decided that Marxism, not populism or philanthropy, was the way forward, and dedicated themselves to the workers' movement.

Despite her political antipathy to the Bolsheviks, Clements has done a service in excavating much new material on these women and cannot fail to reveal how progressive the Bolsheviks were, both in party organisation, programme and general attitude towards women.

In the period of heightened activity from 1904 - 1907, women, although a minority of the party, were well represented in the leadership, and played a central role in underground activity. Clements calls these and other party women at the time Bolshevichki.

The tverdost valued by these women was not really optional; working in the underground required enormous courage, resourcefulness, and the ability to cope with imprisonment, exile and the competing pressures of political and personal life. This was most difficult when it came to children: 80% of party women were mothers, and they had to decide either to leave their children with other family members, or to balance looking after their children with underground activities.

Inessa Armand's daughter, Inna, remembered this period of her childhood:

"I was awake all night from the unusual noise and saw the police in the room searching it. They turned everything upside down, even the children's beds. Mother stood there completely calm; she smiled at me and made a sign that I shouldn't cry. Then they took her away." (pp88-89)

Another woman, Feodosiia Drabkina, resorted to rather extreme methods to stop her daughter from chattering about secret underground matters. After several warnings, she spread hot mustard on her daughter's tongue and threatened to repeat the treatment if she gossiped again. Such security needs made raising children very difficult!

In this period of underground struggle, women in the Bolshevik party were much more active and integrated than in other political parties and movements of the time. Stasova was the technical secretary of the St Petersburg committee from 1901 - 1906. She was politically close to Lenin from as early as 1901, and attempted to build a party of professional revolutionaries.

Like many other Bolshevichki, she thought of herself as an organiser rather than a political policy maker. She later referred to herself as "a speaking person, not a writing person", "a technician and an organiser" rather than an ideologist. Other women spent more time in prison and exile, often in Siberia, and during these times they studied, discussed and formed strong bonds of comradeship with each other as Bolshevik women.

In this phase, between 1905 and 1908, some Bolshevichki had tried to work with women in the factories, but had little support within the party, and gained little resonance with the women. After a period of political defeat and retreat, the second phase of heightened political activity created greater opportunities.

By 1912 some of the Bolshevichki noticed that the consciousness of women workers was improving, and they were determined to build on this through organising and agitating in the factories. Samoilova was the prime mover in these attempts, starting with the organisation of a major rally for International Women's Day in 1913, and then committing the party to produce a newspaper for women from 1914.

The paper, *Rabotnitsa* (Woman Worker), had a traumatic start when the police arrested the whole editorial board just before the first edition was to go to press. It was only saved by the fact that one member of the editorial board, Anna Elizarova, Lenin's sister, was late for the meeting and missed the police raid.

She was able to produce seven issues of the paper before the police banned it completely. Despite its short-life in 1914 (it was revived in 1917), *Rabotnitsa* was an important development. It brought together a core of Bolshevichki who were committed to organising working class women, and in its pages they began to outline the role of women in the revolutionary movement and develop

their programme for women's emancipation.

The leaders of this work recognised that women were an increasingly important part of the workforce, but were difficult to organise because of fear and responsibilities. They concluded that special meetings and propaganda were necessary to reach out to and organise these women and raise their consciousness.

"The woman worker will not come to us, so we will go to her", wrote Liudmila Stal in *Rabotnitsa*. Another author wrote, "Since the Social-Democratic Party is the only party that demands women's equality and fights for it, the female working masses should be in the ranks of the party and should strengthen the ranks of the fighters for the freedom and equality of all humanity by walking hand-in-hand with their comrades, male workers." (p105)

While the editors of *Rabotnitsa* were developing work on women in Russia, several leading women were in exile, including Armand, Bosh, Kollontai and Krupskaia. Each had their own role in the leadership, but Clements points out that none of them achieved the rank of the key male theoreticians such as Lenin, Trotsky or Martov. Of course most male exiles were not theoreticians either, but it is interesting that women did not push forward in these areas.

Few women in the leadership of the Bolshevik party in Russia or abroad ever disagreed with Lenin, according to Clements. They were excellent propagandists, agitators and organisers for his line, but were unable or unwilling to disagree, in public at least. Bosh was one of the few who did not fit this stereotype.

"(Bosh) treated him as an equal, and when he tried to impose his will on her, she not only resisted, as Inessa sometimes did, she fought back. Although she considered herself a Bolshevik, Bosh shared the belief of most underground workers that the émigrés were unnecessarily quarrelsome and doctrinaire. She also thought she knew a good deal more than Lenin about the realities of work inside Russia, and consequently about how revolution should be made." (p114)

Before arriving in exile in Switzerland in 1915, Bosh had been a major leader of the underground in Kiev along with her partner Piatakov. Their experience in the Ukrainian revolutionary movement led them to oppose Lenin on the national question. They sided with Bukharin and opposed Lenin's call for self-determination.

Immediately after the February 1917 the leading Bolshevichki were key supporters of Lenin's programme for proletarian revolution in March and April:

"Kollontai . . . became Lenin's most ardent and visible supporter in April 1917, when many Bolsheviks were convinced that he was vastly overestimating what they could accomplish." (pp124-5)

Clements describes in detail the work of the women in the party during 1917. She reports that the Bolshevichki were engaged in all the activities that paved the way for the October revolution:

"As they had in the past, Bolshevichki did what was needed, with little regard being given to their gender. . . The revolution actually intensified the party's long-standing practice of engaging women in all its activities, because it sustained the crisis atmosphere that had nurtured egalitarianism throughout the underground years, and it strengthened the commitment most Bolsheviks professed to women's equality. The revolutionary year 1917 was so filled with general ideas of freedom that in fact it quickly became a special point of official pride with the Bolsheviks that they had so many women working in their organisation." (pp125-6)

Kollontai was an excellent public speaker, and Bosh made a name for herself rousing the troops to the side of the workers. Bosh led a regiment of infantry into battle against the Provisional Government at the end of 1917; this experience was later used when she became a key military leader during the civil war.

The leading Bolshevichki were key supporters of Lenin's programme for proletarian revolution in March and April 1917

In 1917 some Bolshevichki also revived the specific work with women, crucial for the future of the revolution as the proportion of women in the industrial workforce had grown from 26% in 1914 to 43% in 1917. *Rabotnitsa* was re-launched as "a lively, engaging, tabloid-sized magazine contained poetry, fiction, new stories on conditions in the factories, articles on the history of the revolutionary movement, and editorials on political events".

The paper continued to stress the importance of radical change in women's position as well as acting to mobilise women for the general struggle. It also became more critical of sexism in the movement. "If a woman is capable of climbing the scaffold and fighting on the barricades, then she is capable of being an equal in the workers' family and in workers' organisations", wrote Samoilova.

Clements clearly disapproves of the Bolshevik "seizure of power" but again she cannot conceal the massive leap forward it achieved for women. Women were immediately granted full civil and political rights, equal pay, maternity provision, an eight hour day, divorce was made simple and accessible to all, and abortion was decriminalised.

After the revolution Kollontai was appointed a commissar in the first Bolshevik government. In this, she was the one of the first women in history to hold cabinet rank in a European government. She had responsibility for social welfare and used the post to develop work on women, particularly in relation to maternity and infant care, redrafting marriage legislation and advising on laws to protect the health of women workers. She also became an architect of socialised medical care.

The women who had been most involved in mobilising women in the previous period continued this work - Samoilova continued to edit Rabotnitsa and organise women in the factories. Armand set up the Zhenotdel, a party organisation to mobilise and represent the interests of women. Many Bolshevichki resisted working on women's issues, and continued general party work. Bosh's struggle to bring the Ukraine under Bolshevik rule led her to become, in the works of Victor Serge, one of "the most capable military leaders to emerge at this early stage of the civil war".

The book continues to document the lives of these women through the revolution, the civil war and the subsequent degeneration of the revolution with the rise of Stalinism.

Several of them died during the civil war, including Armand and Samoilova, who both contracted cholera. Kollontai left the government and joined the ultra-left workers' opposition, and later dropped the political struggle and became a diplomat for the government. Stasova continued to be loyal to the party, through the despicable purges and beyond, until her death on New Years Eve, 1966, at the age of 93.

Krupskaia withdrew from much of her work in the field of education to look after Lenin when he became ill. She understood Lenin's opposition to the rise of bureaucratism in the party, and supported opposition to Stalin after Lenin's death. But after a vicious campaign against her, led by Stalin, she withdrew her support for the opposition, although she never recanted her criticism.

In many respects, these remarkable women shared the fate of their party, something that alarms Clements. It should not be a surprise that some of these women went on to become Stalinists and that others were in opposition. That there were any women in leading positions at all is testimony to the progressive positions of Marxism and Leninism on women.

Bosh was the only one of these leading women to sign the "Petition of the Forty-Six" in 1923, a group trying to pull the party away from growing bureaucratism. This meant an end to her leading role in the party, and she turned instead to writing her own history of the events in the party and the Ukraine.

She had opposed many of the Bolshevik's policies in the civil war, and later NEP, particularly those that drew "experts" from the Tsarist era into positions of influence and leadership. She became more depressed and withdrawn as she observed the weakness of the opposition to Stalin. She had been excluded from political leadership, and realised that the only way back into it would be to recant her opposition and endorse the Stalin-Bukharin leadership.

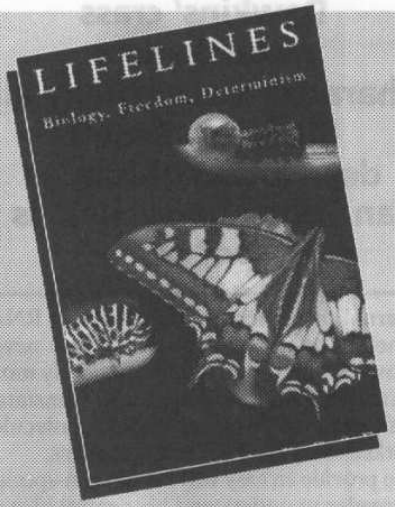
"That she was unwilling to do," Clements reports. "In January 1925, Trotsky was forced to resign from his position at the head of the Red Army, a particularly humiliating surrender that demonstrated the rising power of Stalin. Shortly after she heard that news, Bosh decided to withdraw once and for all from party politics. She committed suicide." (p238)

Preobrazhenskii wrote in her obituary, "In her character she was made of that steel that is broken but not bent, but all these virtues were not cheap. She had to pay dearly, pay with her peace of mind, her health and her life."

This is a history worth reading, revealing that Bolshevik women, like men, were key players in shaping the success of the revolution and, ultimately, in its demise.■

EVOLUTION

Nature as Marx intended



Mathieu Roux reviews
Lifelines
by Steven Rose
Allen Lane 1997 £20.00

DIALECTICAL MATERIALISM may have been the method used by Marx, Engels, Lenin and Trotsky to understand how the world works and how to change it, but it has a bad name among scientists, and understandably so. As the official ideology of the corrupt Stalinist dictatorships, "dialectical" gobbledegook was used to justify anything and everything, as long as it satisfied the parasitic needs of the bureaucracy, whatever the cost in terms of human lives or culture.

The most tragic example of the havoc wrought by this approach was the use of "dialectics" by the Stalin clique and their charltan scientific spokesman, T. D. Lyssenko, to denounce genetics as a "bourgeois science" and to wipe out the scientific study of heredity in the USSR for more than a whole generation (roughly 1935-1975).

Steven Rose has written an ambitious and important new book which aims to do nothing less than to rehabilitate a dialectical materialist understanding of nature, of the role of heredity and its consequences for a vision of human reality, and in particular of freedom.

Rose does not use the term "dialectical materialism" - wisely, no doubt, as his target audience would probably go no further - but that is the message that comes off every page as he pounds away at the limits of static and categorical thought and the need to understand phenomena in their historical, changing complexity. And, to be clear from the outset, the result is a resounding success.

Rose is a practising scientist and has succeeded in showing the average reader the fundamental importance of modern biology for everyday life, and the reason why a dialectical vision enables that biology and its discoveries to be liberating rather than oppressive.

Rose's starting point in this work was his growing irritation at the use of what he calls "neurogenetic determinism" to describe complex social phenomena. You know the kind of stuff - the Sunday papers are always full of it: "The hunt for the gay gene", "gene for aggression discovered", "US scientists discover gene for compulsive shopping".

Rose's argument is that the advances in genetics and of molecular biology, that have been the fundamental feature of science over the last half-century, have led to, or been paralleled by, a steady growth in the grip of reductionist ideology.

The ultimate consequence of this has been the rise of what Rose calls "ultra-Darwinism", which takes a variety of forms - sociobiology, "selfish DNA" or neurogenetic determinism - but which all contain the same methodological error: they reduce complex social phenomena to a simple, one-sided (and therefore false) explanation: it's all in the genes.

While this would be merely wrong and unfortunate in, say, the study of the sex-life of the fruit-fly, it becomes positively dangerous in investigations of violence in the inner cities. This is not only the case for clearly environmentally-influenced characteristics like behaviour. It is even the case for apparently simple bits of anatomy. Not only is there not a gene for compulsive shopping, there is not even a gene for a finger.

Rose makes his position clear right from the outset :

"Humans are not empty organisms, free spirits constrained only by the limits of our imaginations or, more prosaically, by the social and economic determinants within which we live, think and act. Nor are we reducible to 'nothing but' machines for the replication of DNA. We are, rather, the products of the constant dialectic between 'the biological' and 'the social' through which humans have developed" (p6)

And it is this "constant dialectic" and the role of development (in all senses) that is the theme of his book. To carry out his major reinterpretation of the natural world, Rose has to venture into two domains which are not his own - evolutionary biology and development. The reason for this is simple: because they deal with history and its implications, they contain the keys to the present. And in turn, because their fundamental subject is that of change, they are probably the two subjects in modern biology in which the dialectic can most clearly be seen at work, even if most scientists do not recognise the fact.

Evolutionary biology - and in particular its most mathematical and abstract form, population genetics - deals with possible and observed changes in populations. By its emphasis on change and stability, on the individual and the population and, in its very best (and hideously complicated) forms, on the myriad interactions between genes and environment, population genetics expresses the dialectic of nature in an extremely sharp form.

Similarly, the science of development, which has undergone an astonishing renaissance over the last 15 years because of the triumphs of molecular biology, deals with the way in which individuals become something else in becoming themselves. Even apparently simple subjects like the study of how a cell in a developing embryo "knows" what it has to do, are in fact highly complex and interactive.

The cell receives genetically coded, but environmentally induced, chemical information from its neighbours that informs it of its position and it, in turn, on the basis of its genes (which it shares with the other cells) provides them with information. This spatial information also has a signalling function, inducing the cells to do certain things. This exchange of information changes over time. The interaction of these pulsating fields of information exchange provides an important part of the "plan" that enables the miracle of development to take place. (And that, in passing, is why there is not a gene for a finger.) To put it simply, an organism is not a machine: it's alive.

Rose's emphasis on these two subjects has a straightforward basis. If we wish to fully understand an organism it is not sufficient simply to take it, break it up, describe its component parts and perhaps establish a correlation between one of these component parts and a previously observed character (e.g. a behaviour). As Rose points out the form and function of an organism are a consequence of several histories: its evolutionary history, which explains why and how a given species has appeared together with its particular genetic composition; its develop-

mental history, which, together with its social history, explains why and how the given individual has turned out the way it has.

This approach is fundamentally different from that of the determinists, for whom genes, in their purest, abstract and unreal form, are quite sufficient to explain everything. The ex-physicists such as Max Delbrück who were at the origin of molecular biology and the discovery of DNA focused on the question of life's autoreplicative properties.

Although by concentrating only on this side of life, the founders of molecular biology found what they were looking for - DNA, the molecule that carries the information required to reproduce organisms - it was at a terrible price, as we can see from modern expressions of this philosophy, such as today's "ultra-Darwinists". The organism, as an entity, was effectively written out of science. It was reduced to a bag of chemicals that could be broken up and thus reveal all its secrets. Behind this reductionist step lay the utterly illusory promise that even this complexity could one day be reduced to physics.

This reductionist arrogance makes itself felt everywhere. For example, when Mozart was composing, his brain was certainly characterised by a unique pattern of neuronal activity which, had the technology been available (it still doesn't exist) could be captured for all time. This neuronal activity can, in turn, be characterised by the transfer of chemicals along and between neurons, and the movement of these chemicals will one day be able to be understood in terms of the interaction of atomic particles.

But it is impossible to explain the merits of the Marriage of Figaro in terms of the laws of physics. And not because it is today impossible given the state of the science, but because it will *never* be possible. The level of explanation is insufficient. The tune in Mozart's head expressed itself at the level of thought, and thus of some complex distributed neuronal processes involving different structures of the brain, not in terms of electrons whizzing around, even if it was ultimately composed of such electrons.

Rose provides us with an alternative answer to the question, what is life? than is offered by the molecular biologists: "the central property of all life is the capacity and necessity to build, maintain and preserve itself" (p18).

By putting the emphasis not on simple reproduction, but on the need to preserve a stable internal (cellular) environment faced with the chaos of the external environment (fluctuating temperatures, chemical composition etc), and then on the need to preserve (and thus extend) this property, both in historical and developmental terms, Rose not only provides a richer manifesto for science than the founders of molecular biology, he also provides some intriguing pointers for future studies of the origin of life.

The difference can be seen in the varying approaches to DNA. Most molecular biologists think that the origin of life lies with the origin of DNA, or its precursor, RNA. And much effort has been put to spontaneously generating RNA in the test-tube, as an analogy to what might have happened in Earth's early seas. But as Rose points out, you can create as much RNA as you want, it still just sits there. It doesn't turn into "life". Even less so could RNA molecules swishing around in the prehistoric ocean have just happened to get together and turned into something living.

Rose's solution is to start one step before the appearance of RNA, with the development of the cell. With some very simple - and plausible - hypotheses he raises the possibility that cells and some of their associated internal machinery existed prior to RNA. Whether he is right or not, we may never know, but this approach is intuitively more attractive than the reductionist's unstated position that isolated RNA molecules worked everything out for themselves.

Dawkins' crass reductionism characterises virtually all his work. Rose's description of him as an "ultra-Darwinist" is spot on.

To provide an easy way for the non-specialist reader to understand his central idea of the role of history in biology, Rose explains his approach as follows: he provides "an alternative vision of living systems, a vision which recognises the power and role of genes without subscribing to genetic determinism, and which recaptures an understanding of living organisms and their trajectories through time and space as lying at the centre of biology. It is these trajectories that I call *lifelines*." (p7)

In one particular chapter, Rose uses this idea to re-examine the argument originally raised by Steven Jay Gould and Richard Lewontin in 1979 that certain features of organisms are not the result of natural selection, but are simply the only way of doing things, given the constraints of physics and the extremely narrow range of chemicals used by life.

In his discussion of this question - which still excites controversy among evolutionary biologists - Rose in fact approaches one of the arguments of one of his key opponents throughout this book, Richard Dawkins, author of an unfortunately influential sociobiological pot-boiler *The Selfish Gene*. In defending natural selection against the excesses of the likes of Gould, Dawkins pointed out in his generally excellent book *The Blind Watchmaker* that previous evolutionary "choices" close off subsequent ones. For example, no human can give birth to a child with a bird's wings on its back. There are no angels.

For Gould, natural selection is effectively written out of the story, and evolution becomes largely a matter of "contingent" chance factors. "Replay the tape of life", he famously wrote in *Wonderful Life*", "and you will not get the same result". Dead wrong. Replay the tape of life under the same environmental conditions and you will get more or less the same result. That is what natural selection is all about, and it is the fundamental (but not the only) factor determining organismic form and function, even extending to those bits that are "the only way of doing things".

For Dawkins, however, natural selection operating on "selfish DNA" is all there is to life. Not only is this crass reductionism, it also accounts for the strident and sterile arrogance that characterises virtually all his work. Rose's description of him as an "ultra-Darwinist" is spot on.

Rose points out that one of the key consequences of reductionist ideology is that:

"attention and funding is diverted from the social to the molecular. If the streets of Moscow are full of vodka-soaked drunks, and the rates of alcoholism are catastrophically high among native Americans or Australian aborigines, the ideology demands the funding of research into the genetics and biochemistry of alcoholism. And it becomes more productive to study the roots of violent 'temperament' in babies and young children than to legislate to remove handguns from society. The point is that (...) for any phenomenon in the living world in general, and the human social world in particular, one can offer multiple forms of explanation, of which the reductionist one, properly formulated, is legitimate. But for any such phenomenon there are also *determining levels of explanation* - those that account most clearly for the specificity of the phenomenon, and also indicate potential access-points for intervention into it." (p297)

Rose, however, both attempts and succeeds in providing a genuinely interactive and multi-level approach to the problem, allowing for natural selection and factors such as genetic drift, the role of development, of individuals and populations, and of the external and internal environment. Rose's book should be read by anybody with even a passing interest in biology. They will be enriched and stimulated by it.

Unfortunately, Rose is tragically out on a limb faced with the overwhelming might of the neurogenetic determinist establishment, which is utterly hegemonic in the powerhouse of world science, the USA. But also because Rose is not afraid of bringing the political to the forefront of the stage, and rightly so.

For example, he gloomily recalls seeing a TV programme in which the whole of criminality was "explained" by two scans of a brain, one labelled "criminal" the other "normal", showing different chemical activity. "It is not made clear", he continues in somewhat more combative vein, "whether a similar finding would apply to scans of the brains of the war heroes who have been responsible for some of the greatest massacres of modern times, Stormin' Norman and the killings of the fleeing Iraqi troops on the Basra Road in 1991 . .. " (p291).

Some readers of scientific journals may use this kind of continual contrast between science and politics as a pretext to rubbish Rose's books. Readers of Trotskyist International, however, can conclude that here is a scientist who is aware of how science interprets the world and, fundamentally, can see how to change both of them.■

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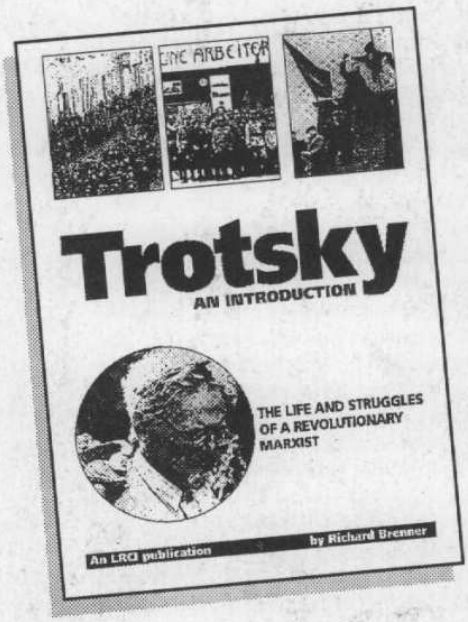

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