The Life and Death of Stalinism

Chapter 7

The Degeneration of Trotskyism

1. THEORIES OF A NEW EPOCH

A significant consequence of the triumph of Stalinism in the World War II period was the demoralization and collapse of the Trotskyist movement. We cannot present here a full history of the Fourth International, but we do seek to examine the roots of the major Trotskyist theories of Stalinism. We begin by seeing how tendencies deriving from Trotskyism interpreted the changes in the imperialist epoch resulting from the war.

THE FOURTH INTERNATIONAL

In 1938 Trotsky and his followers founded the Fourth International (FI), the "World Party of Socialist Revolution," as the organizational embodiment of Marxism. Since the Third International (the Comintern) under Stalinist control had proved itself counterrevolutionary (although it still included the majority of advanced workers in most countries), a genuine revolutionary party had to be rebuilt.

The future of the FI was predicated on the expected outbreak of mass revolutionary struggles as a result of the coming war (as had happened after the First World War). Such explosions did occur but, as we have seen, "democratic" imperialism and Stalinism — far stronger than Trotsky had thought — combined to defeat them. Subsequently the expansion of Stalinism and the containment of the workers' struggles further undermined the FI. These material forces led to its political collapse in the early 1950's. Since then it has split into several competing currents. All of these, despite their formal adherence to the name of Trotskyism, have in reality substituted a middle-class outlook for the fundamentals of the Marxist revolutionary program and became centrist.

Some, notably the Cliff tendency, argue that the FI's opportunism was brought about by its "defensist" position on the Russian question. But the causation went the other way. The final corrosion of the FI came during the period of growing Western prosperity, which expanded the labor aristocracy and produced a huge growth of the middle-class layers between the bourgeoisie and the proletariat. The FI's connection to these layers, even before World War II, is what led them to recognize the supposed revolutionary capacity of the petty-bourgeois Stalinist parties in the East. This notion was in reality a reflection of their adaptation to the Communist and Socialist Parties at home.

The pessimism among many radical currents originated in the 1930's with the crushing of the working-class movement throughout Europe under the heel of fascism. The Stalinists' cynical betrayals of every revolutionary ideal and achievement — seemingly without proletarian resistance — deepened the radicals' fatalistic attitude toward the masses. Against these powerful forces, the predominantly middle-class left looked to the bourgeois state and nationalism for salvation. Thus it built ties to imperialism, normally via the intermediary of social democracy. The Hitler-Stalin pact strengthened the argument that bourgeois democracy was the sole defense against totalitarianism in all forms.

George Orwell, never a Trotskyist but nevertheless a partisan of anti-Stalinist communism after his experiences in the Spanish civil war, wrote revealingly in 1940:

"For several years the coming war was a nightmare to me, and at times I even made speeches and wrote pamphlets against it. But the night before the Russo-German pact was announced I dreamed that the war had started. ... I came downstairs to find the newspaper announcing Ribbentrop's flight to Moscow. ... What I knew in my dream that night was that the long drilling in patriotism which the middle classes go through had done its work, and that once England was in a serious jam it would be impossible for me to sabotage.[1]

The social democrats and Stalinists (after Germany's invasion of Russia) adopted similar positions with less hesitation. The Fourth International was not immune from these pressures. The Trotskyists' justifiable hatred of Stalinism for betraying communism helped push them in a social-democratic direction, with different wings moving in different degrees. (Ironically, the hated Stalinists often adopted parallel positions.) A major stress tearing at the FI was the fight by the faction led by Max Shachtman in the U.S. Socialist Workers Party (SWP) that led it to a treacherous split of the vanguard party on the eve of the new World War.

Closely tied to the Shachtmanites was a wing of the FI that believed that world history had been set back so far that the fight for socialism was no longer on the agenda. In their major document they wrote of the class struggle in Europe that "However one views it, the transition from fascism to socialism remains a utopia without a stopping place, which is in its content equivalent to a democratic revolution." In other words, the revolutionary goal could no longer be socialism: it could only be to restore democracy and national independence (for countries that were already imperialist!). This strategy, moreover, was proposed when the war was ending and mass proletarian mobilizations were developing in Western Europe.

The theory was known as "historical retrogression."[2] Going beyond an adaptation to bourgeois democracy, it rejected the Leninist conception of the epoch and recapitulated the Menshevik and social-democratic position during World War I. Marxists had learned to oppose every war by an imperialist power even against less democratic imperialists. Whatever the stated war aims, the result would be not democracy and certainly not "an end to war" but the re-division of the world. Although not stated explicitly, the retrogression position's inevitable but unforeseen logic was to support the Allies, the alleged defenders of national liberation (except in their own colonies) in the war "against fascism."

The leaders of the International opposed such views nominally. But too often they adapted to the popular view that a victory of democracy over fascism was a necessary stage in the workers' struggle. So despite the often heroic wartime deeds of Trotskyist cadres, the Fourth International's leaders more than once accommodated politically to the Allies in the war.

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1. Orwell, "My Country Right or Left," *Collected Essays, Journalism and Letters*, Vol. 1, pp. 590-1.
2. "Three Theses," *Fourth International*, December 1942, and "Capitalist Barbarism or Socialism," *New International* (September 1944), by the International Communists of Germany (IKD) in exile. For opposing views, see J. R. Johnson (C. L. R. James), "Historical Retrogression or Socialist Revolution," *New International*, January and February 1946, and E. Germain (Ernest Mandel), "On the Opportunist Utilization of Democratic Slogans," *Fourth International*, November 1946.

In the U.S., the SWP compromised with the anti-German mood and avoided a head-on confrontation with "its own" imperialism through the slogan, "Turn the imperialist war into a war against fascism." This echoed the form of Lenin's World War I slogan — "Turn the imperialist war into a civil war" — but inverted its content. The French section in 1940 "held out its hand" to the pro-British and American majority of the French bourgeoisie to help it "save itself". This position was repudiated as social patriotic by a European conference of Trotskyist sections in 1944.[3] But at the end of the war the French section still called on the workers to vote for the new bourgeois constitution.

POSTWAR ADAPTATIONS

Political concessions made under conditions of murderous attacks by enemies on all sides and separation from an international movement in wartime were bad enough. But after the war the FI remained isolated from the advanced proletariat because of continued Stalinist hegemony. The crushing of the workers' uprisings after the war was the key factor infecting them with the cynicism towards proletarian revolution already rampant among the petty-bourgeois intelligentsia. At the same time, the imperialist boom made possible by the postwar defeats began to enlarge the middle classes beyond previous bounds. Trotskyists then turned their revisions into codified theoretical systems. The combination of Stalinist expansion and the boom seemed to herald a whole new epoch of capitalism. That the new world situation was based on the defeat of the workers — and that this condition could only be temporary — was overlooked.

The first reaction of the Trotskyist leadership to the postwar situation was that nothing had changed: Trotsky's prognosis of a revolutionary outbreak after the war that would spell the end of capitalism and Stalinism was unchallenged. In part this was a reaction against the retrogressionists, who had the tacit support not only of Shachtman but also of important SWP figures like Felix Morrow and Albert Goldman, as well as international leaders based in the United States during the war. The SWP wrote in November 1946:

"The following conclusion flows from the objective situation: U.S. imperialism, which proved incapable of recovering from its crisis and stabilizing itself in the ten-year period preceding the outbreak of the Second World War, is heading for an even more catastrophic explosion in the current postwar era. The cardinal factor which will light the fuse is this: the home market, after an initial and artificial revival, must contract. ... What is really in store is not unbounded prosperity but a short-lived boom. In the wake of the boom must come another crisis and depression which will make the 1929-32 conditions look prosperous by comparison."[4]

The SWP's catastrophe theory rested on the underconsumptionist reasoning that the poverty of the masses after the war in Europe and Asia as well as America would prevent them from buying the output of U.S. industry. The followers of Shachtman, also relying on underconsumptionism, claimed that arms production could take up the slack in market demand as it had done during the war and keep the economy rolling. They too assumed that this would mean a rapid decline in the workers'

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3. "The National Question in France and the Socialist United States of Europe" and "Theses on the Situation in the Workers' Movement and the Perspectives for Development of the Fourth International"; in *Les Congres de la Quatrieme Internationale* Vol. 2, pp. 98, 242.
4. "Theses on the American Revolution," in James P. Cannon, *Speeches to the Party*, pp. 324-5, 330.

standard of living, since other forms of public spending would have to be cut back in favor of arms.[5]

Despite these errors there was also an element of revolutionary optimism (like that of Rosa Luxemburg in the World War I period) in a theory that tried to prove that the overthrow of capitalism did not have to be indefinitely postponed. In any case, "Trotskyist orthodoxy" was fundamentally not a refusal to recognize reality[6] but a cover for practical adaptation to it. For example, the Britain-based Healy tendency became notorious for its catastrophe-mongering, perennially warning that the collapse of capitalist economy was right around the corner. This was combined, however, not with a defense of revolutionary principles but instead with a blatant adaptation to left reformists within social democracy — a practice defended by arguing that tumultuous events would drive the reformists, despite their consciousness, into the arms of revolution.

NEO-CAPITALISM

The main orthodox Trotskyist adaptation to reformism was Mandel's, an empirical reaction to the postwar boom. In the course of the postwar period he discovered a new stage of capitalism which he labeled "neo-capitalism" or "late capitalism." Other Trotskyist theorists were normally not so blatant — some criticized Mandel in the strongest terms for revising Lenin's conception of the epoch — but almost all accepted political conclusions that flowed from the ideas made explicit by Mandel.

"I am quite convinced that, starting either with the great depression of 1929-32 or with the Second World War, capitalism entered into a third stage in its development which is as different from monopoly capitalism or imperialism described by Lenin, Hilferding and others as monopoly capitalism was different from classical 19th-century laissez-faire capitalism."[7]

This new epoch was distinguished by a number of factors, including state intervention into the economy, permanent arms spending, and above all, "the stepping up of the general rate of technological innovation" brought about by the arms race.[8] Mandel does cite the historic defeats of the working classes as an additional reason for the postwar boom (he cites every possible explanation at least once), but that is not key to his theory.

Later he adopted a subtler cover for his reformist ideas: the theory of "long waves." "The history of capitalism on the international plane thus appears not only as a succession of cyclical movements every 7 or 10 years, but also as a succession of longer periods, of approximately 50 years, of which we have experienced four up till now." Each rising wave is based on a "technological revolution." The third, post-World War II expansion was founded on electronics and automation; the earlier ones on steam power after 1848 and electric and combustion motors in the 1890's.[9]

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5. T.N. Vance, "The Permanent War Economy," *The New International*, 1951; reprinted in Draper, ed., *The Permanent War Economy* (1970).
6. As has been suggested, for example, by the LRCI's Mark Hoskisson: "The Transitional Program Today," *Permanent Revolution* No. 7 (1988), p. 81. See "How Not to Defend Trotskyism, Part 2," *Proletarian Revolution* No. 33 (1989).
7. Mandel, "Workers under Neo-Capitalism," *International Socialist Review* (1968).
8. Mandel, "The Economics of Neo-Capitalism," *The Socialist Register* (1964).
9. Mandel, *Late Capitalism* (1972; English edition 1975), Chapter 4.

Such technological determinism is highly superficial: it doesn't explain why innovations occur in one period and not another.[10] But there is a deeper flaw. Mandel's view echoes the theory of 50-year capitalist cycles (25 years up and 25 down) developed by the non-Marxist Soviet economist Kondratiev in the 1920's. By postulating the recurrence of successive waves of development, the long-wave theory implies that capitalism has not exhausted its progressive potential. This point and the generally anti-Marxist nature of Kondratiev's theory was demonstrated by Trotsky in 1923.

Mandel denies that he has any difference with Trotsky, implying that Trotsky too had a long-term cyclical theory. But Trotsky replied to Kondratiev (and Mandel) that the long-term effects were the result of non-periodic external historical conditions — conquests of new countries and continents, discoveries of natural resources, wars and revolutions; they were not inherent in the operation of the system:

"As regards the large segments of the capitalist curve of development (fifty years) which Professor Kondratiev incautiously proposes to designate also as cycles, their character and duration are determined not by the internal interplay of capitalist forces but by those external conditions through whose channel capitalist development flows."[11]

Mandel went further, calling the postwar wave of innovation a "permanent technological revolution." "To the degree that we are involved in a permanent cold war, which is characterized by a permanent search for technical changes in the sphere or armaments, we have a new factor here, a so-to-speak extra-economic source, which feeds continuous changes into productive technique."[12] Thus the very decadence of capitalism, embodied in a seemingly permanent cold war, shows its permanent capacity for development!

Mandel's combination of a technologically determined expansion coupled with a permanently innovative arms economy describes a capitalism that must be fundamentally crisis-free. It is not necessarily a universally benevolent society, but it is at least one that doesn't propel the proletariat into revolutionary opposition — and one in which reformist solutions are possible. The point of a theory like Mandel's — and its fundamental flaw — is to locate capitalism's inner drive somewhere other than with the pursuit of value and the exploitation of the proletariat.

This various forms of the neo-capitalism theory jibed with the political programs adopted by Mandel and his firm, the "United Secretariat of the Fourth International," starting with long-term "deep entrism" into the reformist Communist and Socialist Parties in the 1950's. Many national Trotskyist groups were already demoralized enough at the end of the war to bury themselves in these rightward-moving parties. (This strategy contrasts with Trotsky's advocacy of temporary entry into certain working-class parties in the 1930's, based on the leftward motion of the workers.) The Mandel wing did not emerge until the upheavals of 1968 — and then it turned to student vanguardism and third-world guerrillaism. In the reformist spirit, Mandel advocated that the working-class movement undertake not revolution but "a basically anticapitalist policy, with a program of short-

10. Mandel later denied, unconvincingly, that he had a technological explanation of long waves: see *Long Waves of Capitalist Development* (1980), p. 9. His dispute is largely with Richard B. Day, "The Theory of the Long Cycle: Kondratiev, Trotsky, Mandel," *New Left Review* (1976).
11. Trotsky, "The Curve of Capitalist Development," *Problems of Everyday Life* (1973), pp. 276-7.
12. Mandel, *Introduction to Marxist Economic Theory*, p. 58.

term anticapitalist structural reforms":

"The fundamental goal of these reforms would be to take away the levers of command in the economy from the financial groups, trusts and monopolies and place them in the hands of the nation, to create a public sector of decisive weight in credit, industry and transportation, and to base all of this on workers' control. This would mark the appearance of dual power at the company level and in the whole economy and would rapidly culminate in a duality of political power between the working class and the capitalist rulers."[13]

With its reliance on the "public sector," this passage could have been drafted without a qualm by the reformists of Bernstein's day, who would only have specified that revolution was not the way forward because the workers will conquer power through parliamentary methods. Placing the major enterprises "in the hands of the nation" is precisely how Bernstein would have interpreted a term like dual power, with its otherwise uncomfortable implications of class conflict. Mandel added just a touch of anti-capitalist cover: "This stage in turn could usher in the conquest of power by the workers and the establishment of a working-class government which could proceed to the construction of a socialist democracy free of exploitation and all its evils."

So stagist a description of creating a public sector in order to construct socialism has nothing in common with the mass upheavals in real revolutions like the dual power period in 1917 — and even that met only a pale foretaste of the violence the capitalists have since learned to employ against revolutionary masses.

Mandel's faith in "structural reforms" is a sharp break from the communist tradition. Luxemburg, for example, pointed out that the difference between reformists and revolutionaries was not their support for reforms, which are in any case limited and temporary, but rather that revolutionists saw the major gain from reforms to be the advance of workers' consciousness through struggle. For Mandel, the workers' social power follows as a formal adjunct to improvements under capitalism. The term "structural reform" itself shows the emphasis on technical change rather than consciousness.

Mandel's new epoch of late capitalism contrasts to the decadent epoch when no class forces other than the proletariat are consistently revolutionary; his world view contains many new revolutionary forces like students, reliable bourgeois nationalists and petty-bourgeois guerrillas. That was the reason for its invention: all these benevolent forces, unlike the demons of the past, can help rescue the underconsuming victims of capitalism from the conditions which the masses are in no position to change by themselves. Mandel's theory is a clear adaptation to the middle-class technical intelligentsia's idea that "we" organize social progress for the masses. Workers (or peasants, in the third-world countries) need serve only as battering rams for manipulation by socially conscious benefactors.

THE PERMANENT ARMS ECONOMY

The leading alternative to the degenerating Fourth International from the Trotskyist tradition was

13. Mandel, *Introduction to Marxist Economic Theory*, p. 78.

the Shachtman-Cliff current, defined by its new-class theories of the USSR. Trying to escape pitfalls that had entrapped orthodox Trotskyism, they denied that the Stalinist states were progressive and attempted to orient their political activity in the light of the postwar boom. But in their effort to be practical at a time when revolutionary struggle in the advanced nations seemed to be ruled out, they downgraded the crisis-ridden reality of the epoch. Thus they too abandoned fundamental lessons of Marxism — with even less disguise than Mandel.

The Shachtman and Cliff tendencies also share a common attitude and practice towards the working class at home. Their characteristic idea is that the key element for socialism is the "rank and file," that is, the mass of workers at their current level of consciousness. Workplace democracy and militancy becomes the chief focus of their activity, with little attention paid to the longer-run interests of the working class.

The trouble with this approach is that in the normal course of events, the ranks of workers do not all hold one program; their consciousness is inevitably mixed. For the most part they accept the system they live under as a fact of life. But once they begin to move and recognize their own power, their political horizons widen: they fight for things they didn't believe possible before. "Rank and filists" ignore this dynamic. They accept militant but backward consciousness, raising as their program not even what they think is needed but what they imagine will attract the ranks. It is the opposite strategy to that of a revolutionary party, which must point to the future of the movement, the tasks ahead.[14]

Rank and filism arose in the Trotskyist tradition out of antagonism towards the "overcentralization" of Stalinist Russia. It breathes a cynicism towards the workers parallel to Mandel's: the masses concern themselves only with day-to-day struggles at the workplace, while the cognoscenti handle the deep political and economic theories and link all the struggles together. The "democratic" rank and file emphasis marks the difference between good intellectuals and evil Stalinists: workplace democracy serves as a corrective for the intellectuals at the center, making sure that they stay in touch with their base.

The Cliff wing of the tendency is centered around the British Socialist Workers Party and calls itself International Socialism (IS). Its interpretation of the postwar period was based on the "permanent war economy" theory devised by the Shachtmanites. Refined by the Cliffites in the 1950's and 1960's (and later renamed the "permanent arms economy" for peacetime application), its current presentations rely on borrowings from Marx, Lenin and Bukharin and therefore require careful refutation.

In his early formulation of the theory Cliff accentuated its inherent underconsumptionist methodology. Peacetime arms spending, he said, a permanent feature of postwar capitalism, was the key to the economic boom. It soaked up the excess production that the underpaid masses could not buy, diverted funds away from capital accumulation that would only end up as consumption goods later, and distributed the surplus in the form of increased wages and state spending. Investment was thereby stimulated and profitability increased by "the increasing purchasing power of the people,

14. See "Communist Work in the Trade Unions," *Proletarian Revolution* No. 25 (1985-86).

together with the new State demand for arms, army clothing, barracks, etc."[15]

As a description of post-World War II capitalism, Cliff's picture contained elements of truth. The state budget — for arms in the U.S. and Britain, for social welfare in Europe (but less so in the U.S.) — *was* used to moderate cyclical crises and reduce opposition from the working classes. Cliff also pointed to limits of arms spending as a solution to capitalism's problems: the arms burden could grow too big and thereby cut into the masses' standard of living — which has indeed happened. But another supposed problem that Cliff cited exposes the weakness of his reasoning:

"The Powers may compete so fiercely on the world market that each, in order to strengthen its position, would start to cut arms expenditure. ... The war economy may thus less and less serve as a cure for overproduction, a stabilizer of capitalist prosperity. When the war economy becomes expendable, the knell of the capitalist boom will surely toll."

Cliff overlooked that the peacetime arms buildup was not chiefly an economic question. It had critical political and military purposes as well: keeping rival imperialists at bay and suppressing the colonial revolutions. It was also a necessary component of the Cold War strategy, using the Russian menace to weld the Western bourgeoisies and the working classes together under U.S. hegemony. Thus arms spending was in no way "expendable," especially when competition between powers became increasingly fierce. The fact that particular sections of the bourgeoisie benefited economically from the arms race is of secondary importance compared to the military, social, political and economic benefits it brought the ruling class as a whole.

For these reasons military spending expanded, if at a lesser rate, even after serious economic crises re-emerged in the early 1970's. Contrary to Cliff, the postwar boom died and economic stability disappeared *despite* continuing massive arms budgets — whether they declined as a proportion of national product as in the 1960's or expanded as under Reagan in the 1980's. The underconsumptionist or Keynesian "solution" to capitalist crises has proved false.

In the last quoted passage Cliff uses the term "overproduction," but his is not an overproduction theory of crises. In such a theory, crises are due to capitalism's inexorable drive to increase production beyond all bounds — in all spheres of production, not just consumer goods. Accordingly, a large peacetime arms budget can only delay but not prevent crises. That Cliff believes arms spending at a constant level prevents crises is further indication that his crisis theory is based on insufficient consumer demand.

Subsequently Cliff's followers have attempted to discount the theory's blatant underconsumptionism. Chris Harman patronizingly explained that Cliff "*presents* the argument — for simple exposition in a popular publication — in 'underconsumptionist' rather than 'rate of profit' terms."[16] Peter Binns insisted that Cliff gave "the first theoretically sound analysis of the permanent arms economy" because he linked it to the falling rate of profit (FRP) law based on the rising organic composition of capital. But in fact there is no such link attempted in Cliff's writings.[17]

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15. Cliff, "Perspectives of the Permanent War Economy," *Socialist Review*, May 1957; reprinted in *Neither Washington nor Moscow* (1982), p. 104.
16. Harman, *Explaining the Crisis*, p. 166.
17. Binns, "Understanding the New Cold War," *International Socialism* No. 19 (1983).

The permanent arms economy theory was reworked on a more sophisticated basis by Michael Kidron. Arms production is unproductive, according to Kidron, because weaponry does not re-enter the productive circuit of capital either as production or consumption goods; it is paid for out of surplus value, similar to luxury goods bought by the bourgeoisie for personal consumption. Therefore the surplus value available for expanding production is constantly reduced by arms spending, and this slows down the rate of economic growth. Because accumulation is retarded, so are all the laws of motion that follow from it, including the rising organic composition of capital and the falling rate of profit. Thus the FRP tendency operates only slowly, and cyclical crises can be forestalled or at least made infrequent. In Kidron's words:

"In Marx, the model assumes a closed system in which all output flows back as inputs in the form of investment goods or wage goods. There are no leaks. Yet in principle a leak could insulate the compulsion to grow from its most important consequences. ... In such a case there would be no decline in the average rate of profit, no reason to expect increasingly severe slumps, and so on.

"Capitalism has never formed a closed system in practice. Wars and slumps have destroyed immense quantities of output, incorporating huge accumulations of value, and prevented the production of more. Capital exports have diverted and frozen other accumulations for long stretches of time. A lot has, since World War II, filtered out in the production of arms. Each of these leaks has acted to slow the rise of the overall organic composition [of capital] and the fall in the rate of profit."[18]

This reasoning is full of fallacies. First of all, it cannot explain how the boom got started. For even if it were true that arms spending slows the decline in profit rates, Kidron's "leak" cannot be responsible for the initial high level of profits from which the decline was retarded. That depended on the higher level of exploitation achieved by the proletariat's defeats, and on the possibilities for new investment resulting from unprecedented wartime capital concentration. When it was a question of mobilizing labor and capital resources from depression levels of activity, arms spending played a major role in getting the boom started — but by raising production, not lowering it.

Second, the theory also fails to explain the extended duration of the postwar boom. With the economy in full swing, arms costs are an unproductive deduction from surplus value: they retard accumulation and also the normal rise in the organic composition. Arms spending can therefore be said to slow the operation of the FRP tendency as Kidron claims — but only by diverting industry into making commodities that contribute no further to surplus-value production. In other words, in the rate-of-profit formula S/(C+V), the arms budget keeps the denominator (capital invested) from rising — but only by holding the numerator (surplus value produced) down as well. This does not make for a prolonged boom — as has been shown by the relative decline of the leading Western arms producing country, the United States.

Moreover, Kidron's theory assumes that cyclical crises are caused directly by the FRP. This is not the case: the cycles and the FRP are intertwined, and the crises carry out the countertendencies to the FRP by wiping out less profitable capital (Chapter 1). To the extent that arms spending, like most state intervention into the economy, helps postpone crises, it forestalls the countertendencies to the FRP, promotes the build-up of fictitious capital and thereby hastens the fall in the rate of profit.

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18. Kidron, "Capitalism: the Latest Stage" (1971), in *Capitalism and Theory* (1974), pp. 16-17.

Only in an extreme case would arms spending be guaranteed to halt the FRP: if *all* surplus value were taxed for arms and therefore *no* new productive investment were possible. But this imaginary case exposes the absurdity of the theory. Since the effect of the FRP is to induce stagnation, arms spending simply displaces the mode of stagnation without eliminating it. Instead of allowing the FRP to reduce the rate of accumulation by lowering the rate of profit, arms spending reduces the rate of accumulation directly. The effect of the FRP is carried out by another method.

Kidron raises another argument. The virtue of arms spending is that one power's build-up forced other competing powers to do the same: "The very existence of national military machines of the current size ... both increases the chance of economic stability and compels other states to adopt a definite type of response and behavior *which requires no policing* by some overall authority."[19]

But in reality the opposite occurred. Since much new investment was channeled into the military budget (in the U.S., USSR and Britain) instead of productive investment (as in postwar Japan and West Germany), accumulation slowed down in some countries but accelerated in others. As a result the arms economy has been a *destabilizing* economic force internationally. That reflects our general point that the FRP operates unevenly within the economy, lowering the profit rates of the more backward capitals. Thus, when the U.S. arms budget hindered domestic investment, allowing German and Japanese industry to surpass American productivity, it thereby helped to carry out the FRP in the U.S., not retard it.

IS theorists frequently argue that cutbacks in arms spending account for the occurrence of crises in the short term. But according to Kidron's theory, an arms cutback would lead, first, to an upsurge in productive investment, hence a rising organic composition of capital — in a word, a boom. Only in the long term would it accelerate the falling rate of profit. That declines in arms spending are thought of as the triggers of recession shows again that IS in practice does not bother with Kidron's attempt to invoke the FRP. It really operates under an underconsumptionist notion of crises, where the military budget absorbs the surplus.

The basic problem with any version of the permanent arms economy theory is the claim that imperialism's necessary but wasteful drain of weapons production is economically healthy for capital accumulation. No doubt it has been beneficial for some capitalists. But the thesis that arms spending helped the system grow for decades only conceals the real explanation — deepened exploitation of the working people of the world.

THE END OF IMPERIALISM?

Permanent arms economy theory is more than an attempt to explain the postwar boom. It also justifies IS's rejection of the Leninist theory of imperialism. Giving an underconsumptionist twist to Lenin, IS reasons that in Lenin's day the export of capital siphoned excess value out of the economy and therefore eliminated crises caused by insufficient demand. In the modern world, arms spending has replaced capital export as capitalism's device for avoiding collapse. Since Lenin's

19. Kidron, *Western Capitalism Since the War* (1968), Chapter 3.

analysis is no longer applicable, IS mockingly labels imperialism "the highest stage but one."[20]

IS shares the social democratic view that capital export is outmoded: "metropolitan capital as a whole is scarcely dependent on its marginal investments in backward countries."[21] This implies, in the absence of any imperialist drive to exploit foreign sources of surplus value, that the third world is economically too insignificant to be relevant for the struggle for socialism. There was a superficial basis for this opinion in the 1960's, but it is clearly outmoded in the 1980's when, on the one hand, a default by the debtor countries could cripple Western banks, and on the other, third-world working-class struggles have had worldwide impact.

It is striking how clashing political conclusions can be deduced from very similar theories. Baran/Sweezy and the IS both argue that long-term crisis-free growth comes from arms spending that sops up excess demand; the former's claim that the working class in the imperialist countries is irrelevant and the IS's similar view towards the third world both depend on this underconsumptionist theory. Such a theory is certainly no reliable guide to analysis or action, but it reveals what Baran/Sweezy and Cliff/Kidron have in common: a rejection of proletarian exploitation as the motor of capitalism.

Kidron subsequently asserted that imperialism's drive to amass surplus value is very much alive, citing "the forced drain of resources from the periphery of the system to its industrial heartlands — a reflection of the need to create increasingly huge minimum capital concentrations in order to survive in the integrated world market of today."[22] Similarly, Duncan Hallas, in the introduction to a reprinting of IS's basic theoretical documents, noted that the "highest stage but one" formula was unfortunate: "it may suggest that imperialism no longer exists." "Of course imperialism still exists," Hallas continued, only to add: "the point is that it is no longer central to the survival of capitalism."[23] Whatever it believes, the IS continues to use the term imperialism as if it had never issued polemics against it. That is not because the IS has reverted to Leninism in practice but because it has a great contempt for theory, including its own.

One purpose of a communist theory of imperialism is to clarify the fight against it. Over the years, the Cliff tendency has had an inconsistent record in carrying out the elementary task of supporting anti-imperialist struggles, especially those of the victims of its own (British) ruling class. It rejected support for China and Korea against the imperialist forces in the Korean war of 1950. In Northern Ireland, when the Catholic uprising intensified in the late 1960's, it hesitated to demand the recall of British troops, expecting that the oppressors forces were a better alternative than an unsupervised bloodbath. In 1982, when Britain went to war against Argentina over the Malvinas (Falkland) Islands in the South Atlantic, the British SWP chose to stay neutral with a policy of "revolutionary defeatism" toward both sides. Unlike the rulers of the Western powers who understood that Argentina's takeover threatened to destabilize imperialist control in general and uniformly backed Thatcher's war, the SWP insisted that "no *vital* interests of British capitalism are at stake."[24]

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20. Kidron, "Imperialism: Highest Stage but One," *International Socialism* (1962); reprinted in *Capitalism and Theory* (1974).
21. Kidron, "International Capitalism," *International Socialism* (1965); reprinted in *Capitalism and Theory*, p. 162.
22. Kidron, "Capitalism: the Latest Stage," p. 28.
23. Hallas, *International Socialism* No. 61 (1973).
24. *Socialist Review*, May 20, 1982.

In these cases it was clear that the distinction between oppressor and oppressed countries was not a top concern for the IS; the notion that imperialism is an obsolete theory contributed to this rationalization. It also enabled the SWP to line up with a whole spectrum of the British left, from Stalinists to Labourites, who are hostile to U.S. imperialism but have little objection to a nationalist Britain (or Europe, in some versions) carving out its own imperialist niche in opposition to the Americans and Russians. In this light, when the SWP decided to support Iran's war against Iraq in 1987 because of imperialist naval intervention in the Gulf, all its Leninist argumentation was a cover. The basic reason was that the Gulf war was not the doing of *British* imperialism, so an anti-U.S. stance could masquerade as revolutionary policy.[25]

IS's fundamental difference with Lenin over imperialism is not over third-world struggles. It is the question of the revolutionary character of the epoch: whether the objective drives of capitalism toward socialization and decay force the proletariat onto a revolutionary road. Cliff's doubts were formulated in his notion of "deflected permanent revolution." This theory purports to explain why successful revolutions were led by non-proletarian forces in China and Cuba; its answer is that the proletariat was aristocratic, bought off and indifferent (Cuba) or irrelevantly small in areas where the Stalinists held sway (China). In general, "Those forces which should lead to a socialist, workers' revolution according to Trotsky's theory can lead, in the absence of the revolutionary subject, the proletariat, to its opposite, state capitalism."[26]

No, the proletariat was not "absent"; it had to be first defeated or betrayed before statified capitalist regimes could be set up. In the context of the worldwide defeat, nationalist petty-bourgeois revolutionists were able to seize the stage. But contrary to Cliff the class struggle operates even where the proletariat is weak. When the old regimes can no longer rule, the workers have no choice but to fight; the laws of capital drive them over and over again into battle. But sometimes they lose. Stalinism, resting on the usurpation of proletarian conquests, has been a formidable foe.

For Cliff it was the workers' failure to achieve revolutionary consciousness that falsified Trotsky's perspective and saved capitalism. As he sums up, "Once the constantly revolutionary nature of the working class, the central pillar of Trotsky's theory, becomes suspect, the whole structure falls to pieces." We leave aside the false equation of Trotsky's (and Marx and Lenin's) conviction that the proletariat is inherently a revolutionary class with the ludicrous notion of *constant* revolutionary consciousness. The consequence of Cliff's outlook is to blame the workers, not their Stalinist and social-democratic betrayers, for the failure of the Marxist perspective. The second danger is to be unprepared, pessimistically conservative, or allied with treacherous forces when the workers *do* break out of their ideological straitjacket.

Stalinism's victories after World War II convinced many leftists that the proletariat was dead. Cliff holds a left-centrist version of that view. Like the deformed workers' state theory of the orthodox Trotskyists (below), Cliff's deflected permanent revolution describes the workers as replaceable by non-proletarian elements in building a new world, even if that world is not a progressive one. That is the logic of a theory of a new epoch.

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25. The SWP even urged workers in Iran to avoid strikes that could endanger the war effort — at a time when working-class unrest was intensifying and with Marxist leadership could have posed a challenge to the regime. (National Conference resolution, November 1987.)
26. Cliff, "Permanent Revolution," *International Socialism* No. 12 (1963).

MILITARY STATE CAPITALISM

The Cliff theory of state capitalism points to very different conclusions about Stalinism's world role from our own.

Cliff argues that the arms race has compelled the powers of both West and East to dedicate their economies to use value rather than value production. Moreover, IS's analysis leads it to treat the class struggle itself as a secondary conflict, subordinate to international military competition. Chris Harman put it baldly:

"The logic of the new imperialism was simple: grab, and exploit as much of the world as possible so as to build up the military potential to stop your rival grabbing and exploiting areas to build up its own military potential."[27]

For Marx, the aim of military and every other capitalist advantage is further exploitation; for Harman, in contrast, the aim of exploitation is military advantage in order to accumulate more means of destruction.[28] No wonder IS misrepresents the underlying capitalist nature of Stalinism — it does the same for ordinary capitalism. More commonly, IS does make a distinction between traditional and Stalinist capitalism; it admits that the West is not quite as devoid of internal competition as the East and still retains its internal capacity to expand. (That is, the IS does not fully believe Cliff's notion that accumulation *in the West as well as the East* is driven by use values.) If, therefore, the West is forced to devote efforts to military rivalry, that is because it has to match Russia; Soviet capitalism, unlike the West, is too backward to compete peacefully. The result of this logic is disastrous:

"The Russian and American ruling classes did not 'choose' to create an arms economy because of its positive consequences in creating the longest boom in capitalism's history. No choice at all was involved in the matter; rather, it followed from the specific features of the world in which they found themselves. American capital's ability and willingness to compete commercially and financially was quite unmatched by that of Russia. ... For the Russian ruling class, military power was all they possessed to defend themselves against Western capital. For the American ruling class, this fact, in its turn, implied the need to supplement their financial and productive power with a military power that was equally overwhelming."[29]

That is, the U.S. arms build-up is not part of its nature as the leading imperialist power but rather a reaction against the Soviet military threat. Such a position leans dangerously towards the Maoist line of condemning Russia as the "have-not" power that needs to destroy the peaceful balance of power in order to expand, like Germany before World Wars I and II.

This was not an accidental formulation: a similar line was taken by the IS tendency's American section in analyzing the revived Cold War of the 1980's. The United States looked toward an

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27. Harman, *Explaining the Crisis*, p. 88.
28. Ironically, the IS shares its methodology with the pro-Stalinist Spartacists who ascribe every evil in U.S. capitalism, including exploitation itself, to anti-Sovietism. Thus "Reagan's class war on blacks and labor" is only the "domestic reflection" of the "anti-Soviet war drive." (*Workers Vanguard*, September 29, 1984.)
29. Peter Binns, "Understanding the New Cold War," *International Socialism* No. 19 (1983), p. 24.

eventual arms reduction: "In the late '70's and early '80's under Carter and Reagan, the U.S. pursued an arms buildup to break the USSR's economy and defeat it in the arms race. In this way, the U.S. could lower its arms spending later when the USSR was no longer a threat." But for the Soviets the ultimate goal was a military buildup — even if the immediate tactic was the reverse: "Gorbachev ... needs to increase the ability of his civilian economy to compete in the world market and therefore cut the share of the economy that goes into the military. This is the only way to rebuild the economic basis of military power in the long run."[30]

The result of this distinction between the military drives of East and West is to place the chief blame on the Soviets for the international rivalry that brought about the Cold War. This ignores world reality, the U.S.'s dominant imperialist role. It also forgets history: Stalinism cannot have been the stimulus for Western "military state capitalism," since (as the IS itself argues) the imperialists had already reached that status in World War I.

The underlying problem, again, is that the IS denies the epoch of imperialism and is therefore searching for another rationale for the arms race. Attempts to construct a Marxist theory while ignoring the epoch of the decay invariably point to reactionary conclusions. Ironically, the IS tendency, which based its analysis of the restoration of capitalism in the USSR on the fact that Russia had to accumulate capital under military pressure from the West, now says that Soviet pressure determines the nature of Western accumulation. Such dilemmas are inherent in a theory that finds the impulse to capitalism's accumulation coming from outside.

There are further problems. Imperial rivalry is no longer a question of dividing up the spoils of World War II and of coexisting in a period of stability and prosperity; were that the case, says the IS, the superpowers would "reach a new accommodation between themselves" and "there will be no need to mobilize the working class to get rid of the risk of nuclear war — the natural functioning and expansion of the world system will do that for us instead." No, now the revived economic crisis makes war inevitable in the absence of proletarian revolution.

"In its essential details the current period of rearmament resembles not the early 1950's, but rather the years preceding the 1914-18 war. We can therefore expect the continued crisis to push the ruling classes of the two superpowers (and their hangers on in the NATO and Warsaw Pact alliances) further along the road of all-out confrontation. In an important sense, therefore, it is inexact to refer to this period as that of the New Cold War. There is nothing intrinsically 'cold' about the nature of the confrontation that we are currently witnessing, quite the opposite is the case; we are seeing, rather, the accelerating war drive of aging, militarized state capitalisms in crisis."[31]

A revealing argument. First, even to raise the possibility that an imperialist system could end the risk of nuclear war through its own expansion is a reflection of the long-discredited Kautsky model of imperialism. It is incredible that a revolutionary Marxist can conceive that at any time in this epoch there can be "no need to mobilize the working class" to end the war danger. Second, the IS seems unaware of the developing realignment of the powers, that an accommodation between the U.S. and

30. *Socialist Worker* (International Socialist Organization), January 1988.
31. Binns, pp. 38-39. This 1983 prediction contrasts with ours of the same year foreseeing the great power realignment (Chapter 6).

USSR is possible without putting an end to the danger of inter-imperialist conflicts. This again reflects a little-England nationalism: the blame for the world's ills always falls on somebody else's imperialism.

It is worth noting that the immediate danger of war is not as formidable as claimed. Even the intensifying crisis is not enough to compel the powers to rush headlong into war. As we showed in Chapter 6, the imperialists learned from World War I that an *undefeated* proletariat will turn against its masters if it suffers war depredations; World War II became safe for the bourgeoisie only when Nazism and Stalinism had brought the masses to their knees.

As is so often true, political capitulation is linked to bad theory. Not understanding the Soviets' weakness — its technological dependence on the West and their eagerness to retreat from the arms race — derives from denying that the USSR's deformed capitalism in any way reflects its origins out of the corpse of a workers' state. And imagining that the drive of capitalism is to produce use values leaves the IS unable to see why the arms race is a problem. It is the law of value, the drain of labor time from productive resources, that forces the Stalinists to pull back.

BUKHARINISM VS. KAUTSKYISM

The IS view of the cold war is closely linked to its overall theory of twentieth-century capitalism. This is based on Bukharin's "more rigorous version of the theory of imperialism" (compared to Lenin's).[32] Bukharin postulated that the drive toward statification was making internal contradictions and crises obsolete (Chapter 1); they were replaced by external competition and above all by war, the military expression of international competition. Callinicos observes:

"Bukharin's analysis, with its vision of a world system composed of militarized state capitals, informed the cornerstone of our tradition, Tony Cliff's theory of state capitalism in Russia. It is also implicit in Kidron's explanation of the long boom of the 1950's and 1960's as a consequence of the permanent arms economy; indeed, an embryonic version of this analysis is to be found in Cliff's book on Russia."[33]

Bukharin was indeed the IS's theoretical predecessor. He too called his theory of a monolithic state capitalist trust "state capitalism" — because of its external trade relations on the world market and the class relations between the proletariat and the bourgeoisie. Cliff also follows Bukharin in his opposition to Stalin's industrialization of 1928-29 — on the grounds that *any* accumulation of capital in a backward country would establish a new ruling class. The alternative fought for by Trotsky and the Left Opposition was an industrialization drive to preserve the social gains of the workers. In rejecting this strategy along with Stalinism, Cliff has only one alternative left: Bukharin's slow-paced growth for a peasant-based economy (Chapter 3).

Callinicos presents a partial critique of Bukharin's theory of a crisis-free state capitalism. Bukharin, he says, overlooked the possibility of economic crises because he thought centralized planning under

32. Callinicos, "Imperialism, Capitalism and the State Today," *International Socialism* No. 35 (1987), p. 81.
33. Callinicos, p. 82.

state capitalism would eliminate economic disproportions. On the contrary, Callinicos replies, another tendency of capitalist development is the growing internationalization of production, which forces the powers to intensify competition with one another — thereby restoring the drive toward crises. Callinicos does not dispute Bukharin's elimination of internal contradiction; he agrees that "state capitalism could overcome this disproportion between production and consumption."[34] He objects to Bukharin's restriction of external contradiction to military expansion and war. Like his amendment to Cliff on the Soviet proletariat (Chapter 5), this cure misses the main problem.

An alternative was offered by the British SWP's Nigel Harris. Whereas Bukharin and his modern disciples eliminated *internal* contradictions but stressed the role of the state in international competition, Harris suggests that state capitalisms and their *international* rivalry are doomed. Generalizing from the success of some third-world countries in expanding industrially by participating in the world market — not seeking to escape it as in the Stalinist model of economic independence — Harris concludes:

"The more successful the governments of newly industrializing countries were in pursuing growth, the more powerful private capital at home and the more closely integrated with external markets and world capital abroad, the more the power of the government to shape the domestic economy declined ... The changes in both more developed and newly industrializing countries thus promised the continuing erosion of the foundations of the economic power of the states concerned, the basis of any revival of state capitalism. Privatization — and its theoretical underpinnings in neoclassical economics — was the ideological and practical recognition of this emerging new world order."[35]

That is, because of the increasing power of private capital in the stronger third-world countries, the state itself no longer plays a necessary accumulative role. Moreover, this is true in capitalism generally: the role of the state is only supportive. Direct state intervention in the economy, as the rotting Stalinist examples demonstrate, is unproductive and irrational from the standpoint of capital. But if this were true, Callinicos observes, then military rivalry between countries would decline. Harris reluctantly agrees: "One of those sources of optimism is the weakening of the drive to war; as capital and states become slightly dissociated, the pressures to world war are slightly weakened."[36]

Of course, since war is a function of states, under Harris' scheme militarism cannot be the primary form taken by capitalist competition. Harris' theory, therefore, is an indirect challenge to Cliffism. For Callinicos the problem lies in Harris' one-sided "treatment of the global integration of capital as an accomplished result."[37] True enough, but again his critique falls short of naming things by their true names: Harris (along with Binns, as we previously saw) is abandoning Bukharinism in favor of Kautskyism, the theory of one international "ultraimperialist" capitalism capable of eliminating the system's drive toward war (Chapter 2).

Bukharinism and Kautskyism are not far apart. Kautsky held that ultraimperialism was possible and therefore that crises and conflicts could be eliminated on the international level. Bukharin thought

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34. Callinicos, p. 86.
35. Harris, *The End of the Third World* (1986), p. 169.
36. Harris, p. 202.
37. Callinicos, p. 97.

ultraimperialism impossible but nevertheless saw crises removable on the national level. The distinction is not fundamental: in the history of capitalism, monopoly has replaced the small-capital stage only to become competitive itself, and the same is true of national capitals. The law of value always reappears between and within the ever-larger blocs of capital.

Kautsky's theory is not counterposed to Bukharin's but extends it. Kautsky's version is more consistent in that he draws out the logical conclusion from the premise that crises can be eliminated: capitalism can be made peaceful. Bukharin's theory is more in tune with the pervasive nationalism that inheres in capitalism. Both are third-system theories that pose a collectivist class society as capitalism's successor; both are therefore worthy theoretical predecessors for the International Socialists. These roots, together with the politics they rationalize, demonstrate that the IS tendency is no alternative to "orthodoxy" for re-establishing the Trotskyist heritage.

2. DEFORMED WORKERS' STATE THEORY

A defining characteristic of "orthodox Trotskyism" has been its conception of the new Stalinist states. The invention of the theory of deformed workers' states in the East is closely related to the adaptation to reformist and middle-class forces in the West.

The theory originated in the late 1940's, when East Europe under Russian rule was transformed to approximate the Soviet model in politics and economics. The old bourgeoisies were overthrown, industries nationalized and capitalist relations seemingly abolished — without a revolution by the working class. The Communist Parties, which according to Trotsky had been marching down the road to reformism, now appeared capable of destroying the bourgeoisie instead of preserving it. The old theory of Stalinism was patently inadequate, and something had to give.

THE "PEOPLE'S DEMOCRACIES"

The central question to be resolved was the class character of the new Stalinist states. Trotskyists who believed that the USSR was still a workers' state were drawn to conclude that the new systems had to be the same. But it was not easy to accept that Stalinism had created workers' states; much Marxist heritage had to be overcome. As James Cannon, the leader of the American SWP, put it:

"I don't think you can change the class character of the state by manipulations at the top. It can only be done by a revolution which is followed by a fundamental change in property relations. ... If you once begin to play with the idea that the class nature of the state can be changed by manipulations in top circles, you open the door to all kinds of revisions of basic theory."[38]

But the door had already been opened through adaptations to the middle-class programs of democracy and nationalism and accommodations with reformists in the unions. In purely logical terms, the Fourth International could have reasoned the other way: that is, the fact that the Soviet satellites had been transformed from above should have proved they weren't workers' states — and therefore Soviet Russia wasn't either. Indeed, at first the FI insisted that the new Stalinist states could only be capitalist. With good reason: many capitalists in East Europe still held their property, the old parliaments had been revived, and bourgeois politicians were in the governments (as were a few leading fascists, and, in Romania, the king!).

The ruling Stalinists even adopted a formally bourgeois terminology for their states: "people's democracies" in East Europe and "new democracy" in China. Cosmetic though these bourgeois titles were, they indicated Stalin's purpose of keeping the satellites as states whose underlying class relations were capitalist. They also reflected his desire to maintain the alliance with bourgeois forces internationally that had characterized Stalinism since the 1930's.

Ernest Mandel correctly insisted for a time that "We will continue, until we have sufficient proof to the contrary, to consider as absurd the theories of a ... degenerated workers' state being installed

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38. Cannon, SWP (U.S.) *Internal Bulletin*, October 1949, pp. 25-6.

in a country where there has not previously been a proletarian revolution."[39] Polemicizing against Shachtman's theory that the Stalinist states were bureaucratic collectivist and therefore non-capitalist, Mandel mocked, "Does he really think that the Stalinist bureaucracy has succeeded in overthrowing capitalism in half of our continent? Shachtman again finds himself in this hardly enviable position of having to share his views with the Stalinists!"

By early 1948 the Communists had swallowed the other working-class parties, ousted their bourgeois coalition partners and completed the nationalization of major industry. Now there were few differences in property forms between Eastern Europe and the USSR. But the FI did not change its analysis. Its position that the Soviet Union was a workers' state while the others were capitalist was inherently unstable, demonstrating that its theory was too fragile to confront real changes in the world.

So when Tito's Yugoslavia was kicked out of the Stalinist fraternity, the FI abandoned its theory overnight and declared Yugoslavia both proletarian and revolutionary. By 1951 the contradiction was resolved through the formula of the International's leader, Michel Pablo: the Eastern European countries were all redefined to be workers' states — not "degenerated" like the USSR but "deformed," because they had never been genuine workers' states to begin with.

Cannon's warning was apt, although he too went along with Pablo. The creation of a workers' state is not just a matter of economic forms; it is the result of a social revolution that places state power in the hands of the working class. Since it inaugurates the period of transition to communism, it is in fact the *socialist* revolution. And it must be a *conscious* achievement of the workers (that is, it requires leadership by a revolutionary party): as we have seen, the task of a workers' state is to fight against the pressures of capitalism and its laws, unlike the bourgeois revolution which overturns restrictions on the operation of the blind law of value. By asserting that the socialist revolution was a task accomplished by the petty-bourgeois Stalinists after smashing the workers' own efforts, the Pabloite "deformed workers' state" theory turned Marxism upside down.

THE DATE QUESTION

A specific difficulty never resolved by the FI was to determine the "date" of the revolutionary changeover. When exactly had these socialist revolutions had taken place: in 1944-45 at the time of the Stalinist conquests, or in 1947-48 when the old bourgeoisies were ousted from their share of power? Either alternative led to insuperable difficulties.

To place the revolutionary date at 1947-48 or later says that the social transformation left the state apparatus unchanged, since the Stalinists controlled the armed forces and the state bureaucracy both before and after. This directly contradicts the Marxist principle that a state is the organ of its ruling class; the same state cannot serve first an exploiting ruling class, then participate in the rulers' overthrow and end up serving the formerly exploited working class. Even if we accept for the sake of argument the contention that the Stalinists held state power "in trust" for the workers, this still means that class power was transformed peacefully with no change in the state, for previously the Stalinists had ruled in trust for the bourgeoisie.

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39. Mandel, "The Conflict in Poland," *Fourth International* (1947).

Such a theory echoes the revisionist method of Bernstein, and it is no abstract formality. The principle it violates had been the historical demarcation between reform and revolution, a lesson paid for with the blood of millions of workers. It was learned by Marx and Engels from the experience of the Paris Commune's failure to smash the bourgeois state machinery. The point was so fundamental that it led them to amend the Communist Manifesto: "One thing especially was proved by the Commune," they wrote in their preface to the 1872 German edition, "that 'the working class cannot simply lay hold of the ready-made state machinery and wield it for its own purposes'." But that is precisely what the new theory claimed that the Stalinist party did in the name of the working class.

Such a theory would also imply that the Russian revolution had not created a workers' state until at least a year after the Bolshevik revolution. For it was not until late 1918 that the industrial property of the bourgeoisie was nationalized, and that only in the limited territory controlled by the Red Army. Of course, no Marxist analysis of the USSR has ever made this claim, since it is undeniable that the working class took state power in 1917.

On the other hand, if the date of the East European revolution is put at 1944-45, then the Stalinist forces become the agent of proletarian revolution at the very moment when they were crushing the movement of workers' revolt. In reality, at that time Stalin hesitated to break with the Allied imperialists and the local bourgeoisies for several reasons: he hoped to maintain the wartime alliance, following the agreement with Churchill (Chapter 6); and the working class was as yet undefeated. So the Stalinist social turnover came only later. As Trotsky had noted, nationalized property would prove too tempting an object to place within the grasp of an active, undefeated workers' movement.

A further difficulty in seeing a socialist revolution in 1944-45 is that in two regions originally occupied by the Soviet forces, Finland and Eastern Austria, the troops were later withdrawn. If Soviet occupation in itself meant proletarian revolution, then these territories would have reverted peacefully to capitalism after being workers' states. A peaceful social counterrevolution violates Marxist theory just as much as a peaceful social revolution.

In either case, labeling the Stalinist states proletarian means that socialist transformation can be achieved without overthrowing the bourgeois state — the hallmark of reformism. No wonder the different wings of Pabloism (we use this term for all those who accept the deformed workers' state theory) have had to concoct a never-ending series of rationalizations in place of theory. They cannot decide precisely *which* states are deformed workers' states — even within the same international organization.[40] No wonder, decades later, that so many of the Pabloites (or Soviet "defensists," as they prefer to call themselves) acknowledge that there are still deep problems in explaining the transformations.[41]

Pablo's "solution" had an interesting predecessor, the minority in the American SWP led by James

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40. Pol Pot's bloody regime in Cambodia proved a particularly tricky case to handle. If it was a workers' state it was one that killed or deproletarianized the entire working class. For attempts to square the circle, see the debate in *Intercontinental Press*, June 4, 1979.
41. "I think it is just to say that we have not yet achieved a fully satisfactory unified theory." (Joseph Hansen, "The Social Transformations in Eastern Europe, China and Cuba," in *The Workers and Farmers Government*, SWP Education for Socialists pamphlet, 1969). "The orthodox Trotskyists ... could not construct a theory to explain the East Europe transformation without embracing non-revolutionary conclusions." ("Genesis of Pabloism," *Spartacist* No. 21, 1972).

Burnham and Joseph Carter in 1937 (before the Shachtman split). Burnham and Carter argued that the USSR was no longer a workers' state and not yet a bourgeois state — but since it was based on nationalized property, it was still socially progressive and must be defended against capitalist imperialism.[42] Their method was to grant progressive status to a state based on nationalized property whatever its class nature, overlooking the dialectical reality that proletarian achievements, including the state property form, could be turned against the workers by their exploiters. The Pabloites accepted this error and went further: such a state was not only progressive but automatically proletarian as well.

In adopting the deformed workers' state position, the FI made no visible attempt to clarify the implications. It did not review its own previous analysis of Eastern Europe as capitalist. It left the ground open for later debates as to whether the CPs were no longer Stalinist because of their revolutionary achievements, or whether they had been pressured by the proletarian struggle. And when new revolutionary situations arose, the theory failed across the board. Different wings of the FI and its successor groups could not agree on when China became a workers' state, some saying that the fundamental social transformation occurred with the 1949 revolution, others in the mid-1950's when property was fully statified. Even decades later the theoretical problems remained unresolved. After the Nicaraguan revolution of 1979, Mandel's United Secretariat recognized that the Sandinista-led state was still capitalist. Six years later it reversed itself, with the majority now saying that the revolution had created a workers' state. A theory that allows its practitioners to overlook or deny every "socialist revolution" since World War II can hardly be recommended as a guide to action.

It took a deviant branch of "orthodox Trotskyism," the Spartacist tendency, to cut through the date question and express the anti-Marxist essence of Pabloite theory. For them, the Eastern European countries between 1944 and 1948 were *indeterminate* states (or perhaps *no states at all*), because the regimes in power were not committed to either capitalist or socialist economic forms; Nicaragua was in the same limbo for nine years (at least) after 1979.[43] The Spartacists' indeterminacy theory is well named: it is totally unable to predict which forms of property the Stalinist rulers will adopt. Of course, the idea of a class-neutral or class-independent state (or a non-state) lasting for more than a historical instant — in this epoch of revolutionary conflict — is absurd both in theory and reality. And it is centrist to the core: it allows its perpetrators to blur class lines and offer support to the "non-class" regime. As Trotsky observed, the "non-Marxist definition of the USSR as neither a workers' nor a bourgeois state opens the door for all kinds of conclusions."[44]

The Pabloite dilemma of explaining Stalinist expansion *against* the working class ceases to be a problem once Marxists understand the postwar USSR to be capitalist: its copies are capitalist too. In seizing state power from the Nazis and their puppets, the Stalinists carried out political, not social, revolutions, changing regimes by force while maintaining capitalist relations of production. They

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42. Burnham and Carter, "Amendment to Resolution on the Soviet Union," in G. Breitman, ed., *The Founding of the Socialist Workers Party* (1982). Trotsky's polemic, "Not a Workers' and Not a Bourgeois State?" (*Writings 1937-38*) was written in reply to this document.
43. *Workers Vanguard*, April 19, 1985 and September 4, 1987.
44. Trotsky, "Not a Workers' and Not a Bourgeois State?", *Writings 1937-38*, p. 69; his polemic against soon-to-be Shachtmanites of the 1930's hits the Spartacists head on. Interestingly, the combined Mandelite/Shachtmanite Solidarity tendency (of the U.S.) today has the same view of Nicaragua. The roots of Shachtmanism and Pabloism intertwine.

did the job in two stages. At first they kept bourgeois elements as partners, but once the workers were suppressed and pressure from Western imperialism increased, they used their monopoly of official violence to defend the national capital and clean house. This interpretation conforms with the actual history of the period rather than evading or distorting it to fit it a theoretical Procrustean bed.

THE "WORKERS' GOVERNMENT"

Pabloite theorists claim that their theory is grounded in Trotsky's analysis, despite Trotsky's characterization of Stalinism as a petty-bourgeois and counterrevolutionary force. The claim to orthodoxy is often based on a tortured interpretation of passages from the Transitional Program on the "workers' and farmers' government" slogan.

During the Russian revolution, the Menshevik and Social Revolutionary parties had joined the bourgeois Provisional Government. The Bolsheviks demanded that they break with the liberals and take power into their own hands. Had this happened, these petty-bourgeois parties would thereby have created "a government of workers and peasants, that is, a government independent of the bourgeoisie." But they dared not take power for fear of further weakening capitalist rule: "the 'workers' and peasants' government created by them could only have hastened and facilitated the establishment of the dictatorship of the proletariat."[45]

That is, the purpose of Lenin's tactic was to place the Mensheviks in office so that their subservience to capitalism would be made visible to all. In words he used some years later, Lenin offered critical support "as a rope supports a hanged man." Less advanced workers who believed at first that reformist gains (changing the *government*) would answer their demands could then be won to the revolutionary program of overthrowing the bourgeois *state* (and all of its governments). Through the workers' government slogan, revolutionaries could prove the inability of the petty-bourgeois parties to fulfill the masses' needs, whether they dare take office or not.

Trotsky advocated a similar tactical use of the workers' government slogan as a demand on the leaders of working-class parties in the crisis conditions of the 1930's. Such a government could only occur under revolutionary conditions, since it would be a life-and-death challenge to the bourgeoisie — ousting the ruling class from the government of its own state. And even then it could have only a fleeting existence: either it leads to the workers' revolution, or it is defeated and bourgeois order is bloodily restored.

Pabloites insist that Trotsky's position means that Stalinism could accomplish the proletarian task of socialist revolution, even though Menshevism could not. Here is the passage they cite as evidence:

"Is the creation of such a government by the traditional workers' organizations possible? Past experience shows ... that this is to say the least highly improbable. However, one cannot categorically deny in advance the theoretical possibility that, under the influence of completely exceptional circumstances (war, defeat, financial crash, mass revolutionary pressure, etc.) the petty-

45. Trotsky, "The Death Agony of Capitalism and the Tasks of the Fourth International" (1938), in *The Transitional Program for Socialist Revolution* (1973), pp. 134-5.

bourgeois parties including the Stalinists may go further than they themselves wish along the road to a break with the bourgeoisie. In any case one thing is not to be doubted: even if this highly improbable variant somewhere at sometime becomes a reality and the 'workers' and farmers' government' in the above-mentioned sense is established in fact, it would represent merely a short episode on the road to the actual dictatorship of the proletariat."

The "orthodox" reading of this passage is that the Stalinists (or social democrats) could create a workers' government and then find themselves propelled to establish the proletarian state. This is alleged to be what happened in the 1945-48 period: the joint Stalinist-bourgeois regimes were "workers' governments" on the road to workers' states.

But that is not at all what Trotsky says. He does state that the Stalinists, unlike the Mensheviks in 1917, might be forced to take governmental office "independent of the bourgeoisie" — that is, without bourgeois parties in the government — and that such a step would help bring about the workers' state. But this does not mean that the *Stalinists* would make the socialist revolution. On the contrary, Trotsky's explicit analogy to Lenin's slogan in 1917 ("the above-mentioned sense") shows that he means just the opposite. If the Stalinists' and reformists' unwillingness to break with capital is exposed, the revolutionaries could win leadership of the workers, and the socialist revolution would then be made — *against* them. That is why putting them in office would "represent merely a short episode" on the road to socialist revolution: it would be a short step to their overthrow.

Moreover, since placing Stalinists in office does not lead to their making a social revolution, all the less does it mean that Stalinism in office *already* signifies the proletarian dictatorship. What is "merely a short episode on the road" is not the thing itself; the "short episode" ends with the proletarian revolution. The "workers' and farmers' government" slogan is a revolutionary tactic, not a shortcut for bypassing the revolution.

The Pabloites developed the "workers' government" dodge further, using it to suggest that the Stalinist takeovers went through a stage where the state was momentarily neither bourgeois nor proletarian. Back in 1943, they wrote retrospectively, in those areas where the Yugoslav CP had taken power, "this part of Yugoslavia ceased to be a bourgeois state; under a workers' and peasants government it advanced toward the final accomplishment of the proletarian revolution." Only in late 1945, when the last bourgeois ministers left the central government, could it be said that "the transition between the workers' and peasants' government and the dictatorship of the proletariat was being completed."[46] In this case the workers' government was evidently something between a bourgeois and a workers' state in the spirit of Burnham and Carter, a handy way of avoiding the difficulties inherent in choosing a specific historical moment for the alleged workers' revolution.

Trotsky had given a sharp answer to Comintern theorists, predecessors of the Pabloites, who insisted on an intermediate stage before the socialist revolution. Writing about the Spanish revolution in 1931, he said:

"These people dream of a process of evolutionary transformation from a bourgeois into a socialist revolution, through a series of organic stages, disguised under different pseudonyms: Kuomintang,

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46. "The Yugoslav Revolution," resolution of the Third World Congress *Fourth International*, 1951.

'democratic dictatorship,' 'workers' and peasants' revolution,' 'people's revolution' — and what is more, the decisive moment in this process when one class wrests the power from another is unnoticeably dissolved. ...

"It is not the bourgeois power that grows over into a workers' and peasants' and then into a proletarian power; no, the power of one class does not 'grow over' from the power of another class but is torn from it with rifle in hand. But after the working class has seized power, the democratic tasks of the proletarian regime inevitably grow over into socialist tasks. An evolutionary, organic transition from democracy to socialism is conceivable only under the dictatorship of the proletariat. This is Lenin's central idea."[47]

That central idea was violated by those trying to find a proletarian regime where there was none.

BUREAUCRATIC REVOLUTION

Another justification for the claim of the Pabloism to Trotskyist legitimacy concerns the events of 1939, when the Soviet Army seized half of Poland in conjunction with the German invasion and incorporated the territory into the USSR. Trotsky still regarded the Soviet Union as a workers' state and saw the incorporation as an extension of the socialist revolution. Nevertheless, he indignantly rejected the view attributed to him that the Stalinist bureaucracy was a revolutionary agency:

"My remark that the Kremlin with its bureaucratic methods gave an impulse to the socialist revolution in Poland is converted by Shachtman into an assertion that in my opinion a 'bureaucratic revolution' of the proletariat is presumably possible. This is not only incorrect but disloyal. My expression was rigidly limited. It is not a question of 'bureaucratic revolution' but only a bureaucratic impulse. To deny this impulse is to deny reality. The popular masses in western Ukraine and Byelorussia, in any event, felt this impulse, understood its meaning and used it to accomplish a drastic overturn in property relations."[48]

Trotsky here credited the transformation to the masses, not the Stalinists. His understanding of the counterrevolutionary nature of Stalinism led him to deny that the Stalinists themselves could have made a revolutionary overturn of property relations. A few months earlier, however, he had written:

"It is true that in the occupied regions the Kremlin is proceeding to expropriate the large proprietors. But this is not a revolution accomplished by the masses, but an administrative reform, designed to extend the regime of the USSR into the new territories. Tomorrow, in the 'liberated' regions, the Kremlin will pitilessly crush the workers and peasants in order to bring them into subjection to the totalitarian bureaucracy."[49]

Trotsky seems torn between crediting a revolutionary overturn to the masses and denying the revolutionary character of the Stalinists' acts. The contradiction in his assessment can be resolved only by recognizing that the overturn of the old bourgeoisie and their property was a political revolution,

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47. Trotsky, "The Spanish Revolution in Danger," in *The Spanish Revolution*, pp. 121-3.
48. Trotsky, "From a Scratch — to the Danger of Gangrene" (January 1940), *In Defense of Marxism*, p. 130.
49. Trotsky, "The U.S. Will Participate in the War," *Writings (1939-40)*, p. 96.

replacing one form of capitalist property by another.

In fact, it appears doubtful that the transformation of private to state property in 1939 was accomplished by the largely peasant masses of the eastern Polish territories. There was a major social upheaval — including looting and expulsions by Ukrainian and Byelorussian peasant bands and village militias, partly on a class but also on a national basis, with Polish settlers the chief victims. There was also requisitioning and looting by the Soviet forces, of both large landowners and ordinary peasants, workers and other urban residents. Finally, there were expropriations of landowners, by the Soviet authorities. The chaos inspired by the war in general and the Soviet conquest in particular had an ambiguous, mixed character, combining class, national and banditry elements.[50]

In contrast, in the Baltic countries taken over by the Soviets in 1940, the working class was a major element of the population; there the Stalinists did not dare undertake the risk of property overturns until their power had been securely established after World War II.

In any case, the postwar events in Eastern Europe were very different from 1939. Then there *were* mass takeovers of bourgeois property, inspired by the Nazis' defeat. But the victorious Stalinist forces reversed the workers' revolutionary changes, restored sections of the old bourgeoisie to a share of power — and undertook full statification only later, after they had suppressed all working-class action. Russia's victory indeed gave an "impulse" to the masses, but the Stalinists' seizure of power was based not on riding that impulse but on crushing it. In a masterpiece of political evasion, Joseph Hansen, an SWP leader who bore a major responsibility for the Pabloite theory, rejected concrete historical analysis in favor of a smudge:

"Now, if we do not draw air-tight, metaphysical dividing lines between the various stages of this process in Eastern Europe, but for theoretical purposes consider it as a whole, that is, regard this entire period since the Red Army entered these fringe-lands of the USSR in combat with the German armies as one 'moment,' an episode in world history, what is it but a social revolution started by the masses under the influence of the Soviet Union and deformed by the political counterrevolution conducted by the Kremlin?"[51]

The difference between a workers' revolution and a counterrevolution that crushes them is "metaphysical" only to one who sees a "workers' state" as the embodiment of structural property forms rather than class relations. The same refusal to draw "metaphysical dividing lines" characterizes the legions of bourgeois historians who regard the Soviet state of Lenin's day and the empire of Stalin as one and the same totalitarian monstrosity.

Unfortunately, Trotsky's principled insistence that social transformations require mass revolutions was borne out only negatively after the war. Then the Stalinist takeovers were precisely the "bureaucratic revolutions" he denied before the war. To claim Trotsky's authority for calling them

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50. Trotsky's cited sources for the masses' actions were articles from the Menshevik press and the *New York Times* of January 17, 1940 (*In Defense of Marxism*, pp. 131-2). Curiously, we have checked the *Times* files and can find no such article. For an account of the Eastern Polish events, see Jan T. Gross, *Revolution from Abroad* (1988), pp. 59-66.
51. Hansen, "The Problem of Eastern Europe" (1950), in *Class, Party and State in the Eastern European Revolution*, SWP pamphlet (1969), p. 32.

socialist revolutions — at a time, moreover, when the specific history of anti-proletarian counter-revolutionary measures was clearly established — is not only "incorrect and disloyal" but deceitful as well.

Hansen's theory at least had the merit of trying to find some proletarian content in the birth of the "deformed workers' states." Subsequently the FI denied the proletarian role, a more accurate position historically but an even more cynical one with respect to Marxist theory. The resolution on Eastern Europe at the Third World Congress in 1951 admitted that "These states have arisen not through the revolutionary action of the masses but through the military-bureaucratic action of the Soviet bureaucracy, thanks to exceptional circumstances created by the last war ... ." What was not admitted, however, was that the Stalinist conquests required a great defeat of the working class. Thus the FI was left claiming that a progressive new society has been created by Stalinism. The door was left wide open for wholesale revisions of basic principles and a cynical adaptation to middle-class politics.

TROTSKY ON CHINA

It was possible to interpret Trotsky disloyally about the post-World War II events because he was dead. But he was alive during a parallel situation, the creation of "soviet governments" in the areas of China ruled by the Chinese Communist Party (CCP) in the 1930's. This presents a clear test of the deformed workers' state theory. What was the class character of these states? Were they workers' states, or in some sense destined to become so when the CCP conquered all of mainland China in 1949? And if they were, why did Trotsky not take note of so significant a fact?[52]

In fact Trotsky did discuss the areas ruled by the CCP, and he rejected the idea that they could be considered proletarian or genuinely soviet, because the working class was not involved. By the 1930's the CCP under Mao had abandoned its former proletarian base in the cities and staked its hopes on the peasant movement in areas ruled by the Red Army. Trotsky wrote:

"The Stalinist press is filled with communications about a 'soviet government' established in vast provinces of China under the protection of a Red army. Workers in many countries are greeting this news with excitement. Of course! The establishment of a soviet government in a substantial part of China and the creation of a Chinese Red army would be a gigantic success for the international revolution. But we must state openly and clearly: *this is not yet true*.

"Despite the scanty information which reaches us ..., our Marxist understanding of the developing process enables us to reject with certainty the Stalinist view of the current events. It is false and extremely dangerous for the further development of the revolution. ...

"When the Stalinists talk about a soviet government established by the peasants in a substantial part of China, they not only reveal their credulity and superficiality; they obscure and misrepresent the fundamental problem of the Chinese revolution. The peasantry, even the most

52. Our argument in this section is taken from "Was Trotsky a Pabloite? Part 2," *Socialist Voice* No. 4 (1977). Similar reasoning from a different point of view can be found in Alan Westoby, *Communism Since World War II* (1981), pp. 377-387.

revolutionary, cannot create an independent government; it can only support the government of another class, the dominant urban class.

"The peasantry at all decisive moments follows either the bourgeoisie or the proletariat. ... This means that the peasantry is unable to organize a soviet system on its own. The same holds true for an army. More than once in China, and in Russia and in other countries too, the peasantry has organized guerrilla armies which fought with incomparable courage and stubbornness. But they remained guerrilla armies, connected to a local province and incapable of centralized strategic operations on a large scale. *Only the predominance of the proletariat in the decisive industrial and political sectors of the country* creates the necessary basis for the organization of a Red army and for the extension of the soviet system into the countryside. To those unable to grasp this, the revolution remains a book closed with seven seals."[53]

Trotsky's critique of isolated peasant soviets was missed in a debate over Vietnam between two factions of Mandel's United Secretariat in the early 1970's. Replying to Pierre Rousset of the majority tendency, the American SWP wrote:

"Rousset tells us that the embryo of a workers' state was created in peasant liberated zones — where there were no workers. What was actually created in embryo in Vietnam, as in China, was the skeleton of the bureaucratic hierarchy that would establish a privileged bureaucratic caste on the Soviet Stalinist model once it had state power."[54]

The SWP's point was that such a bureaucratic caste would be ruling a deformed, not a "healthy," workers' state. There is ample reason to justify the term "deformed" but none to account for a workers' state in the first place. The usual Pabloite argument is that the Communist Party represents the proletariat, and in the Chinese case the CCP was the centralizing force that enabled the peasant-based armies to triumph over Chiang Kaishek and the bourgeoisie. This, however, contravened Trotsky's analysis that the Stalinist CP was a petty-bourgeois organ — above all in China, where the Party was rapidly losing its proletarian cadre. For example, he did not think that the "soviet regions" were proletarian because of the CCP's role. In 1932 he wrote to his comrades in the Chinese Left Opposition:

"In order to express my ideas as clearly as possible, let me sketch the following variant, which is theoretically quite possible.

"Let us assume that the Chinese Left Opposition carries on in the near future widespread and successful work among the industrial proletariat and attains the preponderant influence over it. The official party [the CCP], in the meantime, continues to concentrate all its forces on the 'Red armies' and in the peasant regions. The moment arrives when the peasant troops occupy the industrial centers and are brought face to face with the workers. In such a situation, in what manner will the Chinese Stalinists act?

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53. Trotsky, "Manifesto on China of the International Left Opposition," *Leon Trotsky on China*, pp. 476-480.
54. F. Feldman and G. Johnson, *International Socialist Review*, April 1974, p. 51.

"It is not difficult to foresee that they will counterpose the peasant army to the 'counterrevolutionary Trotskyists' in a hostile manner. In other words, they will incite the armed peasants against the advanced workers. This is what the Russian SRs and the Mensheviks did in 1917; having lost the workers, they fought might and main for support among the soldiers, inciting the barracks against the factory, the armed peasant against the worker Bolshevik. ...

"The struggle between the two communist factions, the Stalinist and the Bolshevik-Leninist, thus bears in itself an inner *tendency* toward transformation into a class struggle. The revolutionary development of events in China may draw this tendency to its conclusion, i.e., to a civil war between the peasant army led by the Stalinists and the proletarian vanguard led by the Leninists.

"Were such a tragic conflict to arise, due entirely to the Chinese Stalinists, it would signify that the Left Opposition and the Stalinists ceased to be communist factions and had become hostile political parties, each having a different class base."[55]

An extremely farsighted analysis. Trotsky did not consider the Stalinist degeneration inevitable, but he was writing a year before the Comintern's capitulation to Hitler forced him to recognize that Stalinism was no longer a revolutionary proletarian current. As events turned out, the Chinese Left Opposition was unable to win leadership of the proletariat, but the Chinese Stalinist armies did confront the workers "in a hostile manner" when they took power in 1949.

The Fourth International expected, right up to Mao's victory, that he would forever capitulate to Chiang. (Not without reason: the CCP had appealed to the U.S. and attracted significant bourgeois support, because of the Kuomintang's banditry towards its own class.) The FI's misjudgment was due in part to Trotsky's underestimation of the strength of Stalinism, a strength rooted in its conquest and overthrow of the Soviet workers' state. The Pabloites concluded at first that the Mao regime represented a "workers' and peasants' government" in transition to a workers' state, analogous to their theory for Eastern Europe. (The American SWP could not make up its mind and held off deciding for several years.)

The Maoists' term for their regime was "new democracy," meaning a "multi-class" government under CP leadership capable of evolving peacefully into a full-fledged socialist state. This was a variant of the "democratic dictatorship of the proletariat and the peasantry," the slogan dropped by Lenin in 1917 but revived afterwards by the Stalinists with a very different class content. The CCP hesitated to proceed with statification of property until the last possibility of imperialist aid was excluded; that happened with the Korean war. Indeed, nationalization was more advanced in Chiang's Taiwan than on the mainland for some years. (Even after statification, many bourgeois were allowed to retain comfortable positions as managers of their former property.) The postponement of Stalinization had the same explanation as in Eastern Europe: it was first necessary to neutralize the working class.

Subsequently, while the CCP itself was still insisting that its state was not proletarian, the Pabloites decided that a workers' state *had* been created. They too, in effect, had adopted the Stalinist "democratic dictatorship" theory, allowing a peaceful transition from a workers' government (under

55. Trotsky, "Peasant War in China and the Proletariat," *Leon Trotsky on China*, pp. 529-30.

a still-bourgeois state) to socialism. Trotsky and the Left Opposition had made more than clear that this was an impossible position for Marxists to hold:

"The Stalinists say that the democratic dictatorship, as the next stage of the revolution, will grow into a proletarian revolution at a later stage. This is the current doctrine of the Comintern, not only for China but for all the Eastern [i.e., "third-world"] countries. It is a complete departure from the teachings of Marx on the state and the conclusions of Lenin on the function of the state in a revolution. The democratic dictatorship differs from the proletarian in that it is a *bourgeois*-democratic dictatorship. The transition from a bourgeois to a proletarian dictatorship cannot occur as a peaceful process of 'growing over' from one to the other. A dictatorship of the proletariat can replace a democratic, or a fascist, dictatorship of the bourgeoisie only through armed insurrection."[56]

This is the same argument we raised above against the "deformed workers' state" thesis for Eastern Europe. The Chinese case makes clear not only that such a theory has no basis in Trotsky's thinking, but also that Trotsky had argued specifically against it! If China in the 1950's could "grow over" from a workers' government to a workers' state, why couldn't the Chinese Stalinist "soviets" do the same two decades before? Trotsky had rejected the theory of deformed workers' states when the question arose during his own lifetime.

In the 1980's the American SWP abandoned its claim to Trotskyism and announced that Trotsky was totally wrong about countries like China: he had underestimated the revolutionary capacity of the peasantry (the old Stalinist slander). This gross misreading of Trotsky is implicit in any version of Pabloism; it is made explicit, unfortunately, not only by the rightward-moving SWP but also by some left Pabloites.[57]

THE END OF THE FOURTH INTERNATIONAL

Once the theoretical leap out of proletarian Marxism had been made, practical adaptation was inevitable. Every petty-bourgeois nationalist, Stalinist or not, was deemed capable by the Pabloites of marching down the road towards a workers' state. Tito was first. When he broke with Stalin for reasons of Yugoslav nationalism, the FI not only declared Yugoslavia proletarian but invited the Titoists to join the Fourth International — as internationalists! (Instead, Yugoslavia soon allied itself with Western imperialism and supported the United States in the Korean War.) This was only the first time the FI leaders proved unable to distinguish internationalism from nationalism.

The conclusive case was the 1952 revolution in Bolivia. Here the International had an influential working-class section, the POR, that could have set a crucial Bolshevik example: Pablo wrote of Bolivia and Ceylon that "power is within reach."[58] But the Pabloites' growing acceptance of non-proletarian nationalist revolutionary forces led them to capitulate to the "anti-imperialist" bourgeoisie, a policy that had already been prepared at the FI's 1951 Congress. The *Resolution on Latin America* called on the Trotskyists to participate, "free from all sectarianism," in mass populist-

56. "Manifesto on China of the International Left Opposition," *Leon Trotsky on China*, pp. 482-3.
57. For example, the Gruppo Operaio Rivoluzionario of Italy and the Revolutionary Workers Party of Sri Lanka in their joint *Guidelines for the Restoration of the Trotskyist Program and for the Rebuilding of the Fourth International* (1987).
58. Pablo, "The Building of the Revolutionary Party," *Fourth International*, Winter 1958. The majority of the FI later capitulated to bourgeois politics in Ceylon too.

nationalist movements such as the Peronists in Argentina, APRA in Peru and the MNR in Bolivia. Specifically:

"In the event of a mobilization of the masses under the preponderant impulsion or influence of the MNR, our section should support the movement with all its strength, should not abstain but on the contrary intervene energetically in it with the aim of pushing it as far as possible up to the seizure of power by the MNR on the basis of a progressive program of anti-imperialist united front.

"... if in the course of these mass mobilizations, our section proves to be in a position to share influence over the revolutionary masses with the MNR, it will advance the slogan of a Workers' and Peasants' Government of the two parties on the basis, however, of the same program, a government based on committees of workers, peasants and revolutionary elements of the urban petty bourgeoisie."[59]

This was an openly Menshevik strategy: a class-collaborationist two-class government of the workers' and bourgeois parties. It was opposed by no section of the FI — to our knowledge, only by one small faction in the American SWP. When the actual revolution broke out in 1952 along the lines predicted, the POR carried out the International's policy. Forsaking proletarian independence and ruthless criticism of all anti-working class forces, it chose instead to support the rise to power of Paz Estenssoro and his MNR — which then used its state power to pave the way for reaction. And the International did nothing to correct the POR's policy once it was seen in action; on the contrary, it encouraged it.[60]

Lenin had renounced the Second International when it proved itself bankrupt in 1914; each of its sections supported its own nation in the imperialist war. Trotsky likewise determined that the Third International was dead in 1933 when it failed to protest the German CP's collapse in the face of Hitler's assault. In the same way the Fourth International perished as a revolutionary organization because of its inability to correct or even protest the POR's betrayal in action in Bolivia. (That several organizations still call themselves "the" Fourth International or some leading committee of it is irrelevant. Names are easy.)

While the Third International had been both a vanguard and a mass organization, the Fourth was largely restricted to a fragile vanguard. But Bolivia was an exception. Although the FI had capitulated to Stalinism and reformism before, this had been done mainly through resolutions, theories and ideas. Bolivia was a decisive test in practice, and for Marxists — materialists — practice is the decisive proof. Trotskyists above all must understand that working-class gains must be defended until every possibility is exhausted. That is why we date the restoration of capitalism in the USSR as late as 1939. Likewise we place the end of the FI as late as possible: when it was absolutely clear in practice that the proletarian character of the organization was extinguished.[61]

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59. *Fourth International*, November-December 1951, pp. 211-12.
60. For documentary evidence see the *Proletarian Revolution* pamphlet *Bolivia: the Revolution the Fourth International Betrayed* (1987).
61. Our method contrasts with the idealism of ultra-leftists who date the end of the Third International to the introduction of a theory, socialism in one country. Similarly, some left Pabloites date the end of the FI to the "centrist positions" adopted in 1951 on Yugoslavia and Stalinism in general: see the pamphlet by the LRCI, *The Death Agony of the Fourth International* (1983), p. 35. An essentially identical position was taken by the U.S. Revolutionary Socialist League in 1983 on its road from Trotskyism to anarchism.

Of course, Bolivia in 1952 did not have the same historical importance as Germany between the World Wars. The German defeat signified an immediate, massive smothering of the proletarian struggle on a world scale as well as the destruction of the International. The Bolivian debacle was a conclusive defeat for the International, and *in this sense* it was also an important setback for the world proletariat.

Imagine what a successful proletarian revolution would have accomplished. Mass upheavals were soon to take place in East Europe, Latin America, Asia and Africa; objective conditions existed for a major reversal of the history of working-class setbacks. A victorious workers' revolution even in a small country could have established the Fourth International as the revolutionary proletarian leadership so desperately needed in all these revolts. A state visibly controlled by genuine workers would have shattered the growing iron curtain of cynicism descending across the world. A workers' Bolivia would have stood as a beacon to the world proletariat like the revolutionary Soviet workers' state after World War I.

The Trotskyists' capitulation to Stalinism was an essential preparation for their debacle in Bolivia. After all, if the petty-bourgeois Stalinists could make the socialist revolution, why not radical nationalists like the MNR? In the 1950's the Trotskyists "discovered" workers' states emerging throughout East Europe and in China, Korea and Vietnam. Although they sometimes labelled them "deformed," the very notion of "workers' states" created without proletarian revolutions had corrupted the Fourth International's perceptions. It could no longer appreciate what a genuine workers' revolution would have meant, how differently it would have acted toward fellow revolutions, what a compelling image it would have presented to workers everywhere.

The collapse of the Fourth International does not mean that its program was rendered obsolete. On the contrary, its program was abandoned. The central task of Trotskyists today is to re-examine that program and the distortions made of it under the pressures of the workers' defeats — and to re-create the Fourth International with an updated program based on the foundations established in 1938.

THE PETTY-BOURGEOIS VANGUARD

The FI's capitulation was reflected in its break-up into a bloc of national groups, each finding its own particular brand of Stalinism or social democracy to adapt to. Its major split took place in 1953. The wing led by Pablo and Mandel, the International Secretariat, strove to bury itself indefinitely in the Stalinist and social-democratic parties; the rival International Committee (IC) of Cannon (U.S), Healy (Britain) and Lambert (France) declared its dedication to "orthodoxy" but its leaders carefully kept their own national satrapies independent. We use the terms "Pabloite" and "orthodox Trotskyist" interchangeably: the "anti-Pabloite" IC bloc maintained Pablo's deformed workers' state theory and drove it to consequences as bad as any of Pablo or Mandel's. Their orthodoxy can only be taken in the sense that Kautsky was an "orthodox Marxist": they left old formulas undeveloped and therefore could not cope with revolutionary changes in the world.

The crucial dispute in France, for example, was not over the Russian question nor *whether* to surrender the revolutionary party's independence — but over *which* reformist trend to tail: the Communist Party and the CGT union federation for Pablo, versus the social-democratic SFIO and Force Ouvrière for Lambert. In the United States, the main disagreement between Cannon and Pablo

was that Cannon would not permit the European center to tell the SWP what to do on its home ground. The subsequent re-fusing of Cannon and Mandel only proved that the original break was not fundamental. Respect for national boundaries is also the key to the pact that keeps the openly anti-Trotskyist U.S. SWP of the 1980's in the same "international" with Mandel.

Further capitulations were outrageous but consistent. A resolution of the Fourth World Congress (of Mandel's wing) in 1954 distinguished China and Yugoslavia as non-Stalinist workers' states, noting that "We do not call upon the proletariat of these countries to constitute new revolutionary parties or to prepare a political revolution." The Fifth World Congress in 1957 hailed the new Gomulka regime in Poland when it gained control of the ruling party, asserting that "The political revolution in Poland had won a first decisive stage," — as if a populist-sounding nationalist Stalinist was a genuine workers' leader. The same resolution hailed Gomulka and Mao Tsetung for defending the right to strike, taking (at best) paper resolutions for reality. The underlying reason for this accommodation was that the Pabloites could not see the Stalinists as members of an alien class, but rather as fellow communists with unfortunate centrist tendencies.

Mandel, endeavoring as usual to provide a theoretical cover, declared that "The global policy of the bureaucracy can be characterized, as Trotsky did, by the notion of *bureaucratic centrism*: by its social nature the bureaucracy tends to pass from one extreme to the other."[62] This was Mandel's analysis of the rulers of *all* the Stalinist states, not just revolutionary ones (in their time) like China and Yugoslavia. But as we showed in Chapter 4, Trotsky abandoned "bureaucratic centrism" once the Stalinists proved themselves consistently counterrevolutionary in the Spanish civil war. Mandel's cover is transparently thin.

Over the years not only Mao, Ho and Castro, but also Algeria's Ben Bella, Cambodia's Pol Pot and Nicaragua's Sandinistas have received the proletarian palm from most sections of Pabloism. As a rationalization for granting petty-bourgeois elements credit for proletarian tasks, the theory of permanent revolution was reconstructed — not as a strategy for the working class and its revolutionary party based on objective conditions but as a compulsion of history. Proletarian activity and consciousness was replaced by a purely objective historical process taking place behind the workers' backs: the pressures of imperialism forced nationalist leaders down the socialist path. In the words of Michael Lowy, a leading Mandelite theorist, "Trotsky, and classical Marxism in general, underestimated the revolutionary potentialities and the political importance of the radical sections of the intelligentsia in the peripheral capitalist societies."[63]

It is the job of reformists to promote confusion between the workers' state and radical forms of bourgeois government in order to delude the working class and forestall revolution. The task of Marxists is to tell the truth and dispel all such illusions. But Trotskyists have repeatedly "forgotten" that the change of one government for another is not a socialist revolution; the bourgeois state and its armed power have to be smashed. For example, Mandel's United Secretariat labeled the nationalist Algerian regime a "workers' and farmers' government" in the 1960's, thereby helping to disorient the masses in the face of the 1965 military coup. The militant Chilean workers' illusions in the "popular" or socialist nature of the Allende government of class collaboration — fallacies en-

62. Mandel, *De la Bureaucratie* (1977), p. 35.
63. Lowy, *The Politics of Combined and Uneven Development* (1981), p. 159.

couraged by a variety of pseudo-Trotskyists — set them up for slaughter at the hands of the 1973 counterrevolution.

An indication of the death of the Fourth International has been the failure of the large pseudo-Trotskyist organizations to construct cohesive international organizations (not to speak of the "world party of socialist revolution") during the opportunities provided by the revived working-class movement in many countries since the late 1960's. The Cliffites' approach is to wait until strong national sections exist, a policy that leads to a sort of "national Trotskyism," building a party in one country without an internationalist practice. In apparent contrast, the Mandelites have fabricated a multinational organization, with separate and often competing practices in different countries. This is linked to the theory of "objective permanent revolution," which interprets petty-bourgeois nationalist movements as sufficient substitutes for the proletariat so that no proletarian vanguard party is needed at all. In the last analysis all these notions are reflections of the post-World War II defeats of the proletariat and the impressive but temporary rise of Stalinism throughout the world.

PABLOISM SUMMED UP

Whereas Trotsky's "degenerated workers' state" was an analysis of a contradictory and highly temporary reality, the post-Trotskyists' notion of deformed workers' states embalms a historical moment for an entire new epoch. (Mandel frequently says that Stalinism is "frozen" halfway between capitalism and socialism — for half a century!) The degenerated Soviet state was moving backward from advances it had once made on the road from capitalism to socialism; its "deformed" companions are allegedly retreating from positions never achieved. They had to have been born dead: this accounts for the absolutely undialectical idea of societies fixed in place. It replaces the permanent revolution of the proletariat with the permanent counterrevolution of the bureaucracy.

The collapse of Stalinism has created a right-left division among the Trotskyist currents of middle-class Marxism. The most opportunist Pabloites and some Shachtmanites, for example, admire the Sandinistas who govern the Nicaraguan state and guide the economy. They see no need to bother with fine distinctions among workers' government, workers' state and socialism; after all, these are all stages in the society that results after the bourgeoisie is sent packing and we or people like us are in charge. "Post-capitalism" is a perfectly adequate term for them: it embraces the different possibilities while assuring the end of capitalism, without promising too many specifics to the masses.

The right-wing Pabloites retain all the old rhetoric about internationalism but identify it with a multiplicity of nationalisms, each seeking to unify and defend its national capital. They empathize with popular figures who echo mass outrage against oppression and exploitation and advocate wholesale changes in the system through increasing the power of the state. They have continually adapted to bourgeois and petty-bourgeois elements standing for statification of the national capital: not just the third-world Bonapartists but types like British Labourites Aneurin Bevin and Tony Benn — and now the Soviet populist Boris Yeltsin. (Some even tail open bourgeois demagogues like Jesse Jackson.)

Left-wing Pabloites, on the other hand, feel a stronger allegiance to the working class and a fear of the implications of deep-going market concessions by the Stalinists. But they fall into most of the

same traps. For example, none of them (despite their political criticisms of the United Secretariat) have gone beyond the theoretical confusions contributed by Mandel.[64] The fundamental notions of which he has been the primary defender — the workers' state as a post-capitalist society, Stalinism's ability to overcome the law of value but not scarcity, and the petty bourgeoisie's capacity to replace the proletariat in making the socialist revolution — are retained by all pseudo-Trotskyist defensists.

A useful illustration is the League (formerly Movement) for a Revolutionary Communist International (LRCI). LRCI claims to have basic theoretical differences with Mandel.[65] In fact it holds all the above Mandelian notions, so its differences are not fundamental; even the differences it has are exaggerated, since Mandel is eclectic enough to assert somewhere or other most of the positions that the leftists claim for themselves. For example, LRCI argues against Mandel that "bureaucratism is not simply an inefficient fetter on the functioning of the planned economy. It actually blocks and threatens the existence of the planned economy." This is true, of course, and is the basis for LRCI's assertion that Stalinism is counterrevolutionary. But it is none other than Mandel's claim that Stalinism is a "frozen" society.

LRCI, like most left Pabloites, insists that the Stalinist revolutions that created "deformed workers' states" were social and anti-capitalist but not socialist. They mean that the class nature of the countries was changed, but not by the proletariat. This reflects their self-identification with the proletariat, but it also reveals the essence of their world view. Shachtman had a similar position: the Stalinist takeovers were not socialist — but they were anti-capitalist because capitalism had obviously been abolished. To call a social system "progressive" at the same time that it is supposed to be "frozen" or blocked against progress toward socialism implies that it is really a third mode of production intermediate in progressiveness between capitalist and proletarian society.

Left-defensists' attempts to get around the contradictions of Pabloism inevitably demonstrate their similarity with Shachtmanism. One group insists there is a qualitative, not just quantitative, difference between the workers' state and the degenerated workers' state. Another refers to the need for the Stalinist state to be "smashed" by the workers as if it was an alien class structure. Yet another credits Stalinism with an "exploitation of its own kind."[66] All of these define the Stalinist states as proletarian, yet their theories belie their label and point in reality to a state with an unspecified new ruling dynamic. Indeed, Shachtman himself, at the start of his trajectory to the right after leaving Trotskyism, held that the Soviet Union was a third form of society. progressive with respect to capitalism. We will see in the next chapter that the logic of Pabloism is difficult to distinguish from Shachtman/Cliffism when it comes to political programs as well as theory.

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64. The International Committee led by Gerry Healy included some prolific theoreticians writing on philosophical and economic questions. But in forty years they produced not one major work on Stalinism.
65. LRCI, *The Degenerated Revolution* (1982), pp. 92-3.
66. Respectively: "The Programmatic Principles of the International Trotskyist Committee," *International Trotskyist Review* No. 1 (1985); "Twenty-two Theses in Defence of Trotskyism," by the LRCI (1987); "Not a True Workers' State," *Il Comunista* No. 7 (1982), by the Gruppo Operaio Rivoluzionario. A similar view is held by the Spartacists.