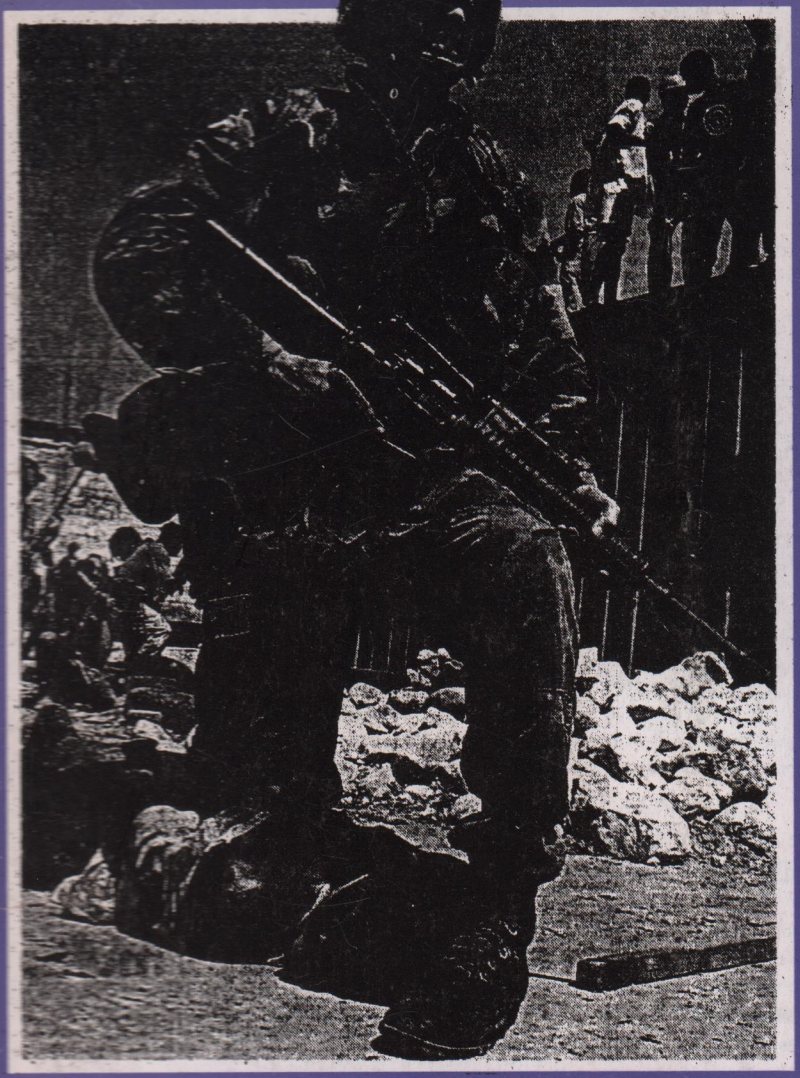
Trotskyist International



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Special issue: Perspectives for the world class struggle

A new, historic period

Global recovery - can it last?

South Africa, Palestine, Ireland - can the settlements survive?

The Third World's new workers' movements

Eastern Europe - the painful transition to capitalism

Five years since the "end of history"

Chaos in the new world order



English language journal of the League for a Revolutionary Communist International

Trotskyist International 15

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Issue 15 is the last issue in the current series of Trotskyist International. We have decided to fuse TI with Permanent Revolution, the theoretical journal of the Workers Power (Britain). This is in order to centralise the theoretical work of English speaking sections of the League and to ensure a wider audience for articles from every section of the LRCI. The first issue of the new journal will appear in December, with a new design. It will include an in-depth study of the rise of European fascism. All subscriptions to both journals will be transferred.

The LRCI includes: Arbetarmakt (Sweden) Gruppe ArbeiterInnen Standpunkt (Austria) Gruppe Arbeitermacht (Germany), Irish Workers' Group (Ireland), Poder Obrero (Bolivia), Poder Obrero (Peru), Pouvoir Ouvrier (France) Workers Power (Britain), Workers Power (New Zealand-Aotearoa).

Cover: US soldier in Haiti, September 1994

In this issue

This issue of Trotskyist International is a special edition devoted to analysing the global political and economic situation.

With the fall of Stalinism we have seen, over the last five years a fundamental change in the world situation. *Chaos in the new world order* surveys the far-reaching effects of the new situation, showing how the fundamental contradictions of capitalism have been deepened, and predicting renewed outbursts of revolutionary struggle. *The collapse of Stalinism* is a detailed study of the causes and consequences of the fall of the bureaucratic system and an outline of the changes in programe and tactics it implies for revolutionaries.

Both articles are based closely on resolutions of the Third World Congress of the LRCI.

The final article in this issue announces another of the results of the Third Congress: the admission of the former *Mot Strömmen* (Against the Stream) tendency of the Swedish Socialist Party as the new Swedish section of the LRCI.■

The world class struggle towards 2000

Chaos in the new world order

The collapse of the USSR and its satellite regimes in Eastern Europe, between 1989 and 1991, marked a historic turning point. In the following articles, based on documents of the LRCI's Third Congress, ***Trotskyist International*** *looks at the shape of the new period and the struggles ahead for the working class.*

The division of the world between the imperialist powers and the Stalinist bureaucracy has been abolished. The bi-polar world order has been destroyed in a series of events of equal magnitude to those of the late 1940s, which first established it. The historic character of the events of these years can be seen from the fact that the whole template of international relations has been torn up. The NATO-Warsaw Pact conflict has ended. The tacit support of the United States for racist South Africa, Israel and a whole series of semi-colonial dictatorships has undergone radical change. The United Nations stands on the threshold of fundamental change under the pressure of imperialism.

A new extended period in world politics is opening, one whose character will be more revolutionary than the early post-war decades. Capitalism's economic stability and strength is being eroded and this in turn will contribute to the growth of inter-imperialist rivalry. Profound political instability and crisis will spread to the imperialist countries and to the moribund degenerate workers' states, while in key semi-colonies the bourgeoisie will be confronted by a growing working class. No sector of the world will achieve lasting stability, and the interlinking of struggles in each of them will be qualitatively greater than in the 1948-89 period.

For the moment the revolutionary character of this period is still obscured by the results of the severe, if temporary, defeats that the proletariat suffered after the upheavals of 1989. The revolutionary events of that year initiated many changes, but the working class lost the opportunity to make a political revolution.

As a result a counter-revolutionary reaction set in as pro-capitalist forces seized power. This has given the general world situation over the past three or four years a reactionary character, although the form that this has taken has been that of democratic, not a fascist or bonapartist, counter-revolution. Whilst important, indeed historic, social gains of the proletariat have been weakened or lost, whilst opportunities for proletarian revolution have been squandered, the democratic rights of the proletariat under bourgeois rule have been preserved and even extended. The course of the East European "revolutions" during the years 1989-92, for example, all resulted in the installation of democratic counter-revolutionary political regimes in the moribund degenerate workers' states.



PORT AU PRINCE, HAITI, 1994

Added to this we have seen the successful negotiation of pro-imperialist settlements in a number of regional conflicts inherited from the period of the Cold War. Since the beginning of the 1990s, the imperialists have largely succeeded in their intervention in the Middle East. Iraq's pretensions were nullified. Lebanon has been stabilised, at the price of its domination by Syria. The retreat by the PLO leadership, and the presence of a more flexible government in Israel, have contributed to the fact that, for the moment, the main force opposed to imperialism in the Middle East, the Palestinian people, has lost its political bearings and is in deep confusion. Similar processes and results have been at work in Central America, South East Asia and South Africa.

Moreover, the collapse of Stalinism has led many "anti-imperialist" regimes and movements in the semi-colonial world to abandon or greatly modify their goals. Even in the imperialist countries both the trade union and political wings of the labour movement have found new reasons to deepen their class collaboration.

The collapse of the USSR has undoubtedly resulted in a strengthened United States. The USA has used the momentum gained to impose a whole series of pro-imperialist settlements on the key crisis spots inherited from the era of the Cold War. The US has used its relative world economic pre-eminence and its absolute military dominance to open up many semi-colonial

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regimes both economically and politically. The US likewise retains powerful leverage within the blocks of its European and Japanese imperialist rivals. Huge investments by US multinationals deter protectionist measures against the US; hundreds of thousands of troops and NATO inhibit Europe and Japan's capacity to take independent politico-military initiatives. The serious problems in the unification process in the European Union, the political incoherence demonstrated over policy towards ex-Yugoslavia, and the deepening crisis of the Japanese political system all reveal the temporary weakness of the USA's rivals.

"Imperialism labours under the effects of a twenty year long period of declining profits and depressed accumulation, oscillating between low growth and outright stagnation, ensnared in global overcapacity and intensifying competition."

Despite these reactionary victories the decades ahead will not prove to be ones of political stability or economic expansion for imperialism. On the contrary, it will become ever clearer, as time goes on, that we are actually entering a period of deeper revolutionary crises than those which marked the 1949-1989 period. World capitalism does not have the economic or political pre-requisites to establish a long lasting stability, even in the imperialist heartlands; even if is able to destroy all the degenerated workers' states it cannot create a stable and expanding capitalism on their ruins.

The first and most important reason for this is the ever more pronounced stagnation of the productive forces in the principal imperialist countries when examined over successive business cycles after 1973. Imperialism at the end of the Cold War is not the dynamic economic force it was at the beginning of the Cold War. It labours under the effects of a twenty year long period of declining profits and depressed accumulation, oscillating between low growth and outright stagnation, ensnared in global overcapacity and intensifying competition. In the metropolitan imperialist powers declining productivity, ageing populations and "generous" inherited welfare commitments cramp profitable expansion. The 1990-93 global recession, the third during the last twenty years, further weakened imperialism's economic strength, forced it to exact even more tribute from some semi-colonies and to marginalise even further the vast bulk of the world's countries from the mainstream of productive economic activity. This period of depressed accumulation indicates that imperialist capital, despite its political victories, has been unable to achieve an economic re-ordering equivalent to that of the 1940s.

Closely connected to this phenomenon is the intensification of inter-imperialist rivalry. This is occurring firstly in the economic arena and will later spill over into the political and military ones too. This rivalry promotes the formation of three regional blocs and ensures that relations between them will be a growing source of instability. The world economy no longer enjoys the advantages of an absolutely hegemonic power. In the past the United Sates, simply by acting in its own interests, also safeguarded the common interests of all imperialists. Now it is only the first among equals. The pursuit of its interests increasingly runs counter to those of its allies. A deep and destabilising uncertainty predominates in the relations between the emerging capitalist blocs. Hence imperialism falters over what political solutions to adopt, what military alliances to build. It has renounced a whole period of its post-war history but cannot define with any certainty or confidence the period that lies ahead. The heady rhetoric of the New World Order has given way to gloomy self-doubt.

Powerful states, such as Japan and those in continental Europe, are forced to co-ordinate major attacks on the wages and social welfare conditions of their respective working classes. This comprises the second set of factors pushing the globe into a new revolutionary period. The unevenness of the three blocs, the different degrees of trade union and political strength of their working classes and the different degrees of regroupment and preparation of the imperialist bourgeoisies will give differing tempos to this offensive. Europe, because of its economic weakness vis-a-vis both the United States and Japan and because of the scale of the workers' gains and organisation, will be the site of the most intense class struggles in the years ahead.

The severe crisis unleashed by the restoration process in the former USSR and Eastern Europe is a third major factor leading to a change in the character of the period. This crisis, or rather separate but overlapping crises, involve economic collapse, mass unemployment, state fragmentation, nationalist wars, and the rise of ultra-chauvinist and fascist movements. This deep social crisis is, slowly at first, promoting the trade union and political recomposition of a workers' movement. Already, neo-liberal shock-therapy is in retreat and its political proponents are discredited. In the years ahead it is likely that a deadly battle will be joined between the bonapartist state capitalist forces and a workers' movement reborn in the struggles against restoration.

Fourthly, over the last decade and a half we have witnessed the emergence of a number of sizeable semi-colonial countries where rapid economic development has speeded up the growth and organisation of the working class. The absence of basic democratic rights and social welfare provision foments struggle. In the semi-colonial world in general an ever greater unevenness will become manifest. Many of the more underdeveloped semi-colonial countries of Africa, Asia and Latin America have suffered de-industrialisation as a result of a long-term withdrawal of imperialist investment in raw

material extraction. In these states there is little prospect of either imperialist investment or domestic capital being able to reverse this trend.

The consequent reduction of the industrial or extractive proletariat, the historic leadership of all the oppressed and exploited classes in the permanent revolution, tends to strengthen non-proletarian movements of various sorts. But the destructive effects of neo-liberal policies in a majority of semi-colonies promote mass struggles which will intensify throughout the next period, even where reactionary pseudo-radical forces represent a great danger to the proletariat in the fight against the effect of economic collapse.

In Latin America, for example, in the period ahead public sector workers will find themselves in the forefront of struggle. This will apply both to the nationalised industries, such as mining, and to public services such as health and education. This is because of the attacks that the neo-liberal regimes are pressing ahead with; privatisations and reduction of real wages.

Taken together all these factors indicate that pre-revolutionary and even revolutionary situations will develop as the effect of the bourgeoisie's initial successes wears off. The developing synchronisation of a truly world arena of capitalism's historic crisis means that any serious victories will precipitate world pre-revolutionary situations in a way they did not in the period 1948-89.

Can we exclude the possibility of the imperialist blocks surmounting all these barriers to accumulation without having to wage war against one another? To overcome them will require a massive and expanding process of liquidating surplus capacity in large scale industry. Widespread physical and moral depreciation of capital would have to be followed by a technological transformation of all important production processes such as happened between 1895 and 1913 and again after 1940. Short of a solution of this magnitude the only answers are class struggle ones—cuts in real wages, an increase in productivity by the intensification of work rates and sackings, cuts in social services in order to reduce state budgets and thereby decrease capital costs. Any road to something more than just a cyclical recovery, to a new period of expansion, must pass through intense class struggles. Of course, should the imperialist bourgeoisie be able to restore capitalism in Russia and China and, above all, deliver a damaging defeat for the workers' movement in the imperialist heartlands, establishing a whole new regime of accumulation, then a new period of imperialist upswing could indeed begin.

Doubtless this would not be a period comparable to the long boom after the Second World War, since it would lack the undisputed political, economic and military hegemony of one imperialist power. But such defeats of the working class could establish the basis for the increasing contradictions between the imperialist blocs not taking the form of military conflicts. But all this lies in the future. Despite an advance of reaction and despite important partial victories for imperialism over the last decade, these gains are still far from laying the foundation of a new, although temporary, inter-imperialist order, for example, one similar to the period 1895-1913.

None of the objective factors making for an extended period of revolutionary crises will automatically bring revolution. Indeed, if the workers of the world do not resolve the long crisis of leadership which debilitates all organisations of struggle then they can face severe counter-revolutionary defeats, ones which undermine their democratic and social conquests within capitalism. For this reason the goal of proletarian power becomes, ever more, a life or death question.

The collapse and degeneration of world Stalinism, the further embourgeoisement of Social Democracy, the capitulation of yesterday's anti-imperialist heroes—all sharpen the crisis of proletarian leadership. To the extent that this destroys or weakens the mass labour and popular

"The collapse and degeneration of world Stalinism, the further embourgeoisement of Social Democracy, the capitulation of yesterday's anti-imperialist heroes—all sharpen the crisis of proletarian leadership."



SPAIN, OCTOBER 1993 - WORKERS' COMMISSIONS CALL GENERAL STRIKE

movements, built up over decades or centuries, it is clearly a victory for the bourgeoisie. But these movements were not only organisations of the workers, they were also instruments of the bourgeoisie for disciplining and subordinating the working class and its allies. Their weakening and discrediting opens the road to the creation of a new revolutionary labour movement: renewed fighting unions and workplace organisations, new popular organisations and above all, new revolutionary parties and a new revolutionary International.

The need for these will become ever clearer as capitalism's stagnation and inability to provide a decent and democratic life becomes plain in the years ahead. Only those revolutionaries that can train a new generation of young fighters, whilst rallying the best cadres from the defeated and disintegrating Stalinist, Social Democratic and anti-imperialist movements, will be up to this task. They will have to develop a strategy for halting or minimising the defeats and preparing for future recovery and advance.

The three years ahead will have a combined, transitional character. They will be infused with aspects of the post-1990 counter-revolutionary phase. The social counter-revolution will continue to develop within the moribund workers' states and spread to those where, as yet, the bureaucracy rules unchallenged. The Chinese, Cuban, Vietnamese, and Korean Stalinist bureaucracies will either experience splits or step up their capitulations to imperialism. The harder and more inflexible the regime, the greater will be the explosion when it finally comes. Unless there is a massive, spontaneous, upsurge of proletarian alarm and resistance in the ex-USSR and Eastern Europe, then the Rubicon of capitalist restoration will be reached, if not crossed. In the semi-colonial world, despite possible temporary breakdowns, mainly caused by ultra-reactionary forces and resistance from the masses, the pro-imperialist settlements will continue due to the capitulationist leadership of the "national liberation" forces from Ireland to Palestine. The collapse and social-democratisation of the Stalinist parties and the rightward move of social democracy, Labourism, and petit-bourgeois nationalism will continue to be a general trend.

But over the next few years a counter-tendency will begin to emerge. This will be fuelled by the, at best, sluggish recovery, at worst, outright stagnation, of the world economy. It will be fuelled by the increasingly apparent necessity to fight back against the forces of reaction rather than place hopes in the benign results of market forces or bourgeois democracy. New forces of resistance will begin to emerge. These could take on a mass class-form in certain semi-colonial countries or those undergoing a profound or prolonged revolutionary crisis such as South Africa and in certain of the degenerate workers' states. In the imperialist countries we have already seen the signs of a renewal of the class struggle and of the radicalisation of the youth. This tendency - which should grow - will constitute the basis of our own intervention, in order to turn the combativity into politicisation.



NEW JERSEY, USA: TEAMSTERS CHALLENGE COURT ORDER TO STRIKE AGAINST UPS

The two "sleeping giants" of the world working class remain the Japanese and German labour movements. The bosses' first attacks may shake them out of their slumber. In the former Stalinist states the terrible suffering which capitalist restoration brings—long term unemployment and plummeting real wages, together with the neo-liberal demolition of the cumulative social gains of the working class—will spur the growth of reactionary forces such as fascism and religious fundamentalism. They will, step by step, undermine the prestige of bourgeois democracy and the market economy and provide the spur for new genuinely anti-capitalist forces to emerge.

New forces are already coming into existence around new battles, sometimes around confused, democratic, non-class slogans and we will have to learn how to relate class, socialist and anti-imperialist slogans to them. The betrayals of social democracy, Stalinism and secular nationalism have promoted the development of mass reactionary movements (e.g. populism or religious fundamentalism). Where such movements mobilise a popular base, even amongst sections of the working class, we must find a way of addressing the very real problems which give rise to these movements, whilst of course maintaining class independence.

The objective conditions of the new period favour the building of a mass movement on a revolutionary basis. The enormous task facing revolutionaries over the coming decade is to lay the programmatic and organisational basis for this. This will require the building of the nuclei of revolutionary parties welded into revolutionary international unity, the destruction of the centrist and reformist roadblocks to the masses and integration with the fighting vanguard of the working class. The LRCI is dedicated to achieving this goal.■

Imperialist powers: friends or rivals?

Against the background of uncertain prospects for the world economy, Clinton and the US ruling class must overcome their divisions. They must decide whether to attempt to hold onto their present global dominance or to concentrate their attention either on Europe or the Pacific rim, with the less ambitious aim of being the strongest of all the regional powers in the new millenium. Pretensions to world hegemony come up against the stark reality of the need to cut the budget deficit. The line of impoverished nation states holding out "begging bowls" gets longer and longer.

The destabilisation caused by the "new world order" means ever more calls for the world cop to intervene; in Yugoslavia, in Somalia, in Haiti. The Clinton administration wants to target state expenditure on domestic economic priorities. Faced with all these demands something has to go. Whilst Clinton has announced huge cuts in the military budget he has taken over from the Bush administration the commitments and ideology of enforcing the orderliness of the New World Order. There clearly remain massive contradictions still to be resolved within US foreign policy.

Since the collapse of the USSR, the ruling class of the United States has been engaged in a protracted debate over a new grand strategy to replace the one that brought it victory in the Cold War. The Clinton administration has taken over George Bush's slogan of a "New World Order" and given it a more precise content as set out in the Pentagon's *Defence Planning Guidelines 1994-99*. This document envisages the extension of US hegemony through the international organs of the "world community"—the UN and various regional alliances dominated by the USA and regional hegemonic powers, friendly to the US.

An enhanced role is outlined for the UN Security Council providing it continues to approve nearly all US objectives. It recognises that with the collapse of the USSR the world is now "unipolar", with the USA as the world "hegemon". US strategy should therefore aim at preserving this preponderance, at defending this unipolarity. The *Guidelines* recommend a three pronged strategy to do this. Firstly, to maintain US alliances with Germany and Japan so as to prevent any new multipolar rivalries developing. Secondly, to actively discourage the rise of new "hegemons". Thirdly, to preserve a US dominated, but open, world trading system under US controlled institutions (GATT, the IMF and the World Bank).

To achieve the first two objectives, Germany and Japan must be persuaded to continue to accept US security guarantees and military leadership and dissuaded from acquiring an independent strategic capability. The Pentagon *Guidelines* is frank about its objective: "we must maintain the mechanisms for deterring potential competitors from even aspiring to a larger regional or global role". It stresses the need for American imperialism to dominate the areas of the globe which are rich in economic resources. It stridently asserts that Washington must be the final arbiter of what the interests of its European and East Asian "allies" really are, especially when they clash with those of the US or one another. It will be the world judge and jury as well as the world policeman:

"The US will retain the pre-eminent responsibility for addressing selectively those wrongs which threaten not only our interests but those of our allies."

Developments over the last year have, however, demonstrated the obstacles to this strategy. Events in the former Yugoslavia and the Russian elections of December 1993, as well as a new interventionist policy by the Russian Federation in the "near abroad", underline the fact that the period of total subservience of the Kremlin to the plans of US imperialism is drawing to a close. Indeed, friction between them could well increase if the USA seriously attempts to obstruct this renewed assertiveness and deny Russia a sphere of influence among the new states of the former USSR.

The offer of the "Partnership for Peace" as an alternative to NATO membership was a poor substitute. Clearly it cannot for long bind Russia to the foreign policy objectives of the US and the EU. But the long drawn out restoration process, with its outcome still uncertain, as well as the political somersaults this may bring, all make NATO membership quite impossible. Yeltsin or his successor's continued submissiveness in the Security Council cannot be counted on. These developments only underline the unsuitability of these institutions of the Cold War for establish-

"Since the collapse of the USSR, the ruling class of the United States has been engaged in a protracted debate over a new grand strategy to replace the one that brought it victory in the Cold War."

ing a new world order. The frictions and clashes that they provoke will contribute to, and indeed magnify, the developing disorder.

The shape and line up of the alliances of the decades ahead are difficult to predict: several factors, as well as the class struggle itself, will determine them. The outcome of the present debate in the US ruling class as to whether they should orientate primarily to Asia or to Europe will be crucial. An orientation to Asia, including China, would deprioritise the economic interests of the USA in Russia and Eastern Europe. At present this view seems to be the dominant one. However, a collapse of China and other South East Asian countries into chaos and explosive class struggles could reverse this orientation.

At present US capital still heads the list of foreign direct investment in the Visegrad countries (Poland, Hungary, the Czech Republic) and its massive investments in Western Europe (which are still bigger than total US investment in Asia) still determine a strong political interest in the 'frontier states' around the EU. Finally, we must not forget that the enormous remaining stockpile of nuclear weapons in Russia (and Ukraine) dictates a "natural" interest in maintaining political stability in Russia. These factors will probably lead the US into accepting a Russian "sphere of influence" in the "near abroad".

German imperialism has strong economic and political interests in the Visegrad countries and in the Balkans. Its continued military weakness forces it, for the time being, to conciliate Russia and thus support the US policy of political appeasement. However, economic, geo-strategic and historical reasons make this region of much greater interest to German imperialism than East Asia.

Japanese imperialism is obviously much more orientated to China and to South East Asia. It has some interest in Siberia but the slowing of the restoration process in Russia and the huge investments necessary to profitably exploit its natural resources provide little motivation for a strong orientation in this direction. Political and social explosions in Asia would certainly alter Japanese forms of intervention but would probably not change their strategic interest in the region. History has demonstrated that Japanese imperialism is able to build a sphere of influence in Asia but also the danger that this will provoke massive popular hostility to it.

"Even within each of the three blocs tension exists between the respective "partners". For example, the effect of deficit spending in Belgium, Greece and Italy is to retard progress towards further integration within the EU. The same can be said about the effect of Canada's deficit on NAFTA's further evolution."

Another central issue for framing a new strategy is which power or regional block the US should now regard as its most dangerous rival. It has had sharp disputes with both the EU and Japan over "free trade". The US has substantial economic and military footholds in both the East Asian and the European proto-blocs, sufficient to disrupt them from within were they to undertake policies hostile to US interests. The real question is whether the US can continue to devote enough resources to maintain this influence in both, and whether it can do so without seriously alienating the regionally hegemonic imperialist powers within them—Germany and Japan.

The latest GATT agreements permanently entrench the glaring commercial disadvantages of the "third world" and confirm the perspective of major battles to come between the giant industrialised economies. The founding of NAFTA, the renaming of the European Community as the European Union and the GATT agreement came hard upon one another. When the three blocs are compared with one another the much greater dynamism of the Far Eastern bloc is manifest. Its surge forward has led to balance of trade surpluses with both the EU and North America. But Japan, the dominant power in the region, is much more dependent on trade between the three blocs than is the USA or the EU. Since the consolidation of the Asian bloc is lagging far behind its rivals, Japan is particularly vulnerable to protectionist measures taken by NAFTA or the EU. The bulk of trade in goods and services in the world economy takes place *within* the NAFTA and EU blocs. The amount of world trade between the three blocs is smaller than one might expect. For these purely economic reasons NAFTA and the EU are less concerned than Japan about renewed protectionist measures.

Even within each of the three blocs tension exists between the respective "partners". For example, the effect of deficit spending in Belgium, Greece and Italy is to retard progress towards further integration within the EU. The same can be said about the effect of Canada's deficit on NAFTA's further evolution. Meanwhile, among the looser coaltion of East Asian trading partners South Korea has no special adherence to a Japanese led bloc.

The tendency towards future trade wars leads to severe frictions, especially in Japan, and forms the background for dramatic conflicts within the ranks of its bourgeoisie over which strategic course to follow. Should they appease Washington, break down the economic barriers which protect the domestic market, and expand the economy on the basis of the domestic market? Should they "call the bluff" of the Americans and risk aggravating inter-imperialist conflicts? These debates lie at the root of the political chaos in Japan and the last two changes of government.

Under US military tutelage, Japan has been able to concentrate all its post-war efforts on economic competition, the penetration and domination of world markets, including those of the USA and the EU. The former woke up to this "threat" in the 1980s. The growth rate of US trade and investment across the Pacific outstrips that across the Atlantic; the great opportunities for new markets, vital raw materials and cheap labour over the coming decades will be found in this region. To retain a dominant edge the US must confront Japan. Today, nearly 40% of capital invested in the USA comes from Japan, while 20% of capital in Japan comes from the USA. The Clinton administration's new domestic policies centre on forging a new relationship between government and capital so as to copy, compete with and arrest the challenge of Japan.

In return there are signs that Japanese politicians are no longer willing to play the role as "America's underlings" for much longer. The US has always treated the Japanese more imperiously than the Europeans. They were never offered any sort of joint command or alliance similar to NATO during the Cold War, despite the fact that they paid 72% of the costs of maintaining the 30,000 US troops in Japan. These were openly described as the "cork in the bottle" of Japanese militarism. Japanese-US military integration ensures that the Japanese Self-Defence Force (JSDF) is prevented from acting on its own. Japan has been shaken down for large contributions to finance US crusades like Desert Storm ($15 bn). Japanese academic journals frequently carry articles complaining about the bullying and arrogant tone of US representatives, whilst in the popular press open mockery of US economic weakness has become commonplace. But if Japan is to extend its economic erosion of US dominance in high technology, ward off the low-cost challenge to its established markets by the newly industrialising countries (NICs) and attain a political status commensurate with its economic might, then major changes will be necessary.

To begin with Japan must restructure its relationship with the East Asian NICs by opening its own domestic markets to these states and increasing its productive investment in the NICs. This in turn demands a thorough political restructuring which has only just begun. The old Liberal Democratic Party (LDP), with its clientilist system and enormous political corruption, must be completely reformed so that the political executive can establish a degree of autonomy from the main corporations and the interlocking state bureaucracy. To carry out such a transformation of Japan's political and economic structures the bourgeoisie needs to create a new and coherent party for itself—in short, a new conservative party. This is most likely to take the form of a fusion of the right wing Shinseito/Komeito forces with a split from the LDP. In addition, the Japanese multinationals must free themselves from close regulation by Ministry of International Trade and Industry (MITI) bureaucrats.

The growing demands of the major multinationals for "deregulation", similar to that achieved by their rivals in Western Europe and North America, means the ability to accumulate as freely as possible. However, such a change in strategy will also mean the abandonment of protection for Japanese farmers and putting the hitherto socially docile Japanese labour aristocracy on rations. Such attacks on the class alliances which formed an important base for post-war Japanese stability, if pressed home, could see a significant re-emergence of the class struggle and with it possibilities for intervention by revolutionary communists.



KOREA: CLINTON SURVEYS US MILITARY POWER

If Japan proves capable of re-structuring itself, both economically and politically, to play the leading role in the new East Asian bloc without immediately alienating the other regional powers, then by the early years of the twenty first century it will undoubtedly shed its status as a US client, withdraw from the Japan-US Security Treaty, and recover the freedom for the JSDF to act independently, or possibly as the leading force in an East Asian Security Alliance. A degree of ideological conflict is likely in the 1990s over what the Japanese see as the dogmatic neo-liberalism which the US imposes through the G7 agreements, the World Bank, the IMF and GATT. Japan is also likely to press for a UN Security Council Seat, especially if the "world body" becomes ever more interventionist.

There is a real possibility that the later 1990s will see the re-emergence of a struggle between Europe and North America . The tensions between Europe and the USA can already be seen in Clinton's impatience with the French and Brit-

"Today, nearly 40% of capital invested in the USA comes from Japan, while 20% of capital in Japan comes from the USA. The Clinton administration's new domestic policies centre on forging a new relationship between government and capital so as to copy, compete with and arrest the challenge of Japan. "

ish over Yugoslavia and with the French over the Uruguay GATT round. The dilemma over what to do with NATO—the centre piece of the Atlantic alliance—suggests a further medium term conflict. Europe's frontiers of crisis have shifted from the old "iron curtain" to an arc running east of Germany to the Balkans and Turkey, on to the Caucasus and former Soviet Central Asia. It has another security zone running along northern Africa and through the Middle East to the Gulf and beyond. All commentators fear a spillover of economic destabilisation and waves of economic and political refugees from these regions. Internal and local wars could spread into regional conflicts between states which can draw in EU and NATO member states, such as Greece and Turkey, against each other.

NATO, as an alliance of twelve powerful imperialist states and their privileged semi-colonial satellites, remains for now firmly under US command. As an alliance of the US and Canada with western and south-eastern European powers it was designed to contain the "Soviet menace". It possesses the only permanent and effective integrated military command structure in the region. Yet it has many problems when it comes to acting "out of theatre", even though its traditional theatre is no longer the focus of global military tensions. These are now located in the regions outlined above and even beyond them. During the Gulf War there was much talk of converting NATO into the world policeman, capable of mobilising the main imperialist armed forces. But in the end it was necessary to use the UN, though under total US command, as the only acceptable framework for such policing both in the Gulf and in Somalia. As a nakedly Western imperialist alliance NATO has fatal weaknesses for operating in the Third World.

The key question concerning NATO is whether it should be extended eastwards, and if so how far? The area within which NATO is supposed to impose order is no longer immediately adjacent to its member states. Some defence experts wish to extend it eastwards, without including Russia and the former Yugoslavia. They wish to integrate only the Visegrad Countries into NATO. The recently deceased secretary-general of NATO, Manfred Wörner, was an enthusiast for such an eastward expansion. According to such strategists, NATO must guarantee all existing frontiers with the threat of force, thus preventing another Yugoslavia and cauterising the wounds of resurgent nationalism. But powerful forces also warn against extending NATO's strategic doctrine—"an attack on one is an attack on all"—to these states since it might embroil the established imperialist powers in the national conflicts of Central and Eastern Europe

What role would NATO play in the political unification process of EU imperialism? The European Union has proven, in the words of Belgian Foreign Minister Mark Eyskens, "an economic giant, a political dwarf and a military mouse". The EU leaders still tremble at the scarcely veiled threat of US withdrawal from Europe—that is, the effective collapse of NATO—because there is as yet no politico-military hegemon in Europe. The economic giant, Germany, is a military-strategic dwarf, with no nuclear weapons and no constitutional capacity for out-of-theatre operations. The Western European Union, the military arm of the EU, remains atrophied from total lack of use.

But in the long term the leaders of unification—France and Germany—must break the USA's military grip on Europe. The enthusiastic proponents of turning Europe into a united federal imperialist superstate, such as Jacques Delors, want to unify Europe militarily and see the USA as a rival not a leader. This reflects long-term French ambivalence towards the Atlantic alliance, as shown by its effective withdrawal from NATO in 1965. The US-dominated NATO high command remains an obstruction to the long-term project of the creation of an independent European military force.

Indecision over military alliances cannot be allowed to spill over into indecisiveness in the face of US and Japanese economic competition. This will force the Germans and the French to press on towards monetary union and, indeed, to political federalism. Economies of scale and capital concentration on a pan-European scale are necessary to compete in global markets and even within the single European market itself. But the Europeans are torn by a series of real contradictions. Implementing Maastricht involves serious fiscal and monetary discipline, with all their medium term dampening effects on economic growth as the recession ends. Low growth will intensify competition. Yet standing up to this competition will be hard since wage costs are higher than in the United States or Japan, despite the high levels of unemployment in Europe.

The next years will see a renewed assault on manning levels in the major European industries and a frontal attack on wage levels, particularly on the centralised collective bargaining systems, in order to reduce costs. An element of this will involve

WASHINGTON, SEPTEMBER 1994: CLINTON AND YELTSIN ON THE WHITE HOUSE LAWN



the ending of the standard working week, as was seen at the Volkswagen plant in Germany. This will reduce wage costs and intensify the pace of work. To do this both the French and the German bosses will have to inflict defeats on their own proletariats as great, if not greater, than those by achieved Thatcher and Reagan during the 1980s. To carry through these attacks they will need an equally resolute political leadership.

The German workers' movement is still organisationally strong and intact despite the fact that it suffered a political defeat with the overthrow of the workers' state in East Germany. In this sense the German workers' movement certainly retains the potential strength to ward off the attacks of the class enemy. But these attacks will certainly come.

The German bourgeoisie has yet to begin the task of dismantling the structures and social gains which were pillars of the forty years of post war stability in West Germany. They are now obstacles to any fundamental restructuring; co-determination, the huge industrial unions, regular national negotiating rounds on wages and working conditions, all must be demolished.

Meanwhile, the French proletariat, despite a much weaker level of organisation, has a tradition of spontaneous militancy second to none. The Berlusconi government in Italy must likewise undertake a policy of confrontation with the post-war gains of its proletariat. We can predict a severe intensification of class battles in the mid 1990s.

Should the European bourgeoisies shy away from these battles due to a failure of political will, or a lack of the political instruments to carry them through, they will then be forced to resort to renewed protectionism in order to prevent the complete domination of Europe by the Japanese and US multinationals.

If the creation of a unified "European" imperialist federal superstate were aborted the effect would be grinding economic crisis, social breakdown, intensified class struggle, and the continued growth of reactionary nationalist, racist and fascist movements in Europe. The most likely outcome is not a "European Superstate" but a smaller bloc around Germany.

Britain will continue to obstruct this unification process, as long as there is a Tory government. Britain's banking and financial services sector and its continued heavy investments in the USA and Canada, in East Asia and in the semi-colonial states of its former empire, dictate this.

Also, as events in Bosnia have made abundantly clear, Britain is not eager to become a hired gun for German imperialism within a European replacement for NATO.

It will seek to obstruct a deepened union, not least by its strategy of trying to bring in as many new members as possible from northern and central Europe (Sweden, Norway, Finland, Switzerland, Austria and possibly Poland, the Czech Republic, and Hungary).

This could indeed lead to a two track system or to an inner core from which Britain will be excluded.



One symptom of stagnation and decline in the imperialist heartlands can be seen in their governments near total agreement that existing levels of social spending and welfare provision can no longer be maintained, let alone be extended. Granted under the pressure of working class and liberal movements during the twentieth century, these provisions contributed directly to a healthy and educated working class, which in turn was a prerequisite for achieving and reproducing high productivity levels in industry and commerce. In addition they acted to provide a social support, the labour aristocracy and reformism, for maintaining imperialist domination over the semi-colonies. But these very successes—lowering the death rate, the shrinkage of the productive core of the working class, the expanding costs of support for the ever greater numbers of unemployed, the heavy burden of employers' contributions to health care——have resulted in a massive structural crisis of welfare provision in a period of diminishing profits and stagnating growth rates.

This crisis will have be addressed, in a militant fashion, by the entire imperialist bourgeoisie. Simply eroding the real value of existing benefits by means of inflation is no longer sufficient. Universal entitlement to benefits and services will be frontally attacked; at best they will be replaced by discretionary programmes, at worst they will not be replaced at all. A growing minority of the working class will be placed on meagre rations, forced to survive on its own ingenuity and recourse to illegality. Repression will increasingly substitute for welfare as a method of dealing with social disadvantage and urban decay.

The USA shows the rest of the imperialist countries a vision of their own future. There tens of millions —mainly black and hispanic— are excluded from elementary welfare provision. The problem of single mothers is "addressed" by jailing absent fathers. Inner city schools and colleges are arenas for gang warfare. For millions health care is denied or reduced to the most basic emergency provision. More and more the state abdicates all responsibility for the welfare of its citizens. Throughout Europe attacks are underway or are being prepared. Retired workers are being shamelessly defrauded of their pension rights in Germany, France and Italy. Single parents are being targeted in Brit-

"A growing minority of the working class will be placed on meagre rations, forced to survive on its own ingenuity and recourse to illegality. Repression will increasingly substitute for welfare as a method of dealing with social disadvantage and urban decay."

"The petit bourgeois women's movement proved incapable of leading resistance. It collapsed into various reformist projects."

ain. The provision of free, good quality state education is being undermined in most countries. This is only the first line of attack.

In Japan, the working class already receives less by way of state funded welfare provision than in Europe; they have traditionally been forced to set aside a considerable part of their wages for pensions and insurance. The system has relied on low unemployment rates and high levels of job security to relieve the demand for better welfare programmes. But Japanese capitalism can no longer guarantee its core labour aristocracy this degree of security. There are already about one million workers on the companies' books who are not employed. Companies will increasingly "let their workers go". Hidden unemployment will become more open. Parts of the new layers of the working class in some sectors of the economy may be able to sustain their position. But in general these layers will come under attack. Likewise a high proportion of the labour aristocracy will be severely attacked and their situation will come to resemble that of ordinary workers.

Capitalism continues to draw increasing numbers of women into the workforce. This is part of a broader change in its structure, with an increasing proportion made up of temporary, part time and "peripheral" workers of both sexes, who have less legal protection and job security. Despite the greater number of women workers, capitalism has continued to prove itself incapable of providing the social provisions needed to relieve women of their domestic burdens; shopping, cooking and cleaning for their husbands, childcare, care for the elderly. Indeed, capitalism's current and growing attack on the "social wage" and the welfare state leads to an *increase* in the burden on the shoulders of women within the family. One consequence of this is that women make up a majority of this "flexible" workforce because working hours can be fitted around domestic labour.

However, none of this can overcome the contradictions for capitalist society produced by women's double burden of social and domestic labour. In a number of imperialist countries we see various expressions of the crisis of the family, of the welfare state and the oppression of women. These developments produce the objective conditions for working class women's resistance to the dual attack they face and thus the conditions for the growth of a working class women's movement. The petit bourgeois women's movement proved incapable of leading resistance. It collapsed into various reformist projects, and its middle class leadership was satisfied by the gains made for themselves. In a new upsurge of struggle by working class women we would expect a renewal of feminist ideas and influence although in new forms. While feminist forces may become involved in the fight against women's oppression (e.g. abortion rights, defence of benefits, domestic violence), a resurgent feminism would also be an obstacle to revolutionaries winning the leadership of the movement against women's oppression.

Education is another sector where a crisis is brewing. Throughout Europe, governments are massively increasing the number of students whilst the funding for further and higher education lags far behind. This far-reaching change has two main motivations. Firstly there are the major transformations in the economy; the transfer of important sectors of industry out of the imperialist states themselves and the increased computerisation of production and distribution. This requires part of the workforce to become more technically qualified. Secondly the existence of permanent mass unemployment, with no prospect of a return to the low levels of the 1950s and 1960s, means that the longer youth can be kept out of the job market but suitably occupied, the easier it will be to avoid social unrest. Yet funding such an expansion of further and higher education, in conditions of declining state revenues, is becoming difficult. The deterioration of student living standards; the replacement of grants—where they exist—by loans, the introduction of private funding and declining teaching standards, will have an impact on most European countries in the next few years.

Student unrest, firstly in response to these attacks, will affect a broader social spectrum than in the past. Students now include increasing numbers drawn from the working class. This new development, together with the fact that the governments will also be attacking the wages and conditions of school and college staff, will lay the objective basis for developing a joint student-worker fightback against attacks on education.

A major feature of most European countries is the growth of racism and fascism, feeding on the prolonged economic crisis and the development of mass unemployment. In France, Belgium and Germany, fascists have been able to construct mass "respectable" racist organisations with the aim of building mass fascist parties. In Italy, and to a lesser extent, Britain, openly fascist organisations have been able to mobilise and gain support. Throughout the continent, physical attacks on the black and immigrant communities and legal restrictions on nationality, asylum and immigration have become the norm as state racism has increased.

The reformist leaderships of the labour movement, hampered by their congenital nationalism and by their record, both in government and in opposition, of implementing or supporting racist immigration policies, have proved time and again unable and unwilling to mobilise workers and youth against the evils of racism and the mortal danger of fascism. With the likelihood that mass unemployment will continue into the recovery cycle and with the growth of a "fortress Europe" mentality, fostered by both national governments and EU institutions, racism and fascism will become an ever stronger threat to workers, immigrants and youth. However, the radicalisation of European youth in the struggle against racism and fascism, holds the potential to

smash this threat.

Throughout Europe political stability has been weakened by the combined effects of economic crisis, the pressure to compete with the USA and Japan and the collapse of Stalinism. In Italy, with its systematic corruption, the collapse of Stalinism undermined the very foundations of the First Republic. In Spain, corruption plus the resistance of the workers and youth has shaken the "socialist" government. In France, despite an enormous parliamentary majority, Balladur's government has been obliged to back down in the face of mass street demonstrations, notably on issues relating to youth. In Germany, the price of reunification continues to restrict the ability of Kohl's government to manoeuvre.

In Britain, the Tory government is the most unpopular since the Second World War. Moreover, all these governments reach the end of their period in office over the next two or three years. These impending elections, continuing economic problems and a workers' movement suffering an acute leadership crisis since the downfall of Stalinism, all mean that the European bourgeoisie is unsure of its immediate future or what policy it should adopt. For this reason its political parties can experience paralysis by internal quarrels (France, Britain) or sudden collapse (Italy) leading to the phenomenon of turning to "a man from nowhere" such as Berlusconi. This fragility of the bourgeois political order reinforces the weak, transitory, and unstable character of the current period. It encourages the development of important struggles by workers and youth which have already taken place in France, Spain and Belgium.■

Cause and effect in the global recession

"The cyclical upturn after 1994 will not overcome the inherited problems of the post-1973 period. On the contrary, these problems will constrain and shape the nature of the forthcoming cycle."

The 1990-94 recession began in North America and the United Kingdom. The rate of corporate profits peaked in the US and Britain in 1988. Profits continued to decline in the US, UK and Germany in 1989 and 1990. Company profits did not reach their high point in Japan until 1989 and fell for the next three years. The fall in the mass of profits there led to a fall in new investment during 1990. As a proportion of GDP domestic investment peaked in the USA in 1987 at 17%, was stagnant the following year and declined in 1990 and 1991. The 7% fall in business investment in the USA during 1991 was the biggest drop since 1975.

With the collapse of profitability and investment, the level of corporate debt was unbearably heavy and companies cut back on non-interest costs leading to sackings and closures. This naturally led to a similar crunch in consumer household debt as unemployment (or the fear of it) rose, thus dampening spending plans. Retrenchment here spread the effect of the recession through all sectors of the economy. As a result total output registered its first fall in Canada and the United Kingdom in the second quarter of 1990. It spread to the United States in the third quarter and by the end of the year Sweden, Finland, Norway, Switzerland, New Zealand and Greece were all in recession.

The "boom", however, continued in Germany throughout 1990 and 1991 and this pulled France, Italy, Benelux, Denmark, Spain and Portugal along with it. The recession in Germany only began in the middle of 1992, when output and investment declined sharply, thus enforcing a continental European recession in all those countries most closely tied to Germany. Japan also fell into recession by the end of 1992.

The trough of the business cycle in the USA, UK and Canada occurred in 1991. Thereafter, a weak recovery began in the Anglo-Saxon countries in the second quarter of 1992—first in the USA and then in Canada and the UK. This ensured that the international recession was not synchronised. The reasons for this were twofold. First, the 1989 financial and stock market crash had a differential effect on the Anglo-Saxon countries on the one side and on Japan on the other. Japan's industrial cycle had not peaked by the time of the crash.

Only in late 1991 did housing and business investment retrench and this was followed by automobile production in 1992. The Japanese recession has been as deep as in 1973-75 but this time its effects were

more generalised throughout the economy. Secondly, property based asset inflation was not such a major aspect of the 1980s recovery in continental Europe (outside Scandinavia). Rather, inside the European Union (EU) the recovery was based more on major business investment after 1985 in the run up to the Single Market.

Moreover, the effect of German unification in 1990 was to prolong the expansionary industrial cycle, both in Germany itself and in all those countries intimately tied to its prospects through the ERM.

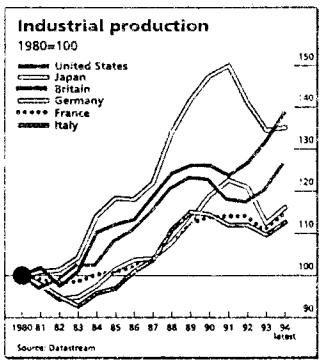
Overall, however, the 1990-93 world recession appears to have been as deep as the 1980-82 recession. Whilst the decline in the USA—the biggest imperialist power—was less than last time, the fall in Germany and Japan was deeper.

This latest cycle has thus witnessed a continuation of the twenty year trend of depressed accumulation, declining productivity, stagnant real wages in the OECD, high real interest rates and rising unemployment. Unemployment was over 11% in the EU and Canada by the end of 1993, and was set to exceed 12% during 1994 in the EU. Germany has only begun its process of huge shakeouts which will continue well into the cyclical upturn.

Two years into this recovery, US factory employment is at its lowest since 1965. Some 600,000 jobs were lost in 1993 throughout the recovering economy. Employment figures for the largest 500 companies have continued to go down over the last nine years. Thus the trend line of structural unemployment in the major imperialist nations is plainly rising.

The cyclical recession in the countries of continental Europe bottomed out in late 1993 or early 1994 and recovery began. Japanese capitalism followed suit in mid-1994. The OECD predicts combined growth of 2-3% during 1994 for its 24 members. The general consensus of bourgeois economists is that investment and consumer spending will remain slow until mid-decade, hampered as it is by overhanging debt and a "low savings rate", leading to a shortage of capital.

"Are we witnessing a normal cyclical, transitory phenomenon or are the professional optimists right? "



Looked at another way, low profits and stagnant wages produce a low rate of capital accumulation (i.e. net investment). In the longer term the World Bank forecasts an average growth rate for the G7 countries in the decade 1992-2002 of a paltry 2.7% per annum. This is only *half* the average of the long boom (1951-73) and even less than the average for the years 1973-1990.

The recovery so far in the US/UK is the weakest of the post-war period. For the past five business cycles the average annualised rate of growth during the first five quarters of the recovery phase was 4%. The relevant rate for the present recovery was 2% per annum.

Nevertheless, crises *are* curative for capitalism. Not least they address the problem of profitability and productivity. If, through sackings, real wage cuts, and factory closures, the rate of exploitation can be raised and profit margins increased then residential and business investment can begin to revive, laying the basis for recovery. US productivity improved in 1991 and 1992 at 2.5%per annum and 3% per annum respectively.

The 1992 figure was a twenty-year high, reflecting a very big productivity improvement throughout the service sector. The mass of profits in the US rebounded on this basis in 1992 by 20% from their 1991 trough.

Faced with 7% per annum growth in the last quarter of 1993 and more than 4% per annum growth in the first quarter of 1994 many protagonists of the ruling class in the USA are of the opinion that their economy has never been in a better structural position since the 1960s and that the country is winning the competitive battle against Japan and the EU.

Are we witnessing a normal cyclical, transitory phenomenon or are the professional optimists right?

US enterprises have returned to the top of the league table not only in the sphere of high technology but in "old" industries; machines/Caterpillar, steel/Nucor, cars/Ford/Chrysler. Since 1984 exports have doubled (100%) compared to Japan. The surplus in the service industry has increased five times since 1991 and the budget deficit has declined to 1.7% of GDP in 1993.

This positive trend can be explained by favourable exchange and interest rates, public funding (Sematech), improved quality and higher productivity (restructuring and re-equipping). In 1993 the 500 largest companies increased their profits but their sales figures did not increase.

Their competitive advantage was gained at the expense of the workers. In 1993 wages in the car and machine tool industries were cut by 0.2% and new jobs—often paid at only half the rate of the old ones—are accompanied by minimum social welfare provision. The strength of the USA amongst the industrial nations is its low wage costs which declined by 6.4 % each year between 1985 and 1993, (cf Germany 4.2% and Japan 6.6 %).

If one looks to the

medium and long term, however, there remain problems which have not been solved. The savings and investment rates in the USA are lower than in other major industrial nations (only 12% of GNP is invested in plant and equipment) ensuring that the average age of machine tools is seven years, older than the average for its international rivals. Public spending for infrastructural improvements is three times lower than in Japan.

Funding of research and development is stagnant. The educational and training qualifications of the workforce are not very high. Even if the budget deficit or the imminence of a "Savings and Loan" collapse are no longer causing daily alarms the reduction of their debts has only just begun and is not going deep enough. The first big boost from the "information highways" project has fallen away after certain large industrial merger projects fell through or had to be delayed. Computer manufacturers and software firms complain of ever increasing competition and dependence on products from abroad. The car industry still continues to experience a $44 billion deficit in bilateral trade with Japan.

So the USA cannot be relied upon to act as the locomotive of a generalised international recovery. But neither are the more "spontaneous" mechanisms of the business cycle working as before. Previous recoveries have relied upon inventories (stocks) being rebuilt early in the recovery, once profitability has been restored.

In this cycle "lean production" methods are dampening the effect of this, contributing to the weakness of the recovery. Since 1990 real interest rates have come down below their 1980-92 average which must be a cyclical boost. Since January 1990 the United States has cut interest rates by 4%, Canada by 8%, the UK by 5%. Japan cut rates seven times by nearly 5% in total between early 1991 and late 1993. Yet despite this, the effect so far is weaker than in previous recovery phases of post-1973 business cycles. Persistent budget deficits and overhanging debt is likely to keep real rates high in the 1990s. This will keep the cost of capital high, squeeze industrial profits and cramp recovery.

Weak consumer spending (hampered by debt, unemployment and real wage stagnation) will constrict market growth and dampen investment projects. The fiscal policies of governments are usually relaxed in the trough of a recession and this acts as stimulus to recovery, through tax breaks or increases in government spending.

This time there has been fiscal *tightening* in the EU (following the German government's massive unification spending) and the stance of the USA in this recession has been deflationary. Japan's reflationary packages (one in 1992 and two in 1993) are not big enough to act as a locomotive for the G7 economies.

The Uruguay Round of GATT was meant to conclude its agreements in 1991 after five years of negotiation. It was finally concluded, with important gaps, in December 1993. Failure here would have been a huge blow to recovery hopes, deepening the prospect of an agricultural trade war in the first instance. The success at GATT will boost the cyclical upturn.

Further trade liberalisation with the ex-Stalinist states will only exacerbate the problem of global excess capacity in agricultural foodstuffs and basic industries, intensifying competition. However, preserving this capacity through protectionism will only depress profit levels and hinder accumulation.

The world economy has not as yet entered a new generalised boom phase. Japan is still dumping goods on world markets in order to escape the recession. This and the risks that have accumulated in the financial sphere still carry the danger of a relapse into a generalised recession.

Major uncertainties exist due to the vast speculation in financial derivatives and the concentration of financial markets around a small number of commercial banks (e.g the collapse of the bank Metallgesellschaft, Kloeckner, Schneider, in Germany). In the future violent fluctuations in exchange rate levels on the international currency market seem to be inevitable.

The fluctuations in the dollar/yen exchange rate mirrors the lack of confidence in the capacity of the Japanese government to introduce the necessary reforms to open their domestic markets. The weak dollar gives rise to fears on the part of speculators that panic sales of US government bonds (purchased by the commercial banks during the period of low interest rates to cover past losses) could erupt in anticipation of their devaluation.

As a consequence a strong rise in interest rates would increase the cost of the loans necessary to prop up the dollar and could eventually smother the US recovery along with the capital and stock market. The soaring yen, a curious phenomenon against a background of recession, is holding back the Japanese banks' ability to recover after the slump in real estate prices badly affected their assets.

The high valued yen is driving export industries into a corner and thereby aggravates their payment problems. The Tokyo banks could be forced to sell their securities, further weakening the recovery.

In short, the cyclical upturn after 1994 will not overcome the inherited problems of the post-1973 period. On the contrary, these problems will constrain and shape the nature of the forthcoming cycle. If the G7 countries are to overcome these systemic barriers to accumulation then they must first of all address the central problem of massive overcapacity in most industrial sectors.

Attacks upon wage and employment levels of G7 workers are motivated by the need for each multinational corporation (MNC) and imperialist country to improve productivity and hence market share and profits. But success along this road only contributes to the problem of excess capacity in each sector and country.

A sharp clash between countries is thus foreshadowed in this contradiction.

Those countries and MNCs that have delayed launching an attack on their own workforces now face the necessity of delivering more severe attacks precisely against proletariats which are as yet unbeaten on the field of economic struggle. These attacks—when they come—will generate a revival of class struggle creating the objective conditions for a powerful political revival of the workers' movement.

Interacting with this economic pressure will be the increased political rivalry between the imperialist powers that will, step by step, replace the US-organised "harmony" of the previous forty years.■

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The fate of the Stalinist states

The destruction of the USSR enormously strengthened imperialism's position on a world scale. But now Washington and the European powers are worried that further de-stabilisation or disintegration within the Confederation of Independent States (CIS) could present them with serious problems, especially if, in the ensuing chaos, nuclear weapons were to get into the hands of unreliable semi-colonial countries, let alone Islamic fundamentalists and "terrorists". The USA and the EU are certainly not promoting the further disintegration of the Russian Federation or other CIS states like Georgia. Yugoslavia has presented them with a frightening model of what the consequences of this might be. Western leaders speak of the harmful effects of nationalism, and even of the need to violate the national sovereignty of small states with the excuse that they are defending human rights. In reality, this violation takes place to stabilise imperialist interests. Yugoslavia, Cambodia, Haiti and Somalia are clearly very important tests for this doctrine of limited sovereignty. The Caucasus and Central Asia could soon be added to the list.

There is an enormous disparity between the consequences of the collapse of the USSR and the willingness of the White House or Wall Street to mobilise enough resources to shore up, and speed up, the restoration process. For all the declarations of support to Yeltsin which the United States has made, the relative economic unimportance of Russia to it is revealed by the tiny amount of aid, credits and other forms of assistance that have actually been released. Since January 1992 when Yeltsin's "Big Bang" programme began, Russia has been given less grant aid by *all* states than Egypt receives from the USA alone in a single year.

The shock therapy for capitalist restoration, had it been fully implemented, would have led to the collapse of thousands of huge state enterprises. Tens of millions would have been thrown onto the streets and food supplies and social welfare would have collapsed. In fact, this programme was stalled within six months of the first shock. The "therapy" was limited to the unleashing of ferocious inflation (2,500% in 1992) which reduced pensioners to beggary. Further structural changes were blocked by the simple fact that the restorationist government under Yeltsin and Gaidar did not possess undivided control over the armed forces or the key remaining institutions of the state economy.

The state banking system continued to issue limitless credit to the enterprises to cover their huge debts to one another. Explicit subsidies, amounting to 20% of GDP, were extended to enterprises in 1992. In addition to this the Central Bank granted more in off-budget credits that amounted to a further 20% of GDP. The Central Bank ran the printing presses even faster to cover this, fuelling the near-hyperinflation. By this method market relations were restricted to the sphere of distribution, often not transcending the level of barter or mere speculation. Meanwhile the large-scale means of production in industry and agriculture proved impenetrable and resisted being transformed into capital. Industrial managers continued to raise wages, to provide food by special enterprise/state farm deals and to avoid mass lay-offs and factory closures. These facts—together with the absence of any credible alternative from the Parliament—explain the absence of any spontaneous revolt by the working class against Yeltsin.

Nor has the privatisation programme been able to break this gridlock. Gaidar adopted the idea of a Czech-style voucher sell off of state property. The voucher scheme, launched in August 1992, did indeed result in the transformation of many enterprises into joint stock companies. By the end of 1992, 46,815 state enterprises had been privatised in this way. However, of these, only some 600 were classified as large enterprises. After a temporary halt,

"There is an enormous disparity between the consequences of the collapse of the USSR and the willingness of the White House or Wall Street to mobilise enough resources to shore up, and speed up, the restoration process."



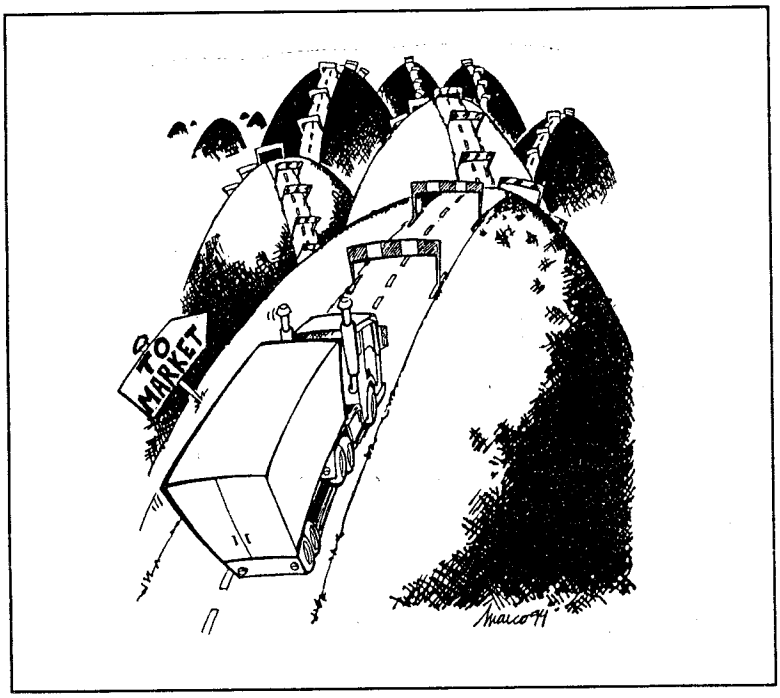
VUKOVAR, YUGOSLAVIA, 1991: SERBIAN SOLDIERS

Chernomyrdin accelerated the programme with a target of privatising a further 500 large enterprises within three months and 5,000 by the end of 1993.

Completion of this programme in mid-1994 will, theoretically, transfer 70% of Russia's industrial capacity out of the state sector as joint stock companies. However, most of these privatisations were by the "closed subscription" method in which between 51 and 71 % of shares go to the employees of the enterprise. This reinforces the long tradition of collaboration between managers and workforce against the central authorities and will prove a serious obstacle to further rationalisation plans. But the imposition of major restructuring in industry remains the most urgent priority if the economy is to be subordinated to the laws of capitalism.

The Russian economy is shot through with profound contradictions due to the uneven process of restoration and the difficulties experienced in the formation of a new bourgeoisie. On one side, there is the state run industrial sector, mainly oriented to military production which is totally dependant on government subsidies or credits. It is also responsible for the infrastructure and the employment of the mass of the population. Set alongside this is the private economy, mainly in retail and service sectors, which is often unofficial and illegal. Despite the growth of important elements of a new bourgeoisie, this class remains in large part restricted to the sphere of merchant capital, that is, the domain of the circulation of capital. This "class in formation" is still largely parasitic on the remains of the property relations of the degenerated workers' states.

The destruction of Gosplan, Gosbank, the State Supply Commission and the industrial ministries marked an important step in the destruction of the economy of the degenerate workers' state. But the dominant sector of the state-owned economy continues to function, temporarily, on a non-commercial and non-capitalist basis. However, it is no longer actively organised by the institutions of bureaucratic planning. The dismantling of planning, linked with the difficulties in forming a new bourgeoisie (and thus the formation of a bourgeois state) is manifest in the spectacular collapse of production.



The old bureaucracy, minus the CPSU bureaucrats, remain a ruling caste within production. But whilst many have enriched themselves and purchased shares in their enterprises, or transformed them into dollars and invested their capital abroad, they have not yet established decisive ownership over state industry. The managers of the state industries remain under pressure from their work collectives, and are obliged to pursue the immediate objective of continuing production and employment. This acted, and still acts, as an enormous block to the shock therapy breaking up the moribund mass of the old planned economy. No automatic economic process or "hidden hand" will break it up by itself. Capital has to have a dependable state and repressive apparatus. Then it must turn it against the defenders of bureaucratic privilege and break up the resistance of the proletariat and, indeed, of some sectional interests of capital.

The remaining economic roadblocks to restoration could not be overcome without the resolution of the political dual power situation. This is why the neo-liberals pressed Yeltsin towards a decisive confrontation with the forces obstructing these policies within the parliament. Yeltsin destroyed the power of the Congress of People's Deputies and the Supreme Soviet in October 1993 and extended his power to the provinces. This was a necessary, albeit not a sufficient, condition for the restoration of capitalism. In its wake Yeltsin introduced further measures to make land a commodity. But Yeltsin could not introduce the full range of necessary measures overnight; not before he had created a secure semi-bonapartist constitutional framework and consolidated the army behind him. He has proved unable to create a political movement in the country which backs his reforms and which could gain a majority in the two houses of parliament—the State Duma and the Federal Council.

A further limitation of his freedom of movement is that the Army High Command, who grudgingly backed him in his showdown with parliament, are far from enthusiastic about the shock strategy. There are good reasons for their reticence. There is little evidence that imperialism will come up with the tens of billions of US dollars that are absolutely essential to prevent social disorder and the total collapse of 40%-60% of industry. The still powerful "industrialists" and generals do not want to see the complete prostration of Russia before the US, German and Japanese multinationals that this scenario entails. There are some serious indications that a more pronounced state capitalist strategy might emerge, one tolerated, if not advocated, by imperialism in order to achieve social stability for

the restorationist regime.

Certainly, the differences concerning the pace and the type of restoration strategy are yet to be resolved within the Kremlin. Yeltsin's government itself contains representatives of the cautious state capitalist strategy, not least premier Chernomyrdin. The army's enhanced power will now give added weight to these. But whichever route to capitalism the government takes, the historic, if disfigured, conquests of the proletarian revolution made during the twentieth century, are still being undermined or destroyed under the banner of democracy and with the promise of providing the necessities for a decent life. Already in Russia the hollowness of this promise has begun to be revealed. A military and police Bonapartism or a highly militarised "democracy" will be needed to see through the final savage assault on nationalised property.



TIRANA, ALBANIA, 1991

The elimination of bad loans to the industrial associations is crucial if the banks are to operate as the provider of commercial credit and money which can circulate as capital.

In 1989/90 a series of mass popular upheavals in Central and Eastern Europe brought to power a succession of openly bourgeois, or bourgeois-workers' parties, committed to dismantling the planned economies and the restoration of capitalism. By the summer of 1990 capitalism had been restored in the former German Democratic Republic. By the end of 1993 this had not occurred elsewhere. But even in the rest of Central and Eastern Europe their established economic ties with USSR and each other were considerably weakened and they began to open themselves up to trade and investment from the capitalist countries.

This disruption and competition caused a sharp collapse of industrial production during 1990 and 1991. Hungary suffered a fall of 21% in 1991; Poland and Czechoslovakia experienced reductions of more than 24% and 32% in the same year. The condition of Romania, Albania and Bulgaria was even worse. Not since the slump of 1929-32 in the west had there been such a dramatic fall in output in a region of the world's economy. In Central Europe the collapse in industrial production was partly compensated by a growth in private sector services and agriculture.

Some stabilisation of this decline took place in 1992 in Poland and elsewhere in 1993. Hungary, Poland and the Czech republic registered positive GDP growth in 1993. Industrial collapse has bottomed out as the most unprofitable have gone bust. Some tariffs have been re-imposed to protect other industries and in response to social protest. Trade with the EU grew rapidly (e.g. 19% in 1992), Germany being responsible for over half of these three countries' exports and imports. Given the restricted and impoverished nature of the internal market in these countries, expanded trade with the EU is crucial to their short term economic prospects. The European recession, and especially Germany's, presents a real barrier to the completion of Central Europe's restoration process.

Expanded trade and investment assists macroeconomic stabilisation (inflation, unemployment and foreign exchange reserve levels). Outside of this expansion each of the governments are delayed in implementing the necessary structural changes in the banking sector. The elimination of bad loans to the industrial associations is crucial if the banks are to operate as the provider of commercial credit and money which can circulate as capital. In Hungary and Poland much of the juridical framework for bankruptcy and banking reform exists. Yet, at least up to the end of 1993, banks throughout the region used much of their available funds to cover non-performing loans to the enterprises, restricting the process of capital accumulation in the private sector. In the coming period the weakness of the embryonic bourgeoisie, the lingering effects of the world recession and the absence of solid financial guarantees from the IMF and the World Bank will continue to delay restructuring and slow down restoration. But only a resurgence of workers' struggles will be able to stop or reverse this tendency.

The political landscape is still dominated by a fragmentation of political parties. All the movements and parties that emerged out of the collapse of Stalinist power in 1989/91 have either collapsed or split. As a result they have lost political influence. The committed pro-IMF parties in Central Europe (e.g. Democratic Union in Poland, Young Democrats and the Liberals in Hungary) lack strong popular support for their programmes. This reflects the fragile character of petit bourgeois and bourgeois classes in these countries and contributes to political instability. It also helps explain the protracted character of the restoration process as strong government majorities for decisive measures are difficult to secure. Bonapartist tendencies have strengthened in all these countries but the absence of a strong challenge to the governments from the working class has ensured that parliamentary rule and

measures have been dominant in the first few years of the transition. Reformed Stalinist parties (now social-democratic, pro-capitalist parties) have strengthened their position as they have successfully presented themselves as the caring opposition, promising to protect the workers from the worst excesses of the restoration process.

Ex-Stalinist parties are once again in office in Poland and in Hungary. True-to-the-faith Stalinism has declined everywhere, although it remains strongest in the Czech and Slovak republics as well as Russia itself.

Unlike the countries of Eastern Europe, Cuba has not seen any mass movement for democracy or for a change in the regime. The restoration of capitalism is taking place at the initiative of the dominant wing of the bureaucracy. Castro presents the measures involved in the return to private property as "indispensable concessions". Given the terrible economic conditions in the country and the blockade (which has obviously reinforced the stagnation of the economy), Castro can present himself as the defender of the gains of the Cuban Revolution against US imperialism.

It is probable that the current regime will remain at the head of the restoration process, cultivating illusions amongst the masses as to its real nature. The regime may be able to survive for several more years behind its "Marxist-Leninist", "anti-imperialist" façade even though it is attacking the very foundations of the planned property relations.

TIANANMEN SQUARE, 1989



China, with nearly a quarter of the world's population and at the heart of the region experiencing the most dynamic economic growth in the world, will play an increasingly important role in the fate of the world capitalist economy and in world politics. After 1978, market reforms in the countryside led to a massive increase in agricultural output and class differentiation and a significant accumulation of capital throughout most of rural China.

The Chinese Stalinist bureaucracy under Deng's leadership simultaneously promoted the import of foreign (mainly Hong Kong, Taiwanese, US and Japanese) investment into special zones on the Chinese coast. This investment has hitherto been attracted by the existence of very low waged workers to produce goods for re-export. Growth rates have exceeded 8% per annum in these zones.

Parallel to this, state capitalist trusts have been established whose profits are intended to form the capital for a state-supervised sector as a potential counterweight to the influence of foreign owned capital. This controlled capitalist development has a series of potentially explosive contradictions.

Firstly, it has accelerated the development of a new super-exploited Chinese working class which has been forced to work under primitive and hazardous nineteenth century sweatshop conditions. Despite the repressive political conditions this working class will be forced to fight for protective labour measures and higher wages.

The doubling of disputes recorded by the state Labour Department over the past year is evidence of the development of the early stages of trade union organisation.

Although repression will drive such organisations towards the bourgeois-led Democracy Movement, their very existence creates an obstacle to both the Stalinists and bourgeoisie. Since the bloody crushing of the democracy movement in June 1989 there

has been no open political opposition to the Stalinists. Nor is there evidence of political reform movements from within the bureaucracy.

Secondly, huge numbers of peasants have left the countryside to swell the cities, which have neither the jobs nor the urban infrastructure to support them, thereby creating more social tensions.

Thirdly, the loss-making state enterprises are coming under increasing pressure since the subsidies required to keep them in production act as a brake upon the further development of capital accumulation in the rest of the country.

Fourthly, increased collaboration of state and party officials with capital, especially with "overseas Chinese" capital in joint ventures, is eroding the central authority of both state and party institutions which is essential for the continuation of the government's strategy.

Fifthly, the rapid development of the coastal Special Economic Zones (SEZ's) and their autonomous links to booming capitalist South East Asia will create strong centrifugal pressures that will encourage divisions within the central state power. This tendency will deepen with the return of Hong Kong to Chinese sovereignty in 1997.

However, the dismemberment of China is not the strategic objective for Chinese capital. The real significance of the SEZ's is that they have provided a territorial base from which to subordinate the rest of China to the law of value and the social rule of the bourgeoisie.

Although in formal statistical terms the SEZ's and private sector may be responsible for more than 50% of Chinese GDP, this will not result over the next two to three years in the restoration of capitalism.

Quite apart from the difficulty of establishing an objective standard by which to compare the two sectors, the real issue is the point at which capital accumulation becomes the dominating priority within the economy. This would entail a dramatic reduction in subsidies to state industry and in spending on social services and, consequently, very rapid rises in urban unemployment.

Although this might result from a decision to shift state resources towards state capitalist trusts, the real motive force, which differentiates China from the other degenerated workers' states, will be the dynamism of a fully-fledged capitalist sector.

As to the imperialists, they soon forgot their hypocritical denunciations of the regime for the Tiananmen massacre as US economic self-interest reasserted itself. Trade and investment with China has expanded greatly since 1989.

During the last three years China has taken a growing share of a declining total of Japan's foreign investment; the USA too has increased its investment. Moreover, they are beginning to change their character as the multinationals start to produce for the Chinese market. Already there is a mass market for low value consumer goods such as televisions, provided by imperialist owned companies.

If current growth rates of trade, investment and output were to be continued up to the year 2000 then there would be a several hundred million strong market with enough income to sustain significant car, house building and consumer electronics industries. China, together with the rest of Asia, is thus seen by imperialism as its greatest economic opportunity for the rest of the century and indeed for the new millenium.

But capitalist development inside China—either through the further influx of foreign capital or the metamorphosis of parts of the bureaucracy into a capitalist class—cannot proceed without further sharp convulsions. The "overheating" of the new economic zones—feverish credit expansion, inflation, lagging behind of the necessary infrastructural development—gives way in turn to constraints on demand.

This in turn produces dashed expectations, dislocations and unemployment. As the economic paths of the SEZs and the old state sector diverge more and more, any attempts by the rulers of the latter to impose restraints upon the development of the former will cause more and more conflicts as the new capitalists feel themselves unjustly restrained by the demands of the planned economy.

On the other hand, the "iron bowl" guarantees enjoyed by the huge numbers of industrial workers in the old state enterprises will come under attack, provoking resistance from the most concentrated working class in the world. In the countryside the continued process of uneven economic development will promote further class differentiation, polarisation and conflict.

Enhanced capital penetration and link ups between the SEZs and the interior will cause conflicts between sections of domestic and foreign capital that will not be easy to resolve smoothly given the absence of a clear regulatory framework.

Moreover, China's economic development will find itself a victim of its own rapid growth as it suffers retaliation from the EU, USA and others seeking to protect their industries and markets from cheap competition.

Finally, at the crossroads of all these contradictory paths of development stands the Chinese bureaucracy. It can only absorb so many of these conflicting pressures and stay relatively monolithic for so long; at a certain point in the next five years the bureaucracy will fracture along quite different regional, economic and sectoral lines.

Rural disorders, strikes in the SEZ's and beyond, indicate that the masses are already moving into struggle. Massive closures in the industrial centres of the planned economy could, likewise, produce a social explosion.

Given the increasing tensions within the bureaucracy and the army, the first serious public split could rapidly lead to a pre-revolutionary, or even revolutionary, situation.

The issue of proletarian political revolution or social counter-revolution could be posed very quickly.■

"At a certain point in the next five years the Chinese bureaucracy will fracture along quite different regional, economic and sectoral lines."

Capitalism and nationalism in the "Third World"

"More than ever the semi-colonies are prevented from forming their own national industrial base by unequal exchange with the developed imperialist countries and the gap between them and the imperialist economies is constantly widening."

After the 1982 debt crisis the IMF wielded a big stick over the semi-colonial countries. At the same time it dangled a very small carrot a considerable distance ahead of them. To make themselves credit worthy once again and attractive to foreign investors they would have to slash state budgets, strive for a balance of payments equilibrium and exchange rate stability. They would have to abandon all attempts at import substitution and orient their production to maximise export earnings. Finally they were obliged to auction their state assets to the highest bidder. For the big banks the purpose of this programme was clear.

Third World states must maximise revenue and minimise their own spending so as to be able to set aside as much as possible to meet the interest payments on their outstanding debt. The promised rewards for such self-sacrifice by the impoverished countries would come later in the form of higher levels of bi-lateral and multi-lateral aid, together with greater access to the financial markets for capital. In time too, the prices of primary products would stabilise and even firm up, so producing real growth.

This neo-liberal programme has been held to with utter rigidity by the IMF and the World Bank for the last ten years. It has been a disaster for the vast majority of semi-colonies. Two-thirds of them are worse off than they were in 1973. More than ever they are prevented from forming their own national industrial base by unequal exchange with the developed imperialist countries and the gap between them and the imperialist economies is constantly widening. Stagnation and decline has never been greater in the Third World. Most of the nations of two entire continents (South America and Africa) have gone backwards in the last ten years. Only Chile significantly reduced its debt. Mexico has stabilised it. For Africa, most of Asia and Latin America the level of their debt burden has increased as measured by export earnings/interest payment ratios.

Africa has fared worst of all. Of the 57 nation states on the continent, twenty one have a per capita GDP less than it was in 1979. In the decade since the debt crisis erupted Sub-Saharan Africa's total debt has more than doubled, and debt service payments more than doubled between 1979 and 1987. In addition the terrible effects of the AIDS epidemic will weaken these frail economies even further as the workforce is decimated and health care resources are stretched to the limit. The effects of the imperialist stick are plain to see; the carrot, investment from the multinationals, increased exports of better priced raw materials, will be prove elusive for the simple reason that the economic activity of the majority of the semi-colonial countries is becoming ever more marginal to the concerns of the core capitalist nations.

They are less important, judged by most economic indicators, than they were twenty years ago. The imperialist economies are less dependent upon raw materials, primary commodities and low unskilled labour costs in the Third World as depressed accumulation, energy saving processes and shorter product cycles have reduced the components of all these in each unit of output. Given that primary commodities still represent half of all export earnings for the semi-colonial world the implications of this fall off in demand, prices and earnings is devastating.

The "anti-imperialist" credentials of the semi-colonial bourgeoisie have suffered terrible blows to their credibility over the last decade.Typical was the failure of Latin American governments —such as that of Peru's Alan Garcia in 1985-90—to mount coordinated resistance to the IMF. More dramatically, the total defeat of Saddam Hussein in the Gulf War in 1991 discredited the anti-imperialist pretensions of similar military bonapartist regimes. The decline of Stalinism—the main force in the workers' move-

ments of most of the semi-colonies—aided a decline in political class differentiation. The vacuum left by the discrediting of both Stalinism and Third World anti-imperialism has been filled in part by an anti-western Islamic fundamentalism and also by various sorts of "peoples power", as well as by nationalist or ethnic movements. Those fundamentalist movements which today remain anti-US are often at the same time anti-democratic, anti-communist and anti-women. On the other hand, many of the new mass democratic movements that have developed are not anti-imperialist. Many are, for the time being at least, pro-US in their rhetoric. Forces which combine anti-imperialist, anti-capitalist and democratic slogans have, temporarily, declined.

Since the 1970s political Islamist movements have shown signs of a vigorous revival throughout the Middle East and beyond, pushing aside both "Communism" (Stalinism), and secular Arab nationalism, presenting themselves as the most "radical" and "anti-imperialist" of ideologies. Here we must make a distinction between conservative Islamism, such as that of Saudi Arabia, and the brand of "radical" Islamism which draws its inspiration from Iran. The former hangs on in the petro-monarchies (e.g. Saudi, Kuwait) and states like Morocco, Sudan and Pakistan, as a protection against the radical Islamists.

The "radical" current is a product of economic and social change in the Arab and the wider Islamic world—the decay of rural society and the creation of vast shanty towns around cities like Cairo, Teheran and Gaza. Its prestige was forged in the "Islamic (counter) Revolution" in Iran and by Khomeini's defiance of the USA. These movements are a real threat, not only to the pro-imperialist bonapartist regimes but also to the working classes and the petit bourgeois democratic forces in countries like Algeria, Egypt, and Palestine. These forces are a testimony to the failure of capitalism to develop the productive forces at a pace equal to its destruction of the old modes of production. They are also a testimony to the failure of bourgeois and petit bourgeois nationalism, socialism and Stalinism to lead the masses in a successful liberation struggle. To the extent that both conservative and radical Islamists form a mass movement, made up of petit-bourgeois and lumpenproletarian elements, of students and artisans, which aims to smash the labour and women's movement, they constitute a specific form of fascism—clerical fascism. This movement has as its objective the destruction of all democratic and political rights in favour of a clerical dictatorship.

Another form of political protest emerged in the 1980s which was more tolerable to imperialism because it was more easily manipulated by it. Under the slogans of "people power", mass movements erupted which stood for "democracy" but without any sharply defined ideological content or political programme. Imperialism has sought to intersect and even sponsor such movements, favouring "pluralism" and "free elections" in a number of military bonapartist dictatorships or one party states. This tactic was designed to help open up the economies of these countries and to foster widespread illusions both in bourgeois democracy and in the United States, the EU and the United Nations.

The discrediting of the degenerate workers' states as an alternative political and economic model of development strengthened the widespread view that a market economy, based on legalising and deregulating the informal or black economy, and encouraging the influx of capital from the multinational corporations (MNCs), was inevitable if semi-colonial countries were to go forward at all. The mass stay-aways and demonstrations in South Africa in the years 1984-6 and the overthrow of the Marcos dictatorship in the Phillipines by mass demonstrations in 1986 set a pattern for the years to come. Mass demonstrations in Beijing in 1989, even if they led to bloody repression, paralysed the Chinese Stalinist bureaucracy for weeks.

In Chile mass protests led to the withdrawal from power of Pinochet in 1990. Demonstrations by vast unarmed crowds brought down the East German, Czech and the Bulgarian regimes in November 1989 and precipitated the mutiny of the Romanian army and the downfall of Ceaucescu at the end of the year. Strikes and demonstrations by students and workers forced the the retreat of the military from open political rule in South Korea. In a whole series of sub-Saharan states mass popular protests played an important role in forcing democratic "openings". But whilst the trade unions or workers played an important, often a vital role in these struggles, none were led by politically independent working class forces. As a result the mobilisations stopped short of a thoroughgoing democratisation of the state and often placed nakedly bourgeois and pro-imperialist forces in power.

The outbreak of national conflicts intensified in the 1980s as IMF programmes took effect. Economic decline increased regional differentiation. Democratisation, often pressed for by imperialism as a way of overcoming obstruction by old elites to the neo-liberal medicine, has served to weaken the superstructure of the post-colonial states and has eroded the legitimacy of their ruling classes. On this basis old and new nationalisms have (re)emerged. In Africa, as a result of the decay of the productive forces, the state structures are breaking down. Regional elites, both civilian and military, are using "tribal" and ethno-linguistic bases to mobilise or control the masses. A burgeoning number of bloody wars are tearing apart the semi-colonial states inherited from the colonial period. In Liberia 20,000 have died in the civil war and the state

"The outbreak of national conflicts intensified in the 1980s"

is under partial occupation by a force from other West African states. Chad and Sudan have experienced long and terrible civil wars with ethnic dimensions. The 1991/2 civil war in Somalia led to the deaths of 300,000 people, the displacement of over half a million others and to a terrible famine. UN/US armed interventions, a sort of re-colonisation, have led to open conflict between the these troops and the "war lord" Mohammed Farah Aideed.

In Rwanda a terrible Hutu-chauvinist organised genocide of at least half a million Tutsis, the military victory of the Tutsi-dominated RPF, followed by the flight of a huge number of the Hutu population to neighbouring countries, shattered the country. In Burundi, Djibuti, Kenya, Mauretania and other countries of Africa there have been bloody inter-ethnic conflicts. In Mozambique the civil war between the formerly anti- but now pro-imperialist FRELIMO and the bandits of RENAMO has destroyed the economic life of the country. In Angola the renewed civil war between Jonas Savimbi's UNITA and the MPLA government has produced 100,000 deaths. In Angola and Mozambique reactionary para-military groups, formerly financed by South Africa, continue to murder thousands. Despite the efforts of the MPLA and FRELIMO to become the agents of imperialism they have not been able to victoriously conclude the civil wars that the agents of the USA and South Africa unleashed. Conciliation with such forces, here, as in Nicaragua, is the road to disaster.

"In Rwanda a terrible Hutu-chauvinist organised genocide of at least half a million Tutsis, the military victory of the Tutsi-dominated RPF, followed by the flight of a huge number of the Hutu population to neighbouring countries, shattered the country."

Even in India, which has a long tradition of bourgeois secularist nationalism (Congress), communalist and pseudo-nationalist movements have erupted in the Punjab (Sikhs and Hindus) inflamed by Hindu and Muslim political parties. In the Punjab this owes its origins to the "green revolution" which strengthened the Sikh rural bourgeoisie, who then sought to achieve autonomy or even independence so as to avoid having to share the riches of the province with the poorer ones of the sub-continent. Other national-ethnic struggles are caused by relative impoverishment of a region or ethno-linguistic or religious-cultural group, especially explosive when it hits the unemployed intelligentsia in the huge cities, where the material for social, communal or religious strife is ever ready.

The unevenness of development, which will be made much worse by the neo-liberal policies of the present government, will undoubtedly strengthen the centrifugal tendencies in India. In Sri Lanka the Tamil Tigers have waged a war for independence since 1983 against the Sinhalese government. Other serious national wars or persecution are taking place in Myanmar, China (Tibet and Xinjiang), in Cambodia (attacks on the ethnic Vietnamese population), in the Philippines (in Mindanao with the Muslim separatists) and in Indonesia (East Timor and northern Sumatra). In addition, there are the struggles by "indigenous peoples", in South and Central America and in the Pacific region, which have developed rapidly over the last few years. These also have an impact within the imperialist countries themselves, such as the USA, Canada and Australia, where indigenous peoples were for long denied full citizenship rights or condemned to poverty stricken regions or shanty towns on the fringes of the big cities.

Since 1989 the collapse of the degenerate workers' states towards semi-colonial servitude has also provoked violent national struggles. The demise of Yugoslavia and the crises in the Caucasus and Central Asia are the most intense and destructive. In the mid-1980s, as the planned economy went into deeper and deeper stagnation, the tensions between the bureaucracies of the nominally national republics of these federations intensified. The successor regimes, engaged as they were in restoring capitalism, were unable to offer the masses anything beyond a collapsing economy, inflation, lower and lower wages and mass unemployment. They turned to fomenting nationalist demagogy. The results were the bloody Serbian-Croatian war and then the carve up of Bosnia, the series of wars in the Caucasus. In former Yugoslavia the situation was made far worse by the meddling of the imperialist powers—with the US, Germans, British and French all pursuing conflicting aims. Then the UN intervention, with its embargo on Bosnian self-defence, made matters even worse. The result is that in Bosnia Herzegovina tens of thousands have been killed and two and a half million people turned into refugees by "ethnic cleansing".

Despite the attempts of the imperialists to calm the situation and to impose the carve up of Bosnia-Herzegovina as a fait accom*pli*, the situation in the Balkans remains explosive. Were it to break out again, the imperialists could accept the fact of a three-way war between Bosnia, Serbia and Croatia. Despite the inevitable instability produced by such war, it would not necessarily be dangerous to imperialism itself. The fundamental problem for them remains the situation in Macedonia and Kosovo. The rise of nationalism in Greece, together with the first signs of a growth in Islamic fundamentalism in Turkey, threaten the stability of the European Union and of NATO. The possibility remains that, despite the pressure of imperialism, Greece, Turkey, Macedonia, Serbia and Albania will explode in a bloody war.

The disintegration of the Soviet Union left behind sizeable ethnically Russian minorities in many of the successor states. All of these could be utilised by an increasingly nationalist Russia to

destabilise the regimes of the "near-abroad", forcing them to come to terms with Moscow within the framework of the CIS. In Ukraine, this could develop a dangerously destabilising momentum of its own. The Eastern Ukraine, formerly an important component of the Soviet industrial economy supplying, for example, more than a third of its iron ore and 44% of its machine tools, has a large ethnically Russian minority and a Russophone majority. Its industries will inevitably be the target of government privatisation and rationalisation plans. The destabilisation, even the partition, of the country is an ever-present threat as the economy collapses and hyperinflation fuels social conflict.

In the Caucasus the situation has developed in this direction already. In Georgia thousands have been killed and tens of thousands have become refugees in the fighting in Abkhazia and South Ossetia. In Azerbaijan during the four years of fighting with Armenia over Nagorno Karabakh more than three thousand people were killed. In Chechenya a civil war is raging. In Central Asia the civil war in Tajikistan, a conflict which has been largely ignored by the western media, has resulted in 25,000 people being killed and 500,000 displaced since 1991. Over the border in Afghanistan the bitter fruits of imperialist intervention have been seen since the downfall of the Najibullah regime. It has descended ever deeper into anarchy, riven by a conflict between irregular forces based roughly on the three major peoples (Hazars, Pathans and Tajiks).



RWANDA: RPF LEADER PAUL KAGAME

Social decline and national conflict are set to continue under capitalist rule. Investment in the semi-colonial world during the 1990s will be concentrated in a handful of Asian countries. Asia is likely to account for two-thirds of the increase in global GDP between now and the end of the century as the MNCs seek to take advantage of the opening of China, India and Indonesia to lower their labour costs and find new and extensive markets for their products.

The 1990-93 wave of investment into LA is not likely to continue as the recession ends in the G7 countries. Nor has it been invested in such a way as to transform the productive basis of any major economy, outside of Chile (and in part) Mexico, which could have held out the prospect for a sustained recovery in South America. It is more likely that Mexico and Chile, followed at some distance by Argentina, will absorb the bulk of whatever investment comes after the great sell-offs of state assets are over and that the whole continent will engage in a game of "beggar my neighbour", an auction of resources and labour rights in a scramble for the crumbs from the NAFTA table. But even for the "privileged" countries like Mexico, tied into a regional bloc with a major imperialist power, the future is one of enormous and growing regional unevenness and social dislocation. Between 1990 and 1992 over 90,000 small-to-medium businesses (10% of the total and employing 100,000 workers) closed as the effect of bringing down tariffs from 29% to 10% worked its way through the economy. The jobs in the maquiladora industries will not compensate for that. In the next five years another 40% of such firms could close under the impact of NAFTA.

In Africa it is hard to predict anything other than continued decline. The much vaunted turnaround through strict application of the IMF's neo-liberal programmes is not going to happen. Only South Africa, if the post-apartheid settlement can be stabilised, may escape the investment starvation and years of chronic recession it suffered as a result of the death agonies of the apartheid regime. Then it may experience some renewed growth. The IMF hopes that South Africa—through some kind of regional tie up with the other big three (Zaire, Kenya, Nigeria)—can help trade and investment increase at least in these key states. But on what basis?

The European Union, and to a lesser degree the US and their MNCs, would have to be the big investors. But Africa holds a declining share of a declining or static market. What it sells is required less and less as OECD incomes rise; biotechnologies will lead to more and more replacements being found within the OECD states for Africa's primary products. Nor is Africa likely to be able to diversify and become the site of new industries. For the EU Africa has few, if any, comparative advantages (poor per capita income, poor literacy and educational levels) as compared to Eastern Europe. South Africa and a few North African nations may slow the pace of the continent's decline.

For Sub-Saharan Africa, it would seem inevitable that, under capitalism, the prospect is for there to be less and less internal mechanisms of accumulation, and an ever greater tendency simply to rely upon the conditional handouts of bi-lateral and multilateral aid. The fragile political regimeswill have to be propped up by imperialist interventions, the armed forces or regional groupings of states. But with the restorationist governments of the former USSR countries also

"Social decline and national conflict are set to continue under capitalist rule. Investment in the semi-colonial world during the 1990s will be concentrated in a handful of Asian countries."

holding out their begging bowls and the imperialists refusing to increase the volume of Overseas Development Aid we can expect an accelerated social decline in many of these countries. All the semi-colonial countries, outside the formal free trade areas (e.g. EU or NAFTA), can expect that bi-lateral barriers to trade with the imperialist countries will rise as competition for markets intensifies in the 1990s. Under the prevailing neo-liberal regime most semi-colonies will need a particularly strong cyclical recovery in the G7 and OECD countries during the second half of the 1990s if their absolute economic position is not to deteriorate markedly.

THE STRUGGLE for democratic rights will become a major issue, particularly in South East Asia. The "tiger" phenomena is founded on an extreme exploitation of the working class through military-bonapartist dictatorships and militarised democracies. But the recent development of the productive forces in these states has lead to an enormous growth of the working class and also a new layer of intellectuals and other modern middle-class strata. At the same time the old support for the regimes amongst the traditional urban petit-bourgeois and agrarian society has been eroded. Developments in South Korea in the late 1980s, and more recently in Indonesia, show that the working class has started to translate its growing objective power into active class struggle. Also the new middle class wants democratisation.

The days of the old regimes are over. The prospects in South East Asia are of an upswing of class struggle and political unrest. The danger for the working class lies in a democratic counter-revolutionary development (as in South Korea) where the main sectors of multi-national capital in the country were able to build an alliance with sectors of the modern middle class. But these sectors of big business and the middle class are both significantly weaker in the other newly industrialising countries. The proletariat must integrate the struggle for democracy into its own revolutionary perspective and win over the popular layers of the middle class.

Clearly, the perspectives are for an intensification of national conflicts in the semi-colonies and the moribund degenerated workers' states headed towards Third World status. Struggles against national oppression and against imperialism will have a progressive character. As a minimum, if successful, they remove the obstacle which the nationalisms of both the oppressed and the oppressor nations put in the way of the class consciousness of their respective proletariats. In the case of national struggles which actually coincide with struggles against imperialism and its agents and/or struggles against elements of capitalist/pre-capitalist forms of exploitation the national struggle can form the democratic starting point for overthrowing capitalism itself.

By contrast, national struggles which amount to claims for political or economic privilege, which attempt to seize or monopolise territories rich in natural resources, perhaps in collusion with the MNCs or an imperialist power, are reactionary and have to be opposed. In the case of others, which fragment larger states and hamper the development of the productive forces, but do not include claims for privilege, it may be necessary for revolutionaries to remain opposed to secession whilst recognising the right to secede. This is generally the stance that should be adopted in the case of fragmenting semi-colonies, degenerate workers' states or even the imperialist countries themselves. Despite the present frenzy of nationalism, or rather because of its bitter fruits, a reaction against it will undoubtedly set in and proletarian internationalists must prepare the way for this amongst the working class and the youth.■

SURAT, INDIA, SEPTEMBER 1994: IN FEAR OF THE PLAGUE



The crisis of working class leadership

Stalinism's passage from decline to outright collapse has had major consequences for the world labour movement. This applies both to pro-Moscow Stalinists in the West and to "Marxist-Leninist" (Maoist) currents in the semi-colonial countries. In the imperialist countries and the workers' states in which capitalism is being restored, Stalinist parties are becoming social-democratic. This may take the form of a relatively slow evolution (as in France and Portugal) or a rapid transformation into parties with a social-democratic programme (as in Hungary, Italy and Poland).

The strong Italian Communist Party has finally split, its greater part becoming a social democratic party (the PDS). The majority of the trade union, municipal and parliamentary officials followed this course as did the bulk of their working class electorate. The traditional Stalinist rump (*Rifondazione Communista*) is not a serious contender for national power. The combination of reformist electoralist practice with the symbolism of Leninism and an attachment to the degenerate workers' states had lasted for the forty years of the Cold War—with the collapse of the USSR and the Eastern Bloc it was no longer viable.

In Spain the fragmentation of the Communist Party (PCE)—punishment for their betrayal of the workers' opportunities in the aftermath of the Franco regime—has been partly overcome. But the PCE has been unable to broaden its support, despite the growing disillusion of the working class with the right-wing social-democrats of the PSOE. In France the Communist Party (PCF) survives as a Stalinist party. It has suffered only minor social democratic splits (*Renovateurs*). Despite the electoral collapse of the Socialist Party, the Stalinists seem unable to stop their own electoral decline (for example by mobilising the youth), even though the PCF continues to head the biggest workers' union, the CGT.

The reason for this is that the PCF collaborated with the Socialist Party in its wave of attacks on the working class. It is incapable of advancing a policy fundamentally different from that of the Socialists. In Great Britain the Stalinists, who have never been an electoral force, are no longer an important component of the trade union bureaucracy or of the trade union vanguard.

In the semi-colonial countries, the Maoist currents have collapsed (India). The attempt to regroup Maoist forces in an "International Revolutionary Movement" has been a failure (retreat of the PCP-Peru, TKP/ML-Turkey, RCP-USA). The failure of the guerrilla strategy, from the Philippines to Turkey and Peru, and their accommodation to the national bourgeoisie and the ruling bureaucracies of the degenerate workers' states, lie at the root of the crisis which is wracking this current.

In Eastern Europe, large "post-Stalinist" parties still exist, notably in Lithuania, Poland, the Czech Republic, Slovakia, Hungary and the Eastern *Länder* of the unified Germany. In Poland and Hungary they have even won elections under the new bourgeois democratic systems and have become the main parties in government. These parties have adopted programmes which are either largely or totally social democratic, though their old party bureaucracies remain largely in place. There is little sign that they are recruiting a new generation of workers or youth, or inspiring any real resistance to restoration.

In Russia, other CIS states and certain Balkan countries (most notably Serbia and Romania), old style, hard line Stalinist forces still exist. They are instruments for defending the remaining privileges of the bureaucracy. They have been able to retain passive working class support by standing for the maintenance of state industries against the neo-liberal privatisers. But they have made no positive appeal to the masses to defend the planned economy or participate in the construction of a new plan. Most of them mount no clear opposition to capitalism or the market as such. They combine their opposition to the West with violent national chauvinism and even anti-semitism. Many have formed blocs with nationalist, racist and even fascist forces (such as the Moscow National Salvation Front and the Milosevic-Seselj bloc in Serbia up to the autumn of 1993).

The social democratic and labour parties in the capitalist West are all on a right wing trajectory. The pace of their moves to the right varies from country to country, but the pattern is uniform. All of these parties are keen to weaken their organisational and political relationship to the working class. In some cases (Spain) social democrats are pursuing neo-liberal programmes

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(the path to this having being charted by the New Zealand Labour Party). The old Keynesian commitments to full employment, state ownership of industry and welfarism have either been ditched or diluted to such an extent that the difference between social democracy and bourgeois liberalism, in policy terms, has become ever narrower.

The oft cited social democratic "Swedish model" is in outright crisis. Only in Austria has social democratic corporatism yet to break up. Links between the social democratic and labour parties and the trade unions have been deliberately undermined by reformist leaders, consciously cultivating an image to appeal to the bourgeoisie and the middle classes.

In Europe, and in other countries where the social democratic tradition is strong, this shift to the right has resulted in declining membership levels. The reformist parties have become ever more the habitat of middle class career politicians as opposed to the mass of the working class. In turn this has caused electoral decline. The net result of this process, taken together with the collapse of Stalinism and the relative decline of the class struggle from the middle of the 1970s onwards, has been to weaken political class consciousness within the ranks of the working class.

We do not mourn the decline of the reformist parties. But the absence of mass revolutionary parties has meant that the erosion of reformist "socialist" consciousness has not yet resulted in the growth of revolutionary socialist consciousness. Instead it has led to reduced expectations, apathy and even the growth of reactionary ideas within the working class.

However, the social democratic and Labour parties are not dead. Electoral victories remain possible (as in Sweden). In Europe, the regroupment of these parties around EU projects for a "social market", in the context of the discrediting of conservative regimes, could even lead to significant revivals for parties like the French Socialists and the British Labour Party.

In the semi-colonies, the picture is somewhat different. Here social democracy is traditionally weak and the Socialist International's sections have tended to be bourgeois parties. Those Social Democratic parties which were bourgeois workers' parties tended not to join the Socialist International but to float between it and Stalinism (as in Chile). The decline and fall of Stalinism has led to the emergence of a Labour/Workers' Party movement modelled on the Brazilian PT. Moves to create such parties have been witnessed in the Pacific area and South Africa as well as in Latin America. Drawn to this project are a motley collection of ex-Stalinists, ex-guerrillaists and ex-Trotskyists.

This movement criticises neo-liberalism, but accepts the role of the market while emphasising state intervention to regulate the worst aspects of capitalist competition. The overall direction of this confused current is towards the right, resigning themselves to neo-liberal programmes while seeking to shelter the poor from their worst effects. Meanwhile the bourgeois and petit-bourgeois nationalist forces in Africa and in Latin America have thrown off the Stalinist colouration thay once adopted, espousing instead the virtues of the market and liberal democracy.

The political balance sheet of the world working class movement over the past five years is preponderantly negative: organisational decline and collapse, ideological degeneration and programmatic capitulation.

"Worldwide the trade unions are under attack. 260 union activists were killed by death squads or security services in 1992."

WHAT IS the state of the bedrock organisations of the working class—the trade unions and other forms of workplace organisation? Worldwide the trade unions are under attack. Even the International Confederation Free Trade Unions (ICFTU)—now the only serious international federation since the collapse of the Soviet core of the World Federation of Trade Unions (WFTU)—reports that 260 union activists were killed by death squads or security services in 1992. In the same year 40,000 workers were victimised for demanding union rights or better pay and conditions.

Latin America is the most dangerous continent on which to be a trade unionist. The ICFTU reports a "wave of restrictive legislation . . . across the continent". The informalisation of the economy and the neo-liberal shocks from Peru to Argentina and Mexico have hit the unions hard.

In the Middle East, the rights of trade unionists are very restricted or non-existent. In Algeria, Egypt, Syria and Jordan the unions are under heavy state "supervision". In the Gulf petro-monarchies there are no trade unions; the immigrant workers who make up a large percentage of the workforce lack citizenship and civic rights as well. Faced with the abuse of "human rights" in this region, the hypocritical imperialist powers do not mount the slightest pro-democratic propaganda.

In Asia the remarkable growth of the so-called "tigers" was in part based on the suppression of trade unions. In South Korea, which experienced the highest average annual GDP rise between 1980 and 1991 (10%), the working class has won not only a degree of trade union rights but used them to increase real wages. The unions also played a major role in establishing democratic rights. After a period of decline in the class struggle, 1994 saw growing resistance. The occupation at Hyundai and the austerity plans of the new government herald a new phase of struggle in South Korea. In Indonesia and Taiwan there are still no free trade unions. Trade unionists suffer severe repression, along with other campaigners for human rights and oppressed nationalities.

In a number of African countries the unions have been in the forefront of the struggle for democratic

rights. In Nigeria, Malawi and, of course, South Africa mass strikes have played a vital role in forcing democratic concessions. The price of this activity has often been the tying of the unions into a popular front or their subordination to bourgeois politicians such as Abiola in Nigeria. In South Africa three years of acute economic crisis have led to soaring unemployment. Real wages actually fell in 1992 after several years of increasing as the unions won redress for decades of depressed wage levels caused by the apartheid dictatorship. The ANC-National Party settlement is supported by the leadership of the COSATU trade union federation. But at the same time there is clearly pressure from the rank and file within some unions to secure independent political representation for the working class. Proposals for a Workers' Party have re-emerged in some unions such as the metal workers.

The German proletariat has the most powerful trade union movement in Europe, both in terms of numbers and concentration in huge industrial unions. The DGB federation has 11 million members, 3.39 million of whom are in the most militant of the unions—IG Metall. The years since re-unification have seen a steady revival of union activity, despite the continued class collaborationist pact signed between the government, unions and employers. In May 1993, the East German metal workers engaged in their first official strike for sixty years.

In the autumn of 1993 coal miners, building workers and the unemployed took to the streets in large numbers. The announcement of severe job losses and the cancellation of previous agreements indicates a serious employers' offensive. The intensification of the class struggle in Germany is inevitable over the next period. The important question is whether the German workers can develop some sort of rank and file initiative and control over their struggles.

In France the labour movement appeared at first to be cowed by the crushing electoral defeat of the Socialist Party and the return of a new right wing government with a massive parliamentary majority. Yet the first serious offensive of the Balladur government against the public sector revived the spontaneous resistance of the French workers. The strength of the Air France strike threw the government into disarray and led to a rapid climb-down. At the same time, the Socialists, despite their systematic betrayal of workers' interests, began to show a revival of support.

The French working class remains organisationally weak. The unions, politically divided and constantly waging internecine battles, have never been strong, yet they have declined further in size by 70% over the last 16 years. Today, they organise less than 10% of the workforce. As the great upheavals of June 1936 and May 1968 show, this lack of unionisation also allows for the development of explosive class struggle situations which the bureaucracy can only control with difficulty. Following the collapse of the PCF and the weakening of the Socialist Party, this instability has grown. This in part explains the readiness of the current government to compromise. However, without the development of strike committees and rank and file organisation, it is difficult for the largely non-unionised workforce to achieve the full fruits of their struggles.

In Belgium and Italy, general strikes against austerity measures have brought hundreds of thousands onto the streets. In Italy there is a serious problem caused by the division and bureaucratisation of the unions. This crisis of leadership was manifested in 1992, when the workers pelted the sell-out bureaucrats with nuts and bolts. But despite the rise of the COBAS movement of the late 1980s, the rank and file have not been able to stop class collaborationist deals such as the abandonment of the *scala mobile*.

In Britain the upsurge of resistance to the closure of the remaining coal mines in the autumn of 1992 was frittered away in popular front charades with Tory "rebel" MPs. One year on, the miners were butchered without a serious blow being struck in response. Across Europe the same task faces trade unionists: to build a powerful movement of the rank and file against the bureaucracy. Such a movement must not be limited by localism or economism. Nor should it actively seek premature splits in the unions. Nevertheless it must mount a real challenge to the treacherous leaders. Such a movement will require a revolutionary communist vanguard at its core.

In Russia the key question is whether the onslaught of Yeltsin and Gaidar on millions of jobs wil provoke a response from the working class. Russian workers showed no signs of wishing to defend the parliament during Yeltsin's October 1993 Coup, and they totally ignored the call of the official unions for a general strike. But neither have they shown much enthusiasm for Yeltsin.

The Russian working class remains a sleeping giant which still has to recover not only from the destructive effects of more than fifty years of Stalinist atomisation and de-politicisation, but also from nearly a decade of reliance on and co-operation with their managers. In the years since *perestroika*, and especially since the economic shock treatment began, workers have gained more and more control over the work process. Their managers have to work in an alliance with the workers (they are elected by the workforce). The result has been the constant raising of wages and payments in kind, roughly in parallel with the rise in prices.

The Russian working class has not yet created mass organisations of struggle. Their unions are not trade unions in any recognisable sense of the term. The Federation of Independent Unions of Russia (FNPR) claims 50 million members from a workforce of 72.5 million. Workers still receive their social security, sickness and invalidity benefits through it. Thus their

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membership is not voluntary. The FNPR is closely linked with the Russian Union of Entrepreneurs and Industrialists, forming a corporate structure at plant level.

There are also forty or so "unofficial" unions, but little hope can be placed in them to lead a fightback against the effects of the coming shock. In all the CIS states their membership does not exceed 500,000 and the three largest in Russia—the coal miners, the air traffic controllers and airline pilots—do not have more than 100,000 members. These unions have received large sums from the AFL-CIO, and are heavily corrupted by the entrepreneurs and mafia of the private sector. Nevertheless, the stirrings of the Polish and the Ukrainian workers show that when the full impact of the decisive moment of restoration becomes clear to the workers then mass resistance is possible.

The trade unions and workplace organisations are the bedrock of the world workers' movement. They are the womb of class consciousness, repeatedly giving birth to it no matter how many defeats are suffered. In the present phase of the collapse or withering of "workers' parties", revolutionaries must turn to the workers in the workplaces: in the factories, the mines, the shops and the offices. Yet the existing trade unions, both in countries with low and high levels of trade union struggle, whether over a century old or formed in the past decade, face a common enemy within—the trade union bureaucracy. The central task for revolutionaries is to be the foremost fighters for the creation of fighting democratic workplace organisations that can take control of their national unions and oust this bureaucracy.

Among the urban poor and rural poor peasants, new popular organisations of resistance are created, smashed and recreated time and time again as a necessity for day to day survival. From the outset brave, self-sacrificing leaders will be needed to withstand the paramilitary assassination squads and the latifundists' murder gangs. The corruption and incorporation of these leaders into a privileged conservative layer is less of a threat than the failure of these leaders to raise the political horizon of the oppressed, their fear and unwillingness to consciously unite all the piecemeal struggles for survival into an irresistible force capable of smashing the capitalist state.

In time the damaging ideological consequences of the collapse of Stalinism, which took place hard on the heels of a series of savage attacks against the workers of the main imperialist and semi-colonial countries, will begin to die out. A new generation of youth is coming into political activity. Youth will play a key role in the coming radicalisation. They are less scarred by the defeats of the last decade, less awed by the old workers' parties and the trade union officialdom. Their experience is of a world bourgeoisie gloating over the fallen Stalinist bureaucracy, declaring the end of history and the eternity of the market economy. But they are also witnessing a slide into economic stagnation, the outbreak of genocidal national wars and imperialism's bloody "peacekeeping missions" in the Gulf and Somalia.

These young people, trained and educated in ever greater numbers by capitalism itself, yet faced with unemployment or the harshest forms of exploitation in the "informal economy", are increasingly willing to fight. They are prepared to fight not only for themselves but for all the oppressed and exploited: against racism and fascism in the imperialist countries, against dictatorship and the death squads in the "third world", against the old bureaucrats or the new rich in the collapsing workers' states. To organise the youth is a central task in the revitalisation and reconstruction of a mass revolutionary workers' movement.

A profound change is beginning to make itself felt. The room for manoeuvre afforded by the weakening of Stalinism—and in certain countries its total disappearance—will give revolutionaries ever greater possibilities for intervention and for winning a new generation of militants who want both to fight and to learn the real nature of revolutionary politics, Marxism and Trotskyism.

The major problem facing the world working class is the absence of a worldwide revolutionary leadership standing as an organised political alternative to disintegrating Stalinism, to bourgeoisifying social democracy and to petit-bourgeois nationalism. The tremendous damage done to Trotskyism by the centrists was displayed during the crisis of the degenerate workers' states. The larger centrist formations (Militant/CWI, the United Secretariat of the Fourth International (USFI) and the British Socialist Workers Party's International Socialist Organisation) have provided no focus for the building even of the first nuclei of revolutionary parties.

Groups like the Spartacists have terribly discredited Trotskyism and soiled its banner by confusing it with Stalinism in the eyes of the workers of Eastern Europe. None of the centrist currents have been able to orient the world workers' movement correctly against process of capitalist restoration in the workers' states. As expected, the British SWP, because of its economistic and capitulationist theory of "state capitalism", failed absolutely to defend the historic gains. Others, like the Militant, shadowed the Stalinist chauvinists. The Morenoite current, the International Workers' League (LIT) onesidedly analysed the democratic upheavals in 1989-90 in Eastern Europe as solely part of the process of proletarian political revolution, and were blind to the dangers of capitalist restoration.

The centrist "Fourth Internationals" are mostly in decline or outright fragmentation. When the USFI was created thirty years ago it regrouped about three quarters of all those in the world who regarded themselves as Trotskyists. Now it is no longer the largest "Trotskyist" International. It is in a state of constant factional strife as its leaders adapt to the Greens, tail the "anti-imperialists" as they move rightwards, and imitate the social democratic left. It

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is probable that they will eventually abandon the claim to be the "Fourth International" in favour of creating an International with small scale reformist forces.

The Healyites have not recovered from their fissure into several competing sects in 1985-87. The Morenoite LIT split into three components in 1992. At its last congress (1994) the largest of these fragments split further. The International Bolshevik Faction, led by the Colombian PST, was expelled along with several other South and Central American sections.

Only the International Socialist Organisation—led by the British SWP—is growing on a world scale, although in Germany and Sweden the Militant is experiencing certain success with its Youth against Racism in Europe campaign. The Lambertists are extremely weakened with the disappearance of the youth organisation of their French parent section, and a crisis in their Spanish section. However, through the framework of their "open conferences" they maintain many links with the flowering labour movements in the imperialised countries.

The fight against centrism is an integral part of the struggle to build a revolutionary party. Wherever the centrists are moving leftwards or where they are deepening their roots among the youth, the oppressed or the working class, revolutionaries must combine accurate and sharp political criticism of them with various forms of the united front tactic, aimed at exposing their failure to measure up to the real tasks of the class struggle in practice. With regard to the disintegrating centrist currents, the task is to rescue the best cadres, those least demoralised by their centrist miseducation.

The absence of a revolutionary leadership in central and eastern Europe and in a number of semi-colonial countries—even one at the stage of constructing small combat parties—has already greatly magnified the effect of the defeats of the late 1980s and early 1990s. This is not just a Trotskyist cliché. Parties with a few thousand members, providing they had the correct programme, well trained cadres and roots in the mass organisations of working class and the oppressed, could have either prevented defeat, or—by hammering home the lessons of defeat—could have undergone a great qualitative and quantitative transformation, becoming real parties of the proletarian vanguard.

The absence of a democratic centralist revolutionary International means that the working class has to learn repeatedly from defeats. At the moment these defeats—from Nicaragua to Russia, from Palestine to Ireland—are at the hands of the democratic counter-revolution.

That the counter-revolution is "democratic" is not due to the benign character of the imperialist or semi-colonial bourgeoisie but first and foremost to the considerable remaining strength of the world workers' movement, to the bastions which this and previous generations of workers' struggles have erected within a capitalist world.

"We stand at a historic turning point. This is testified to not only by the re-ordering of the world and the crash and fragmentation of mighty states, but also by the 'cunning of history', the sudden and unexpected reversals which these events have unleashed."

We stand at a historic turning point. This is testified to, not only by the re-ordering of the world and the crash and fragmentation of mighty states, but also by the "cunning of history", the sudden and unexpected reversals which these events have unleashed.

The slogans of democracy, of national freedom, of human rights have been so many weapons in the hands of the exploiters over the past years. But capitalism in its imperialist, its semi-colonial and its restorationist form is not able for long to extend these rights to the mass of the exploited. These slogans will turn from being instruments of deceit into means for exposing capitalism and mobilising for its overthrow.

In the present period—marked by sharp turns from revolutionary to counter-revolutionary situations, by the fragmentation of states along national and ethnic lines, by constitutional crises in the old imperialist countries—there is an urgent need to use revolutionary democratic slogans. Marxism has never renounced these slogans. But they must be used not to present a reformist perspective of gradual growth from political to social and economic democracy, but rather to expose the fraud of parliamentarism, the "rule of law" and presidential rule.

In the coming years it will be necessary for revolutionaries to utilise tactics to expose reformism.

These will include giving critical electoral support to mass reformist workers' parties, and raising concrete demands on them. Where no such parties exist, or where trade unions are tied to a popular front alliance with bourgeois forces, revolutionaries must campaign for the unions and other workers' organisations to break with the bourgeoisie and in certain circumstances to create a workers' party.

Taking into account all these areas of struggle and the opportunities they present for building revolutionary parties and a new Leninist-Trotskyist International, the LRCI advances as its key slogans in the coming period:

- Defend every last gain of the planned and statified property in the degenerate workers' states.
- Defend democratic rights against the forces of the bourgeoisie, against imperialism, against fascism, with revolutionary methods.
- Defend the gains of the workers and poor peasants within capitalist society with mass direct action: fight for transitional demands and workers' control in the spheres of jobs, land, social welfare and wages.
- Defend the semi-colonial countries against the plunder of the IMF and the "peacemakers" of the USA and the United Nations.
- Young people, especially young workers, are the future: they will build new revolutionary parties and a new, Leninist-Trotskyist International.
- Prepare for a new wave of intensified class struggle, for deep revolutionary crises. Fight for the resurgence of genuine revolutionary Marxism!■

After the collapse of Stalinism

Renewing our programme

The Third Congress of the LRCI discussed and agreed an extensive update of its international programme with regard to Stalinism. ***Dave Stockton*** *explains how events in the class struggle have posed new tasks for the workers of the Stalinist countries.*

In December 1989, when the LRCI published the *Trotskyist Manifesto,* we were already aware of the historic nature of the crisis unfolding in Eastern Europe, the Soviet Union and China. Writing against the background of the Tiananmen massacre and the mass demonstrations which led to the breaching of the Berlin Wall, we wrote:

"The magnitude of the upheavals in Eastern Europe and the Soviet Union can scarcely be underestimated. They will profoundly affect the future of these states and Stalinism as a force within the world labour movement."

In the last five years Germany has been reunited and capitalism restored in its eastern half. Throughout Eastern Europe Stalinists were either ousted from power or remodelled themselves into quasi-social democratic parties, assisting in the restoration of capitalism. While the Czech Republic undertook a "velvet split" from Slovakia, Yugoslavia disintegrated under the impact of a civil war more brutal then anything seen in Europe since 1945. By 1991 these historic events engulfed the USSR itself. Over three fateful days in August a Stalinist hardliners' coup attempt collapsed. Boris Yeltsin seized his moment and, with it, the power. In swift succession he banned the CPSU—abolishing the nomenklatura system—broke up the central planning agencies and, in December, dissolved the USSR as an integral state.

Many so-called Trotskyist groups, especially those with a Stalinophile orientation, concluded that Russia's transition back to capitalism was now complete. In sharp contrast to this identification of the "the gains of October" with the fate of the Stalinist bureaucracy, the LRCI maintained that the restoration of capitalism, far from being complete, was just beginning in earnest. For us the question of the existence or survival of the Stalinist bureaucratic *regime* in Moscow was never the decisive element in our definition of Russia as a degenerated workers' state. In this approach we merely followed Trotsky's brilliant grasp of the nature of the degenerated workers' state and its internal contradictions which condemned it to either political revolution or collapse.

Trotsky insisted that the proletarian character of such a state, whose political superstructure had undergone a complete degeneration, rested exclusively upon the character of the property relations which underpinned this structure. For more than sixty years a series of bureaucratic edicts boxed in the law of value—the chief economic regulator under capitalism—and prevented it from becoming the ruling force in economic and social life. Naturally enough then, we rejected outright the notion that the downfall of

the Stalinist regime, even when it was replaced by a consciously pro-capitalist regime, signified the qualitative leap capitalism. We emphasised that the decisive moment of restoration would be seen in the final destruction of the relations of planned economy, which for a whole period survived the formal abolition of centralised output-setting agencies, and took refuge in *ad hoc* arrangements between and within key industrial enterprises and the barely reformed banking system.

Nevertheless, we have rightly paid meticulous attention to the changing political map of the last five years in Eastern Europe and the former USSR. Complex forms of dual power have emerged and been suppressed. Bonapartist, semi-bonapartist and parliamentary forces have struggled for supremacy.

New bourgeois or former bureaucratic governments have been swept in and out of office. Powerful figures from the *ancien regime* have been driven from power only to find themselves raised up again as the working class of these moribund workers' states seeks respite from the maelstrom of "shock therapy".

Over the last years the imperialists and their agents in Eastern Europe have proceeded cautiously in the process of restructuring. Moreover, enterprise managers have often taken successful evasive action faced with new marketsing measures.

Added to this, many thousands of workers engaged in dogged defensive action to preserve wages, jobs and social services.

Throughout these five years the Stalinist parties have, by and large, ceased to be the governing elite but the social character of the property relations has remained unchanged, if heavily modified. We are in a transitional situation of considerable complexity and a historically unique combination of tasks has fallen to the working class of the region.

A new range of combined tactics—in essence a blend of the programmes of social and political revolution—had to be elaborated.

Because we understood the reasons for the collapse of the Soviet and East European planned economies, because we had no illusions as to the thoroughly counter-revolutionary character of the bureaucracy or its state structures, their collapse did not fill us with despair. We had never mistaken the bureaucracy for the real subject of history, of class politics. Our attention thus focused on the working class and its potential allies and the vital necessity to win them to a defence of the planned property forms, even during the process of restoration itself.

We never expected a significant portion of the bureaucracy to rally to their defence. We believed that, in Russia and Easter Europe at least, no sector would do so. It was, and is, the working class which must save the planned property forms if they are to be saved.

■■■

In the 1989 preface to the *Trotskyist Manifesto* we wrote:

"Here and now we sound the alarm bells against the surrender of the nationalised economy, the monopoly of foreign trade and the centralised plan. With them goes the partial and inadequate commitment to full employment and the right to work. With them goes the equally inadequate social services and welfare system. (. . .) For actually existing capitalism is not the consumer dream—realised only to some extent in the lives of the west's bloated middle classes and labour aristocracy. It is the poverty, exploitation and starvation of three quarters of humanity. The fate of most of the workers' states, if the working class fails to defend its gains, will be similar—semi-colonial servitude and super-exploitation. "

In the years since these words were written we have made good our promise, developing programmes of action against restoration which had as their goal the democratic power of the working class exercised through workers' councils and a democratic centrally planned economy. We developed action programmes for Germany in the swift transition period from late 1989 to the summer of 1990, for the long drawn out process which began in Russia in January 1992, for Cuba as its crisis deepened in 1993.

In all of the degenerate workers' states where the restoration process is underway we have analysed these measures and developed our programme to combat them.

We never imagined that political revolution would be an automatic process, that it would develop spontaneously. We were well aware of the deep discredit that Stalinism had brought on the very name of socialism. Events over the last five years have proved one thing definitively. Seventy years of Stalinist dictatorship, combined with economic decay over the last decade and a half, created an environment in which the working class was prevented from organising as a class for itself.

As a result we realised that the first generation of the leaders of the masses would be pro-capitalist; that they would lead the masses to defeats, perhaps historic defeats. We observed five years ago:

"But whatever the outcome of this struggle the re-emergence of open class struggle and political life, however bourgeois and petit-bourgeois its initial forms were, will prove the only conditions in which a new, and eventually a revolutionary workers' movement will be built."

There was no alternative for the working class except to learn from experience. The duty of revolutionary communists is to aid this learning, to give it a scientific character, to warn, to prepare, to do everything in their power to shorten the period of defeats and disorientation.

Whilst preserving our programmatic intransigence against both market mania and democratic delusions, our duty is to stay with the masses, aiding them by deploying revolutionary tactics so that they may shed their illusions in parliaments, in privatisation and in nationalism.

To do this required the sharpening of our programme of revolutionary democratic demands to expose the restorationist "democrats". It required us to sharpen our slogans, through a clearer restatement of Lenin and Trotsky's programme on the unconditional right to self-determination of oppressed nations, even in a workers' state.

Here, as we found when developing the *Trotskyist Manifesto* in the 1980s, an honest recognition of living experience, together with a return to the unfalsified works of the leaders of the October revolution to provide a methodological guide, proved the key to elaborating a new programme for the 1990s.

The Third Congress of the LRCI, in continuing this endeavour, has adopted a new fifth chapter of the *Trotskyist Manifesto*: "Against Capitalist Restoration! For Proletarian Political Revolution!"■

Against Capitalist Restoration!

For Proletarian Political Revolution!

Despite nearly half a century of military and economic rivalry between the USSR and the USA, the Soviet Union formed one of the two central pillars of the imperialist world order.

From 1945 to 1991 the Kremlin, its satellites and indeed its Stalinist rivals, acted again and again to divert and abort the development of a world-revolutionary wave that could have isolated and eventually defeated imperialism. The counter-revolutionary role of Stalinism was concealed from millions by limited wars with imperialism in Korea and Vietnam, by the logistical support given by Stalinist states to national liberation struggles, and above all by the overthrow of capitalism by Stalinist parties. Today the downfall of the USSR appears as an unmitigated catastrophe for many fighters against imperialism and capitalism world-wide.

The collapse of the USSR, and other degenerate workers' states, represents an enormous material and moral victory for imperialism. But it is a victory fraught with contradictions. It involves not only the near destruction of the historic economic gains of the October revolution, but also the elimination of a counter-revolutionary agency of imperialism within the movements of the exploited and oppressed throughout the world. The counter-revolutionary consequences of imperialism's victory are immediate and obvious. The Pyrrhic nature of this victory will emerge relentlessly in the decade to come. The crisis now being encountered in the very process of restoring capitalism is contributing greatly to the deepening period of general crisis which characterises the end of the twentieth century.

After 1945 the prestige of the Kremlin was immensely enhanced by its victory over German imperialism and its consequent territorial expansion into Eastern and Central Europe. The vital role played by the planned economy—a key conquest of the October Revolution—in bringing about both the USSR's victory, and its post-war survival and reconstruction, formed the material precondition for the creation of a whole series of new degenerate workers' states, the political and economic duplicates of the Soviet Union. The very existence of the USSR, and the defensive manoeuvres carried out by the Stalinist bureaucracy against imperialism in the period of the first cold war, led to the defeat and overthrow of a number of weakened capitalist classes in Eastern Europe and later in the colonial and semi-colonial world.

These overturns of capitalism took place either through the agency of the Soviet Armed Forces or by Stalinist parties and guerrilla forces under their leadership. In the case of Cuba, an originally petit-bourgeois nationalist movement assimilated itself to Stalinism and transformed the island into a degenerated workers' state. Under Stalinist control, however, these victories over capitalism did not result in the *international* spread of the proletarian revolution. Rather, they created a relatively stable balance of power between the USSR and imperialism. The Stalinist parties ensured that all elements of independent working class organisation were destroyed *prior* to the liquidation of capitalism. For the world proletariat the overall consequences of these social overturns were counter-revolutionary.

The circumstances and pace of each bureaucratic social overturn necessarily differed, one from another. But they held a number of essential features in common. In each case Stalinist parties, or proto-Stalinist national liberation movements, came to lead powerful armed forces in the struggle against fascist or "democratic" imperialism. The armed forces of the bourgeois state were defeated and disintegrated by the Stalinist forces. The bourgeoisie was deprived completely, or in large measure, of political power.

Having seized political power, the Stalinists moved to crush all independent working class organisations, preventing the creation of healthy workers' states based on workers' democracy. In this way they ensured the establishment of political regimes identical to the bureaucratic tyranny established by Stalin in the USSR.

Despite widespread nationalisations of industry and the expropriation of the semi-feudal landowners, there was at first no systematic expropriation of the bourgeoisie as a whole.

Faithful to their counter-revolutionary programme of a revolution by stages, the Stalinists initially had no intention of overthrowing capitalism. On the contrary, they sought to preserve it by forming an open or concealed popular front—an alliance with the national or local bourgeoisie—and by trying to maintain an alliance with the imperialist powers. The "peoples democracies" they established were not intended to be "socialist" states.

Throughout this phase, the Stalinists actively prevented any attempt by the working class itself to take power from the virtually prostrate bourgeoisie. In Eastern Europe, the Soviet occupation authorities systematically liquidated the revolutionary vanguard of the proletariat and indeed, any independent political parties, trade unions, factory committees or proto-soviet bodies. They defended capitalist property relations whilst seeking to exploit them for the reconstruction of the Soviet economy through nationalisations and joint enterprises.

The armed forces of the bourgeois state were defeated and smashed by the Stalinist forces. Yet the states which resulted from the Stalinist victories were not workers' states. The Stalinists' intention was to maintain the existence of capitalism. This they proceeded to do. Stalin's objective was merely to ensure the utter subordination of these states to the USSR, forming a buffer zone, or a type of defensive glacis. The Stalinist bureaucracy carried out a pre-emptive bureaucratic counter-revolutions against the working class and the poor peasantry, aborting the nascent revolutionary situation that had been created by the collapse of Nazi power. Whilst carrying out this anti-working class task the Stalinists could still rely on the active support of the indigenous bourgeoisie and the imperialist powers. In this way a form of dual power was established, with the armed power of the Stalinists replacing that of the bourgeoisie.

This situation did not and could not last. The Stalinists' abortion of the post-war revolutionary wave and crushing of any independent proletarian class forces necessarily encouraged a renewed offensive from imperialism and the remaining forces of the bourgeoisie in Eastern Europe. The continued pressure of Stalinist forces in the Balkans (without Stalin's approval) and the inability of British imperialism to stem it unaided, gave the new US administration a pretext to launch an economic and military campaign to strengthen the bourgeois states of the European continent.

Truman launched Marshal Aid as the carrot—and returned large numbers of US troops as the stick —to prevent any further successes for the Stalinists and even to encourage a roll-back of their power in Central and Eastern Europe. But the first attempts of local bourgeois forces in Eastern Europe to use the contradictions of dual power and the popular front governments to pressure the Stalinists to accept Marshal Aid, or relax their grip on the armed forces, produced a defensive reflex from the Kremlin. This proved fatal for capitalism in Eastern Europe.

At this point the Stalinists, using their control of the repressive forces of the state, acted to remove the threat from imperialism and its indigenous bourgeois agents. They expelled the representatives of the bourgeoisie from government and expropriated the capitalist class as a whole. The transitional Stalinist governments which were the agencies of these bureaucratic social overturns can best be described as "bureaucratic anti-capitalist" variants of the "workers' government" category developed by the Comintern. By a series of bureaucratic and military measures the capitalist system was uprooted. Industry and land was nationalised and a system of bureaucratic command planning was established, modelled directly on that of the USSR.

These bureaucratic social overturns destroyed capitalism. But because the working class as an independent and conscious force was excluded from this process, the revolution in property relations did not result in the creation of healthy workers' states. For genuine revolutionary communists (Trotskyists) the consciousness, the fighting capacity and the revolutionary action of the working class itself are all decisive for the carrying through of a successful proletarian revolution. Had it proved possible, limited united fronts between revolutionary proletarian forces and the Stalinist parties and regimes during these bureaucratic revolutions would have been permissible. But the strategic aim of Trotskyists would have been to break Stalinist control over the destruction of capitalism, to fight for genuine organs of workers' democracy and to force the withdrawal of the Soviet Armed Forces from Eastern Europe. Only this way could the road to socialist transition have been opened, rather than blocked, from the outset.

The bureaucratic social revolution, despite seizing the means of production from the bourgeoisie, was essentially a counter-revolutionary act. It took place against the rhythms and flow of the class struggle. It could only take place because both the working class and the bourgeoisie had previously been disarmed, leaving the state forces in the hands of the Stalinists. Nevertheless, the expropriation of the entire capitalist class and the suppression of the operation of the law of value meant that the property relations defended by these states were proletarian, albeit controlled by a totalitarian bureaucracy. Like the USSR, by whose direct or indirect agency they were created, these states were degenerated workers' states. *Unlike* the USSR, they had never been healthy workers' states based on the power of workers' councils. They had not undergone a process of degeneration from the condition of a healthy workers' state—they were degenerate from birth.

Throughout the process of establishing these states, the Stalinist governments prevented *independent* working class mobilisations. These might have taken advantage of the impetus created by the overthrow of the bourgeoisie to challenge the political dictatorship and parasitic privileges of the Stalinists, thereby opening a political revolutionary crisis in which workers' councils could pose an alternative state power to the totalitarian dictatorship. The overturns were carried out by the Stalinist forces as a defensive reaction against imperialism and as a pre-emptive measure against a proletarian social revolution. The bureaucratic social overturns were, at one and the same time, political counter-revolutions against the proletariat. Their outcome blocked the transition to socialism. They attempted to realise the reactionary utopia of "socialism in one country" rather than the international revolution. They were counter-revolutionary from the standpoint of the historic and strategic goals of the proletariat

In Cuba the key role, in an essentially similar bureaucratic overthrow of capitalism, was played by the July 26 Movement (J26M) centred around the *caudillo* figure of Fidel Castro. This was a popular front comprising both bourgeois nationalist and left Stalinist wings. During its march to power and its first phase in government, the overall tactics and programme of the movement remained those of revolutionary petit bourgeois nationalism. Implacable US hostility to its victory, and to its attacks on US investments in Cuba, led to a counter-offensive by the Cuban bourgeoisie in mid-1960. This forced Castro to side with the left Stalinists in the J26M, to seek first an alliance and later fusion with the Cuban Communist Party and

massive economic and military assistance from the Soviet bureaucracy. The Kremlin was willing to support this development for its own military-strategic purposes (the siting of nuclear missiles), as well as to increase its ideological influence in the "Third World". From mid-1960 to early 1962 a bureaucratic anti-capitalist workers' government expropriated the native Cuban bourgeoisie as well as the imperialist holdings. The regime instituted bureaucratic planning and created a degenerate workers' state.

Although the degenerate workers' states were not created in the same manner as the USSR, each of them shared its counter-revolutionary character. In the USSR, initial bureaucratic deformations grew within the healthy workers' state until a qualitative leap—the Soviet Thermidor, or political counter-revolution—transformed the state into a degenerated workers' state. The other states were established as replicas of the USSR, degenerate from their very creation. Consequently, the programme of political revolution developed by Trotsky as the only proletarian strategy against the bureaucratic dictatorship of Stalin was fully applicable to these states from their very establishment. As with the USSR the bureaucracies of these states have consistently acted to hold back and to divert anti-capitalist and anti-imperialist struggles around the world. Their strategic goal was peaceful coexistence with imperialism.

Stalinism cramped each of the new planned economies within the confines of "socialism in one country". It actively prevented the spread of proletarian revolution to the more economically developed areas. They cut the economies of the degenerate workers' states off from the benefits of access to the highest concentrations of the means of production, and from integration into an international division of labour. The state monopoly of foreign trade provides indispensable protection for the workers' state against competition from cheaper capitalist goods. But the aim of this monopoly cannot be to reproduce within the borders of each workers' state every branch of agrarian and industrial production that can be found in the rest of the world. This path proved utopian (as in North Korea and Albania) and led to unnecessary and useless sacrifices being made by the working class. Only the spread of the social revolution to the centres of world capitalism will allow a decisive breakthrough to socialist construction and a world planned economy. The narrow, nationalist programme of "socialism in one country" served to retard the development of the productive forces— at first relatively, but eventually absolutely.

Precisely because it suppressed proletarian democracy, the bureaucracy ensured that its own planning was ill-informed and ignorant of both the needs of society and the actual operation of the economy. It scored impressive successes in its first decades, when it was primarily a case of extensive industrial development. Increasingly, however, innovation and constant technological renewal proved beyond the capacities of bureaucratic planning. Having abolished the dynamic mainspring of competition the ruling caste was unable and unwilling to replace it with the creative, self-interested participation of the direct producers in the planning process. The result was an inevitable decline in labour productivity and a further catastrophic falling behind in relation to imperialist capitalism.

The bureaucracies could marshal economic resources to meet the needs of their own lavish consumption and to defend their tyrannical rule. But the further removed particular sectors of production and distribution were from these priorities, the more endemic shortages and poor quality goods became the norm. The military and defence sectors, including the maintenance of a vast police apparatus, received top priority for spending and performed relatively efficiently. But when it came to the consumption needs of the masses, bureaucratic planning mechanisms proved unable to provide high quality and plentiful goods, to lighten or shorten labour both in production and in the home, or to increase the amount and quality of leisure. After some striking initial successes in the sphere of education and social welfare, even these fell victim to the stagnation of bureaucratic planning. The experience of failure and decline eventually undermined the very idea of "planned" production in the consciousness of the working class, nationally and internationally. Bourgeois propaganda has spread with ever greater success the "lesson" that this was the necessary result of *any* attempt to plan an economy.

But the Stalinist bureaucracy was not, and is not, an expression of the logic of planning itself. Effective planning presupposes the control of production by the centralised and conscious will of the producers themselves. The goals of Stalinist command planning were drafted by a tiny core of planners, themselves dictated to by a Bonapartist clique of top bureaucrats. The operation of the plan was repeatedly thrown out of balance and disrupted by rival layers of the party and managerial bureaucracy. The atomised and alienated work force, who neither decided nor understood the goals of the plan, increasingly viewed production with apathy. In the mid 1980s chronic stagnation turned into a critical situation throwing the ruling bureaucracies into ever deeper political crisis.

From Moscow to Beijing, from Belgrade to Hanoi, they divided into warring factions. All attempts to revive their system by admixtures of "market forces' and so-called market socialism were doomed to failure. First in Hungary and Yugoslavia and then, most spectacularly, under Gorbachev in the USSR these measures disrupted and disorganised bureaucratic planning without creating a real capitalist economy. Dislocation and collapse of production, a rampant black market and corruption, gigantic state budget deficits and enterprise bankruptcy staved off only by hyperinflation, all mark the terrible final death agony of the bureaucratically planned economies.

For the working class, the purpose of post-capitalist property relations is the transition to a classless, communist society. They make *possible* the planning of production to meet human need, to end oppression and progressively eradicate inequalities. But to do this requires the conscious and active participation of the proletariat, as producers and consumers. Planning needs the sovereignty of the direct producers themselves who, for the first time in history, have an immediate interest in unleashing the productive forces as well as the creative ability to do it.

A plurality of workers' states must follow a path of progressive economic integration and common planning in order to make the most effective use of the international division of labour, which remains necessary even for an economy building socialism. The Stalinist bureaucracies were not capable of taking advantage of this. The first step in this direction for healthy workers' states would be the formation of common planning bodies for important branches of production, common plans for groupings of states together with a common currency. Such a system can only be created by the revolutionary action of the working class itself, conscious of its goals

and objectives. Though everywhere bureaucratic planning is in its death agony, late twentieth century capitalism has shown no capacity to step in rapidly and fund the restoration process. An extended period of crisis in which the moribund planning system—shorn of its central co-ordination—obstructs the definitive triumph of the law of value, creates the opportunity for the working class to shed its illusions in the market and rediscover the programme of democratic planning and workers' council democracy.

The Stalinist bureaucracies are historically illegitimate castes with no title to their privileges. From their birth they tended to develop factions and wings in response to the long term pressure upon them from both imperialism and the working class. In the USSR, Hungary, Yugoslavia and China factions developed—and finally became dominant—which sought to dismantle central planning altogether and determine prices, wages and production by "market mechanisms". They sought to put an end to the "social wage", represented by subsidised foodstuffs, social services and amenities that have directly benefited the workers as a result of the abolition of capitalism.

These advocates of decentralisation, the free market and the opening of the economies of the degenerate workers' states to the imperialist multinationals became ever more openly restorationist. They came to despair not only of the central plan, but eventually of their own ability to retain political power.

This faction was closely enmeshed with the managerial strata and hoped to emerge as direct agents, if not members, of a new capitalist class. Such conscious restorationists were able to shed their Stalinist skins with remarkable speed, as events in the USSR after 1990-91 demonstrated. They rapidly took on Social Democratic, Liberal, Christian Democratic, and proto-fascist colours.

In the late 1930s Leon Trotsky expected a small revolutionary faction of the bureaucracy to emerge, one that would side with the working class in a political revolution. He never accorded this grouping any independent role, let alone that of leading the political revolution. Fifty years on, no such faction has materialised during the death agony of Stalinism; neither was it nor is it inevitable that one should develop.

In 1938 Trotsky could point to the figure of Ignace Reiss, who defected to the Fourth International from the KGB in 1937. Trotsky believed he represented such a wing of the bureaucracy. At the other extreme he could point to Fyodor Butenko—a Soviet diplomat in the Romanian embassy who defected to Mussolini's Italy in 1938—as the representative of a proto-fascist restorationist wing of the bureaucracy. Trotsky saw the majority of the bureaucracy under Stalin as trying, by ever more savage totalitarian means, to avoid being crushed either by restoration or proletarian political revolution. Whilst estimating that Stalin's trajectory was taking him nearer and nearer to the restorationist camp (in its fascist form), he did not rule out the possibility of Stalin and his faction resisting an open restorationist attack. In such conditions Trotsky held that there would be a need for revolutionary communists to form a limited military united front for the defence of the USSR.

This latter perspective proved to be correct. The defencist united front became necessary after Trotsky's murder, when



JOSEPH STALIN

German imperialism invaded the USSR during the second imperialist war.

The death agony of Stalinism was postponed for forty years by the victory of the USSR in the Second World War. The factional line-ups within the Soviet bureaucracy and the other workers' states changed profoundly during this period.

The triumph of the imperialist democracies in the war and the post-war expansion of the productive forces for three decades or more, gave a new life and vitality to liberal, free market capitalism. This in turn exerted a different pressure on the bureaucracies of the Soviet Union and those of the new degenerate workers' states. Eventually this created a pro-marketising faction which became increasingly preponderant in the conditions of stagnation and crisis during the late 1970s and the 1980s. The passage of time and the destruction of the revolutionary generation of 1917-23, the crisis of revolutionary leadership, including the destruction of Trotsky's Fourth International in the late 1940s and early 1950s, contributed to the disappearance of the "faction of Reiss". Only a profound development of independent class organisations in a political revolutionary crisis and the recreation of a significant international revolutionary force could lead to the re-emergence of such a wing of the bureaucracy. But such a development is not, nor was it for Trotsky, an *essential* part of the perspective or programme for political revolution.

The preponderant faction of the bureaucracy during the post-1985 death agony of Stalinism was the "Market-Socialist "wing. At the same time, openly restorationist forces became ever stronger within and outside the bureaucracy. Gorbachev, echoing elements of Bukharinism, did not seek the restoration of capitalism. He aimed at first to utilise market mechanisms to shore up the dictatorship of the bureaucratic caste, which would still be based on post-capitalist property relations. But the measures he took, and his alliance with openly restorationist forces, eventually fractured the party dictatorship. This created a duality of power within the old bureaucracy. In his last two years Gorbachev was forced to raise himself more and more above the opposing camps, giving rise to a weak form of bonapartism. Possessing only a utopian economic and political programme of its own—one incapable of realisation—Gorbachev's bonapartism manoeuvred between

the two camps, drawing strength in turn from one camp to resist the pressure of the other.

Finally, in August 1991 the heads of the CPSU party bureaucracy and interior security services attempted an abortive coup to forestall the rise of open pro-imperialist and comprador forces led by Yeltsin, forces that favoured the disintegration of the USSR. The abortive coup revealed the lack of a solid social base for the conservative bureaucracy in the population at large. It also demonstrated a profound lack of belief in their own mission by the hard line elements of the bureaucracy themselves. As a result of this failure Yeltsin inherited the presidential executive machinery created by Gorbachev, increased its powers and used them in the service of a fast track "shock therapy" for capitalist restoration. But the failure of the coup and Yeltsin's seizure of the executive still did not resolve the duality of power between the rival sections of the bureaucracy. It merely heightened this contradiction, bringing the factions into direct confrontation with each other, free from the restraining effect of Gorbachev's Bonapartism.

In the degenerate workers' states of Eastern Europe the policies of Gorbachev after 1985 acted as a catalyst to quicken the tempo of developments in the economy and to hasten the showdown between the conservative bureaucracy and the bourgeois restorationists. In 1989 Gorbachev signalled that the Soviet Armed Forces garrisoned in Eastern Europe would play no role in protecting the national bureaucracies from domestic protests and demands for radical reform. The swift rise of amorphous "democratic" mass movements provided a solid base for the democratic intelligentsia and marketising wing of the bureaucracy—social layers far larger in Eastern Europe than in the USSR. In 1989 and 1990 throughout Eastern Europe, the party apparatus, secret police and armed forces crumbled in the face of mass protests. Between 1989 and 1991 parliamentary elections brought to power governments made up of bourgeois forces or parties, popular front multi-class governments or reform factions of the Stalinist parties (as in Romania and Bulgaria). This process included the secession of the Baltic republics from the USSR. The only exception was Serbia. Unlike in Russia, dual power and the fracturing the state superstructure did not last long. In the successor states of the Soviet Union the protracted nature of the restoration process has been entirely due to the objective economic difficulties of converting the principal means of production into capital.

In China, in contrast to Gorbachev's strategy of combining restructuring (perestroika) with openness (glasnost) and eventually democratisation, Deng Xiaoping has attempted to combine radical marketisation with resolute defence of party dictatorship, resorting to bloody repression in Tiananmen Square. *The Chinese bureaucracy has a shortlived opportunity to combine these measures. They involve police dictatorship over the* workers and the urban intelligentsia on the one hand and a near free market for the peasantry with enormous concessions to capitalism in Special Economic Zones (SEZs) on the other. The historic factor which created this opportunity is the huge size and social weight of China's peasantry within the population, and its role not only on the farms but in the barracks. Deng has allowed a nearly total market economy to develop in the countryside. His faction has won, for a limited period, the passive if not the active support of the peasantry, thus securing the historic foundation stone of Bonapartism. But the whole logic of the rapid growth of market forces in rural China, and in the Special Economic Zones, will act to pressurise and fracture the Chinese bureaucracy. When it splits, and is forced to take its internecine warfare onto the streets, as it did in the 1960s and 1970s, and again at the end of the 1980s, China will face the stark alternative of social counter-revolution or proletarian political revolution. In China too, revolutionary leadership will be the factor that determines the outcome of the crisis.



DENG XIAOPING

The experience of China, Russia, and other workers' states confirms that not all advocates of shock-treatment and rapid restoration from within the Stalinist bureaucracy are bourgeois democrats or liberalisers.

Neither are the majority of the authoritarian bureaucratic conservatives committed to the defence of planned property relations. In the USSR for example, the conservative faction of the bureaucracy has evolved rapidly into a Great Russian Chauvinist and anti-semitic force, using populist and nationalist slogans to mobilise the most backward sections of society against the democratic rights of the workers and oppressed minorities. Fascist and proto-fascist parties have arisen with direct links to the former KGB and the army. Groups like *Nashi* and Vladimir Zhirinovsky's Liberal Democratic Party reject collaboration with Western imperialism. They do so only because their programme aims to restore a specifically Russian imperialism.

The most authoritarian elements within the bureaucracy recognise in such proto-fascist parties a bulwark against the threat of proletarian revolution and a potential alternative to future domination by foreign capital. The growth of fascist and semi-fascist forces was most clearly reflected in the electoral successes of Zhirinovsky in the Duma elections of December 1993. Whether Russian fascism develops as an organised mass force depends in part on the degree of revival by the workers' movement in the coming years. If working class resistance mounts to the economic and political attacks of the restorationists, the danger of the latter turning to a mass fascist movement to crush resistance will increase. Another factor spurring its growth would be a continuing of the weak-

ness of the embryonic Russian bourgeoisie and the prolonged stagnation of the restoration process itself. This could strengthen forces within the bureaucracy which support a state capitalist road to restoration. To provide themselves with a mass base, these forces may then turn to mobilising the lumpenproletarian and petit-bourgeois masses behind chauvinist and fascist slogans, using them to smash both their rivals within the bureaucracy and to crush the threat of an explosion of working class resistance.

The restorationist governments all look to imperialism for assistance. But imperialism, though it ardently desires the final and complete restoration of capitalism in the degenerate workers' states, simply does not possess the resources to assure a rapid transformation, one free of revolutionary crises. Only in one state, the German Democratic Republic (GDR), was such a rapid restoration possible and this has placed a tremendous strain on the strongest European imperialist power. Despite the installation of restorationist governments there still exists an extended period in which the programme of political revolution can and must be combined with an anti-capitalist programme against restoration.

The historic gains which remain within the workers' states must be defended to the bitter end. As Leon Trotsky said, only those able to defend former gains will be able to make new ones. Not only the working class of the degenerate workers' states, but that of the entire world, will suffer as a result of their wholesale destruction. On a global scale this would leave the working class, at least for a certain period, disoriented and ideologically disarmed. In addition, the anti-imperialist struggles within the semi-colonies lose in this process an important, if ultimately an inadequate, source of weapons and aid. Unlimited imperialist access to the raw materials, cheap labour and markets of the degenerate workers' states could open the way to a new, albeit limited, period of expansion within the imperialist epoch. However this could also itself heighten inter-imperialist rivalry and intensify a new division of the world. Such a process would be ridden with conflict, re-raising the twin spectres of inter-imperialist war and revolution.

As bureaucratic planning disintegrates, only proletarian political revolution can defend, restore, and then extend again the planned property relations, thus preventing such a revitalisation of imperialism.

The world proletariat must stand alongside its brothers and sisters in the degenerated workers' states in defence of the remaining planned property relations. The state monopoly of foreign trade, the nationalisation of industry and the principle of planning must be defended against internal restoration and imperialist attack. In defending these economic conquests we are defending the pre-requisites for the transition to socialism, not the bureaucracy that presides over them.

At present the imperialists are relying primarily on economic levers to engineer the restoration of capitalism. But any halt, any serious reverse in the process of social counter-revolution could lead to direct military intervention to complete it against working class resistance. The world proletariat must continue to stand for the unconditional defence of the degenerate workers' states against imperialism and its agents. We therefore oppose any reductions in their military capabilities, whether nuclear or conventional, that would make them more vulnerable to military or diplomatic coercion.

For the working class, the best defence of planned property is an attack on the Stalinist bureaucracies who have led and are leading them to ruin.

The programme for proletarian political revolution, as well as for the struggle against imperialism, is not one of mere "democratisation" of the existing state. It cannot be reduced to demands for "people's power" which do not identify *which class* should hold power. It is a programme of revolution, a programme for the establishment of the full proletarian dictatorship against the bureaucrats, restorationist "democrats" and imperialists.

For the political revolution!

The essence of the programme of political revolution in the degenerate workers' states, like that of the programme of social revolution in the capitalist states, lies in linking the ongoing struggles for the immediate needs of the working class to the fight for political power. By combining intransigent defence of working class interests with the tactics of mass mobilisation, independent political organisation and the imposition of workers' control, revolutionaries can prepare the working class for the seizure of power. In all arenas of struggle, the proletariat must become conscious of its separate interests and identity, it must become a class *for itself.*

For independent workplace organisation!

Because of the nature of the degenerated workers' states, any independent mobilisations of the working class immediately collide with the power of the bureaucratic state machine. Whatever issues lead to such mobilisations of the workers, this collision poses the need for the working class to win the right to organise. Independent class organisation and consciousness is a precondition for the workers acting as an independent force within the broad mass movements of opposition to Stalinism.

The social power of the proletariat is rooted in production and the class must be organised at the point of production. Within every workplace, democratic mass meetings must become the highest authority. Workers' committees, elected and recallable by mass meetings, must fight to impose workers' control on every aspect of life in the plant, including the right to strike and the right to veto management and state plans.

For free trade unions!

Beyond the workplace, the proletariat must have trade unions independent of the Stalinists, as a central component of its organisation as a class. Whether these are formed as the result of a thorough purging of the existing "state" unions or are created anew in struggle, they must be accountable to, and controllable by, their members. All officials of the unions must be elected and recallable, free from the "leading role of the party", and must be paid the average wage of their members.

From democratic rights to a real workers' democracy

In the struggles that heralded the death agony of Stalinism, the masses were drawn into battle against the bureaucracy behind demands for key democratic rights. The task of constructing a revolutionary party involves pushing the working class to the head of this struggle, to lead the struggle and to use revolutionary and working class forms of organisation to achieve its goals. In this fight the workers must not allow the bureaucracy or any section of it to decide who can and cannot be afforded democratic rights. The bureaucracy—in part or in whole—has proven itself to be the chief agent of restoration and can in no way be trusted to act as the guardian of the post-capitalist property relations. The bureaucracy is interested only in conceding as much democracy as will allow it to strike coalitions with other forces, with the aim of becoming a new exploiting class. The working class has every interest in the fullest and most revolutionary expansion of democratic rights in order to forestall this and to hasten the development of its own class consciousness, to enable it to recognise its enemies and its allies.

Where the Communist Parties still monopolise the media and electoral process we fight to end this.

- Down with the bureaucracy's censorship laws. The workers themselves must decide what is to be published or broadcast.
- For access to the press, radio and television for all working class organisations under workers' control. Workers must enforce their own ban on fascist, pogromist, racist propaganda. Likewise they should allow no freedom of the press or access to the media for pro-restorationist forces that are organising to overthrow the workers' state by force.
- All candidates in elections must clearly account for their electoral funding. The masses should fight for a veto over any candidate receiving clandestine financial support from the regime or from counter-revolutionary agencies such as the CIA, the churches, or reactionary NGOs (non-governmental organisations).
- Any new legal code that the "reformist" wing of the bureaucracy proposes must be freely discussed by workers. Any code must place elected workers' courts at the centre of the legal machinery. For the release of all political prisoners to workers' courts to decide on their future.
- For the freedom to form political parties, except for fascists, pogromists, racists, for those restorationists (including those originating from within the bureaucracy) who are actively organising for civil war; and those which for other reasons have received the veto of the workers' movement. We will not defend these parties from repression by the conservative Stalinist regimes or from bourgeois restorationist governments. But neither do we recognise such governments' *right* to judge who is a counter-revolutionary. Only a revolutionary workers' government can do that. The workers themselves, not the bureaucracy, must decide which parties they recognise as loyal to their own state power.
- We fight to expose the anti-working class programme of confused or covertly restorationist parties and, by political struggle, to deprive them of mass support. We would advocate careful surveillance of their activities and severe measures against any attempts to overthrow the proletarian dictatorship. For the right of any group of workers and small peasants to put forward candidates in any elections.
- For the smashing of the bureaucracy's repressive state apparatus, the instrument of tyranny against the working class and the instrument used by the Stalinists for capitalist restoration. This apparatus has been fashioned by the bureaucracy in the image of the capitalist state machine. The political revolution must smash it on the road to the creation of healthy workers' state. For full political rights for soldiers, the right to hold meetings in the barracks to elect soldiers' councils free of all control by the officers and commanders. For their right to publish newspapers and have access to the media. We fight for the right of rank and file soldiers and sailors to elect their own officers. For the right of all returning soldiers stationed abroad to have decent affordable housing for themselves and their families and the right to retraining and a new job after being demobilised.
- For the dissolution of the secret police and the punishment of all those guilty of crimes against the workers. A democratic workers' state needs no secret police. The plots of counter-revolutionary forces can be countered by workers' security commissions on the lines of the revolutionary Cheka of 1917. Dissolve the standing army of the bureaucracy and replace it with a revolutionary workers' army linked to workers' territorial militias.

Down with privilege and inequality!

One of the earliest indications of the victory of the Stalinist political counter-revolution in the USSR was the arrogant condemnation of egalitarianism as a petit-bourgeois deviation. On the contrary, as Trotsky predicted, the desire for equality and the hatred of privilege are instinctive and fundamental elements of proletarian class consciousness. On the road to the final elimination of bureaucratic rule the workers must fight to end abuses now. They must mobilise to end the grotesquely privileged lifestyle of the bureaucracy.

- The special shops must be closed and the sanatoria, health resorts and leisure facilities currently reserved for the bureaucracy must be thrown open to the workers and poor peasants. The role of a party or state official must cease to be a route to privilege and luxury. No party or state official should earn more than the average wage of a skilled worker. In the workplaces a fight must be launched for the right of the workers to dismiss all officials and managers known to have profited from corruption or to have persecuted workers.

Workers' control of production and the plan

Economic decisions in a planned economy are not hidden behind a smokescreen of "market forces" as they are under capitalism. They are political decisions taken by the bureaucracy. Consequently any fight against the bureaucracy's decisions, in whatever sphere, are inherently challenges to the right of the bureaucracy to control the economic plan. As that control breeds stagnation and decline, so the marketising

wing of the bureaucracy and other restorationist forces attempt to divert working class struggle away from the state by encouraging workers to demand "self management" of their enterprises, free from the bureaucratic interference of the central plan. This doctrine of "market socialism" is a reactionary diversion, designed to strengthen the narrowest forms of factory isolationism, to divide the proletariat as a class force and to break up the central plan itself. Against it revolutionaries must fight to make every working class struggle a conscious challenge to bureaucratic power by raising the demand for workers' control of the plan.

- At workplace level this must start with opening the books to workers' inspection and be carried on at a local, regional and national level. This fight must draw in the workers of the planning ministries to expose the real priorities of the top bureaucrats and their swindles, corruption and sheer incompetence.

By fighting to defend itself against the bureaucracy's plan and imposing its own class priorities on planning, the working class will not only safeguard its living standards and conditions but create organisations which will form the very foundations of a revolutionary workers' state. These organisations will be the mechanism through which the workers' state will achieve a democratically centralised planned economy. An isolated revolutionary workers' state will have to coexist with, and utilise, market forces at the same time as seeking to overcome them. Without a doubt elements of the Stalinist bureaucratic elimination of the market have actually served to retard the development of sectors of the Soviet economy. Nowhere has this been more apparent than in agriculture and the meeting of the consumption needs of the masses. In these sectors our programme must be based on the following elements:

- Down with the serfdom of workers on the state and collectivised farms. For collective farms run by the toilers themselves. Down with any return to private family farming.
- For the democratic re-organisation of the farms, based on the democracy of the rural toilers, not on the whims of the functionaries. For councils of agricultural workers comprised of farm workers representing working units, and directly accountable to them. Agricultural production must be integrated into the national plan of production.
- For a massive injection of funds to raise the material and cultural level of the countryside to that of the cities, thereby overcoming the glaring inequalities in the conditions of life between town and country.
- Against all reforms which increase the influence of imperialist finance capital on the economies of the workers' states; against the abandonment of the state monopoly of foreign trade, against joint ventures in which workers' rights are reduced in comparison to those existing in state run plants. We oppose the bureaucracy's policy of subordination to the IMF. The disastrous consequences of this for the working class are already clearly visible in, for example, Yugoslavia, Poland and Hungary.
- We demand that the bureaucracy repudiate the debts it has incurred to international finance capital. A revolutionary workers' government will judge what obligations to honour from the point of view of revolutionary expediency. A workers' council state will call on the exploited masses worldwide to mobilise for the total renunciation of the external debt and the expropriation of the imperialist multinationals.

Parliamentary elections and assemblies

The consequence of decades of political repression and economic incompetence of the bureaucracy have created widespread illusions in bourgeois parliamentary democracy. Both the bureaucracy and the pro-bourgeois opposition have used these illusions to block the self-organisation of the working class, and in particular to obstruct the creation of workers' councils, such as arose most clearly in the Hungarian revolution of 1956 but also existed in less developed forms in Poland and in Czechoslovakia during the political-revolutionary situations of the 1950s, the 1960s and 1980-81. Only in Romania during the 1989-90 uprising did the embryos of workers' committees develop and play an important role in the strikes which helped bring down the Ceaucescu regime. Elsewhere multi-party parliamentary elections were hastily improvised to block the road to working class self-organisation, direct democracy and mass participation in politics.

Our programme is not for the creation of bourgeois parliaments in workers' states. Elected by an atomised electorate, incapable of holding their representatives to account, and separated from the executive power, parliaments can never be an adequate expression of workers' power. These institutions directly aid the restoration plans of the bureaucracy or the nascent bourgeoisie. Parliamentary representatives, not recallable by their electors, are eminently corruptible by those who have wealth and power. When the ruling bureaucracy attempts to stabilise its rule through the organisation of parliamentary elections, we counterpose to this the proletarian democracy of workers' councils. We fight for their formation as organs of struggle against the bureaucracy and as the organs of the democracy of a revolutionary workers' state.

But where and when such revolutionary slogans find, as yet, no echo in the consciousness or experience of the masses it would be sectarian bankruptcy to rest content with this. We must seek out every way of organising the working class to actively intervene as an independent political force in the existing situation. If, contrary to our wishes, this is the terrain of parliamentary elections, then it is there that the workers must fight.

- We oppose every attempt of the bureaucracy to manipulate or restrict the electoral process by exercising a veto on lists of candidates or parties which are allowed to stand. We fight against the bureaucracy's rigging of elections We fight to impose the principles and certain of the forms of proletarian democracy. We fight for workers to stand their own candidates, elected by workers' assemblies in the workplaces and the workers' districts. We fight for them to stand on a workers' programme against bureaucratic rule and privilege and against restoration in all its forms. This fighting action programme must take up the defence of the rights of national minorities and defend all the workers' rights and gains. We fight for all candidates to be directly responsible to workers' assemblies and to be paid no more than the average wage of a skilled worker.

Revolutionary communists do not b[illegible] responsibility for the existence of bourgeois parliamentary forms in a workers state.

The *Volkskammer* in the German Democratic Republic, like the fraudulently named Supreme Soviet in the USSR, was the creation of the Stalinists. They either destroyed or dared not create genuine soviets of workers' delegates. But we are obliged to seriously address the democratic illusions of the masses, especially when the nascent bourgeois forces seek to utilise the "democratisation" of such parliaments to create

a permanent and stable instrument for the restoration of capitalism. Our aim is to *prevent* the creation of such a stable parliamentary regime. When the restorationists try to create a legal and institutional basis for capitalist rule by means of Bonapartist plebiscites or votes by existing undemocratic assemblies, and where the workers have as yet no experience of soviets or where their very memory has been obliterated, revolutionaries can and should return to the revolutionary democratic demand for a sovereign constituent assembly. This is not to call for a parliament (a permanent legislative body, part of a division of powers within a bourgeois regime), but rather to create an arena within which representatives of the conflicting classes will meet and fight over the political form and the very class basis of the state—as embodied in its constitution. We do not believe that the fight between capitalist restoration and proletarian power will be decided in any assembly. But the disguised and open agents of restoration can be exposed there to the masses .

The task in such situation is for revolutionaries to become the vanguard of a revolutionary democratic struggle, in order if possible to tear the very weapon of political democracy out of the hands of the inconsistent (semi-Bonapartist) bourgeois democrats. We should advance the slogan of the Constituent Assembly in order to outflank the restorationists who will try and monopolise democratic slogans, while in reality seeking to heavily restrict the powers of the parliament and surround it with Bonapartist controls in case it comes under the pressure of the masses. We can do this by fighting for the revolutionary democratic right of re-call.

- Every deputy must be subject to immediate recall by a majority of their electors. We must fight to ensure that as much of the electoral campaign takes place before mass meetings in the workplaces where candidates can be cross-examined in detail on their programmes. We must fight for free and equal access to the media for all candidates, except those of fascists or those seeking to overthrow planned property by force.

Of course, any actual Constituent Assembly *can* prove to be a force for counter-revolution, for the destruction of the workers' state's property relations. In such circumstances we must expose its intentions to the masses and mobilise the workers to dissolve it.

For workers' council democracy

For the working class to overthrow the dictatorship of the bureaucracy it must forge its own means of exercising state power. The independent organisations generated in the struggles against the bureaucracy must be welded together into genuine workers' councils. It will be these councils which will organise the mass insurrection of the working class, and their allies amongst the rural poor, to smash the whole repressive machine of the Stalinist state apparatus, which is the means of maintaining the political dictatorship of the bureaucracy over the proletariat. Like the bourgeois state, upon which it is modelled, the essential elements of the Stalinist state machine are the "special bodies of armed men" and their apparatus of spies, gaolers and torturers. As the massacre of Tiananmen Square once again confirmed, even when the bureaucratic caste is internally divided, so long as the faction favouring resistance has control of this apparatus they will use it to defend themselves against the insurgent masses. The spearhead of the programme of political revolution is the formation of workers' councils and the arming of the proletariat.

As the Russian Revolution demonstrated, the workers' council is the form through which the working class exercises state power in a healthy workers' state. Rooted in the factories, the working class communities and the oppressed layers of society, they organise the great mass of the once-exploited to become rulers of their own state. Workers' council deputies will be directly elected by mass workers' meetings. They are responsible to their electorates and, therefore, permanently recallable by them. Workers' councils are organs of class power: capitalists are excluded from the elections. The ruling sections of the bureaucracy must be also denied the right to vote. We fight politically against those representatives of the bureaucracy in whom the working masses still have illusions. The political revolution will only be successful if the bureaucrats are driven out of the workers' councils.

The workers' council combines in itself both executive and legislative functions which enable a living workers' council democracy to control the state bureaucracy, reduce it, and in the long term replace it altogether with the self-administration of society. Such bodies have nothing in common either with the Soviets installed in the USSR in 1936, which had a mock parliamentary form, or with the "popular committees" of Cuba, which exist to rubber stamp the decisions of the bureaucracy.

Down with social oppression!

Thermidor in the USSR marked not only the establishment of bureaucratic tyranny over the economy and the state but also the reversal of many of the reforms introduced after 1917 to counter social oppression. The re-introduction of reactionary legislation and moral norms has since served as a model for the other degenerate workers' states.

The victorious bureaucracies have sought to strengthen the bourgeois family and to determine its size in accordance with their immediate economic and military requirements. Bureaucratic planning abandoned the goal of the socialisation of child care and domestic labour. Women remained oppressed by the triple burden of job, household and child-rearing. Nor do the "reformers" intend to reverse the effects of Stalin's Thermidor on the family. On the contrary, Gorbachev's policy of *perestroika*, for example, strengthened a reactionary image of women. The "reformers" want to reduce women's principal roles to those of wives and mothers and to force them out of certain branches of production.

Youth are taught their "rightful place" in the educational establishments, they are stultified by the reactionary morality of Stalinism, they are denied free cultural expression. Likewise the great gains made by the October Revolution in legally defending the rights of homosexuals have long since been abolished and the daily experience of lesbians and gay men from Cuba to Eastern Europe and the CIS is one of repression and persecution. Against oppression on the grounds of sex or sexuality we fight:

- Against the oppression of women—for real socialisation of

housework. For the plan to provide the crèche facilities that can make this possible. For a massive programme to build restaurants, canteens and social amenities in order to lift the burden that women bear.

- For a woman's right to work and equal access to jobs not subject to protective legislation. In order to fight the legacy of male chauvinism and oppression, a legacy preserved by the bureaucracy, we fight for an independent working class based women's movement.
- No limitation on abortion rights, but for the provision of free contraceptive devices for all to give women real control over their fertility. No to any enforced family size imposed by the bureaucracy.
- Abolish the reactionary laws against homosexuality and release all those imprisoned or condemned to psychiatric "hospitals" on this basis. For an end to all forms of discrimination against lesbians and gay men. For open recognition that AIDS exists in these states; for a state funded programme of research, treatment and education, to treat those with AIDS and prevent or contain the spread of the disease.
- Down with the oppression of youth. For control of the schools by students, parents and all education workers. For committees elected by young people to control their own entertainment, sporting and cultural facilities, clubs etc. Down with censorship which, far from protecting youth from reactionary ideas, cripples their intellect and fighting spirit and thus leaves them prey to such ideas. Abolish all laws that discriminate at work or in society against youth.

Against all national oppression!

From its foundation, the revolutionary Soviet state had a federal character. As with every other aspect of Bolshevik political practice, Stalinism retained the form but emptied it of revolutionary content. Far from being a voluntary federation of peoples, the USSR became a prison house of nations.

The pattern of denial of the rights of minority nationalities has been repeated in other degenerate workers' states, whether they have a federal character (as in ex-Yugoslavia), are unitary states with supposed "autonomous regions" (as in China) or give no constitutional recognition to the existence of minorities (as in Romania). The Kremlin also oppressed nations outside the borders of the former USSR and launched invasions to crush proletarian revolts against bureaucratic rule. Opposition to the ruling bureaucracies has thus frequently taken on a nationalist character. Amongst these oppressed peoples, revolutionaries champion and fight for the democratic rights of the oppressed nationalities as part of their struggle for the political revolution.

- We oppose every manifestation of Great Russian, Chinese or Serbian oppressor nationalism. We support the right to the full cultural self-expression for all oppressed nationalities. This means full support for their right to use their own language in all public and state business as well as the right to be educated in their own language. We fight against any discrimination in jobs. We stand for the right of oppressed nationalities to veto immigration policies determined by the bureaucracies of the oppressor nationalities. We oppose any reverse discrimination against former majorities now turned into national minorities in newly independent states, such as the Russian populations in the Baltic states.
- For all multinational workers' states to be free federations of workers' republics. In general we do not seek the fragmentation of the degenerate workers' states into their component nationalities, both because we are in favour of the largest integrated territories to advance the development of the productive forces, and because nationalism divides the working class and blinds it to the need to destroy the bureaucracy and imperialism. It can lead workers to side with "their own" national bureaucracy or to a belief that it is possible to achieve "independence" through capitalist restoration and with the aid of imperialism.

The capitalist offensive is attempting to disintegrate every element of class identity and collectivist consciousness, and develop in their place individualistic, religious and nationalist-ethnic ideas. In various republics, regions, small areas and even enterprises the restorationists are trying to spread the idea that only total independence from the official state will give them better access to the international market, better prices for their exports and better conditions for purchasing imports and attracting investments.

The USSR has disintegrated into fifteen independent republics and there are many further autonomous republics and regions within them which have serious separatist tendencies. The bureaucrats and nationalists that are behind these independence movements are trying to create miniature bourgeois semi-colonies. In most of them other ethnic minorities suffer discrimination and oppression. In the Baltic states, for example, the Slavic minorities are not recognised as citizens and suffer a new apartheid. In former Yugoslavia, in the Caucasus, Moldava, Central Asia and other former states of the "socialist bloc", reactionary inter-ethnic wars have broken out.

Genuine independence for any of the presently oppressed nationalities in the workers' states is only achievable on the basis of democratically planned proletarian property relations. "Independence" under the leadership of restorationists can only lead to the subordination of the newly established states to imperialism, to their becoming semi-colonies. The working class would be ever more directly exploited by international capitalism, their democratic aspirations brutally suppressed in the interests of profit. We do not advocate secession because it weakens the workers' state and hampers the development of the productive forces. But, in the concrete circumstance in which the great majority of the working class within a particular oppressed nation has illusions in separation, we raise the slogan for an independent workers' council republic.

Which side the workers should take in the case of a military conflict between an independence movement within an oppressed nation and the centralised Stalinist apparatus must be decided after considering all the concrete circumstances. If a national movement was carrying out pogroms against other national minorities or was in an alliance with imperialism to make war against a degenerate workers' state, it would be necessary to side with the Stalinist central apparatus without giving it any political support. We could do this whilst simultaneously raising the slogan for an independent or autonomous *workers' council* republic, as was the case in Azerbaijan in 1990.

On the other hand where, as in Lithuania in 1990/91, a legitimate national movement is based on the working people, we could take the side of the independence movement against military repression by the Stalinists, without supporting either

its political aims or its popular front leadership.

The alienation of so many nationalities from the degenerate workers' states is the product of decades of vicious national oppression. The vanguard of the political revolution must seek to allay the fears of these peoples by the most vigorous means and win them to the side of the preservation of their own planned property. This must be done by *unconditionally* supporting their right to self determination, including to secession.

Where the majority of the people concerned call for independence, in mass demonstrations or workers' assemblies, in elections or plebiscites we will support the winning of such independence by all means. To do otherwise would be to cut ourselves off from the democratically expressed will of masses of workers and, therefore, to ensure they will fall under the leadership of reactionary forces. However, only proletarian political power and proletarian property relations can guarantee the independence to which such mobilisations aspire. Therefore our positive slogan in these conditions is for an independent workers' council state.

Even where existing separatist movements have espoused an overt social counter-revolutionary platform, we defend the right to state independence whilst continuing the struggle against restoration. The restoration of capitalism is not an event which occurs simultaneously with the winning of national independence. The ending of national oppression will begin to untie the bonds between the working class and the representatives of opposing class interests. In newly independent states revolutionary communists must continue to organise the workers for armed defence of the post-capitalist property relations. However, in conditions of war (external or civil) in a workers' state, communists may be obliged to temporarily subordinate the right of secession for a national minority to this state's defence against attack from the forces of imperialism and counter-revolution.

As an expression of our opposition to the reactionary utopia of building socialism in one country, we stand for the widest possible federation of workers states, starting with regional federations. The victorious political revolution will reunite on a voluntary and equal basis, the republics of the former USSR, Eastern Europe and beyond. In the regions where Stalinism and its successors have sown national antagonisms and wars, we fight for federations of workers' states (e.g. in the Balkans and Indo-China) as a step toward their integration into a World Socialist Republic.

Return to the proletarian internationalism of Lenin and Trotsky!

The Stalinists sullied the slogan of proletarian internationalism by identifying it with submission to the state interests of the Soviet bureaucracy. The foreign policy of a revolutionary workers' state has as its aim not primarily its own defence, nor even the defence and support of other workers' states but the interests of all those struggling against capitalism and imperialism. The defence of any single workers' state or any grouping of such states is a part of, and must therefore be subordinated to, the world revolution. This is the unfalsified programme of proletarian internationalism. It is the polar opposite of the foreign policy of the degenerate workers' states over the last half century which were geared to Stalinism's attempt to achieve peaceful co-existence with imperialism.

The Stalinists cynically manipulated and betrayed the struggles of the working class and colonial peoples around the world. Side by side with strengthening market mechanisms and capitalist forces inside the workers' states, the remaining ruling bureaucracies are globally in retreat in the face of imperialism. Stalinism has always pursued an essentially counter-revolutionary policy at home and abroad. In the 1980s in Afghanistan, Cambodia, Central America, Southern Africa and the USSR played a counter-revolutionary role, both in the manner in which it provided support for progressive forces and in its shameful desertion of those forces in the course of its surrenders to imperialism.

The secret diplomacy operated by the Stalinist bureaucracies must be abandoned completely. This policy was part of the bureaucratic monopoly of information in the degenerate workers' states and only served to misinform and deceive the working class. Negotiations between workers' states and capitalist states or other workers' states have to be carried out in view of the working class. The demands from both sides should be made public. Negotiations have to be used to make revolutionary propaganda. The nature of the negotiations have to be revealed to the masses.

Relations with capitalist states also have to be used as a weapon by a workers' state. Diplomatic ties and trade relations with each country have to be examined carefully. Stalinists used diplomatic ties with capitalist countries to excuse the drowning of the workers' movements in these countries in blood and to raise the prestige of these butchers (e.g. China's relations with Pinochet). This was a common practice among the Stalinists. Diplomatic and trade relations must be used assist the building of a workers' state and must not limit or harm the formation of any revolutionary movement.

In a situation of direct military attack on a workers' state, in or out of a political revolutionary crisis, it is legitimate to seek an armed united front with the armed forces of another degenerate workers' state. In that united front the working class must not allow its forces to be subordinated to those of its allies, but must struggle for arms and assistance to be put under the control of its organisations and argue amongst the forces of the allied degenerate workers' state for internationalist political revolution.

We defend the right of the degenerate workers' states to possess nuclear weapons and, in wars with imperialism, to use them when it is militarily necessary for the defence of the workers' states. We oppose the bureaucracy's overall defence and military policy which has as its aim the realisation of the utopian goal of peaceful coexistence with world imperialism.

The foreign policy of a workers' state has to be subordinated to a revolutionary International. A genuine International can place the foreign policy of a workers' state in its rightful context within the pursuit of the world revolution. Only an International can effectively defend workers' states against imperialist intervention by co-ordinating the mobilisation of the working class across various imperialist countries.

Build Leninist-Trotskyist parties!

The programme of political revolution combines both a linked system of demands and the strategic and tactical means of

achieving them. It cannot be arrived at by the spontaneous struggles of the working class. The tragic experiences in Hungary, Poland and China show that, just as under capitalism, spontaneity must be harnessed to scientific class consciousness in the organisational form of a revolutionary party. Although the first small nuclei of such a party may originate amongst the intelligentsia, the test of their "communism" will be their recognition of the need to win and organise the working class vanguard emerging from the anti-bureaucratic struggle. All the norms of membership, organisation, internal life and external activity developed by the Leninist Bolshevik Party and, later, by the Left Oppositionists and the Trotskyists, will be applicable.

We reject the "leading role" of the Stalinist parties. They are parties of the bureaucracy not the proletarian vanguard. However the experience of the Czechoslovak Communist Party in 1968 and of the "horizontal movement" within the Polish Workers' Party during the height of Solidarnosc's struggle, suggests that proletarian mobilisations will find a reflection within the ruling Communist Parties. This is so because a large number of workers are captive members of these parties. But we reject the illusion that the ruling parties can be reformed or can peacefully evolve into centrist formations. These parties must be broken up as instruments of mass mobilisation in support of the repressive and privileged bureaucracy. Nevertheless, we do not ignore the fact that in an escalating political revolutionary situation, the leadership may come under challenge from sections of the party membership or the proletariat in general. The united front tactic, levelled at these forces and at opposition groups outside the party, will be vital in breaking the masses from these misleaders, new or old. Where we cannot directly win rank and file working class elements to the ranks of Trotskyism, and in view of the fact that such opposition will often be the first expression of political independence by such workers, we should encourage them to put the Communist Party, which they remain within, to the test by demanding:

- Elections at every level, based on open platforms and political competition in open debate. For the lifting of the ban on the formation of factions and on the circulation of their platforms, which was imposed as a purely temporary measure in the Russian Communist Party of Lenin and Trotsky in 1921, but which was turned into a repressive norm under Stalin.
- The revolutionary party, forged anew in struggle, must inscribe onto its banner the overthrow of the Stalinist dictatorships, the creation of a democracy of workers' councils, the installation of a democratic plan and above all the extension of the revolution internationally. If the workers' states undergo revolutionary regeneration then the death knell of imperialism and class rule will sound across the globe. Turn the bureaucratic prison houses once more into fortresses of the world revolution!

The programme during the restoration process

Due to the accumulated betrayals of the Stalinist bureaucracy and the prolonged crisis of revolutionary leadership, a new transitional period has opened up—the transition from degenerate workers' state to capitalism. The task of revolutionaries is to re-orient their programme to guide a struggle against the remains of bureaucratic tyranny and disorganisation and against the restoration of capitalism.

The road to restoration has most frequently been opened by the rise to power of a faction of the bureaucracy that then sets in train a series of concessions to the market. These have been advocated, with ever greater insistence by economic "experts" from within the bureaucracy, from the 1960s onwards (Liberman, Ota Sik etc). They were carried out first, on a significant scale, in Hungary. They centred on step by step weakening and narrowing of the scope of the central plan, the creation of real or simulated market mechanisms between the enterprises, the puncturing of the state monopoly of foreign trade and entry into the economic institutions of world capitalism, such as the IMF. The utopian aspect of this programme was the notion that it would increase the efficiency, the level of technical innovation or the responsiveness of the economy to the needs of the consumers. Instead it hampered and disrupted the working of the planned economy. The continued existence of the planned economy obstructed the development of a real market, creating instead a massive "black economy". It created a vast criminal class before it created a bourgeoisie.

Both in those states where the marketising faction of the bureaucracy tried to carry out this programme with democratic reforms, and in those where it tried to maintain its political dictatorship intact, the result was and will be the same—a severe political crisis in which three fundamental alternatives are posed:

(a) return to the bureaucratic dictatorship and a halting or slowing of market reforms;

(b) the seizure of power by an openly restorationist regime that sets about the destruction of the central planning system and institutes a rapid transition to the operation of law of value as the dominant force within the economy;

(c) a proletarian political revolution introducing workers' democracy and a democratically planned economy.

Only the latter two alternatives were and are fundamentally viable. Bureaucratic dictatorship—however bloodily it is restored or maintained—can never solve the death agony of bureaucratic planning. It alienates the masses, pushing them into the arms of the democratic restorationists. Although in China, Korea, Vietnam and Cuba the bureaucracy is trying, by repressive means, to avoid the fate of Gorbachev, the development of pre-revolutionary and revolutionary situations is inevitable in these countries. The outcome of these crises will be a situation of dual power—of a lesser or greater duration—in which the forces of the old bureaucracy will shatter and in which the forces of political revolution and bourgeois counter-

revolution must engage in a life or death struggle. If the forces of political revolution fail to develop and take power, then sooner or later, capitalist restoration will be inevitable.

To date the forces consciously seeking to defend the planned economy and other proletarian gains are weak. This has resulted in the seizure of power by a series of bourgeois restorationist governments. Their first task has been to resolve any remaining duality of power by purging the state apparatus. This purgation will vary according to the degree of political homogeneity of the armed forces. Where an important part remains convinced of the viability of bureaucratic rule, the purging may take a violent form, even leading to civil war.

The resolution of this dual power, and the prevention of the working class from intervening to establish its own organs of power, is vital to the success of the restoration process. But even the establishment of a reliable state machine, which not only resembles the form of the bourgeois state but actively defends the growing elements of capitalism and attacks the disintegrating remnants of the planned economy, does not bring the restoration process to a close. Only when the laws of the capitalism predominate over those of the bureaucratic plan, only when the economic foundation of the workers' state has been destroyed, can we say that the process is complete and capitalism has been restored.

The economic programmes of capitalist restoration have been extremely varied. The one immediate "success" was the integration of the German Democratic Republic (GDR) into the West German imperialist state, via a prolonged combination of state capitalist and privatisation measures after the central organs of the planned economy were abolished. In the other states—where the resources of a major imperialist power have not been available—neo-liberal shock therapy has been applied. This has meant freeing prices, dissolving the central planning and resource-allocation institutions, abolition of the old state bank monopoly and its replacement with a fully commercial credit system under which loss making enterprises can and must go bankrupt, and the transformation of the enterprises into private and/or state capitalist trusts.

The massive economic slump which is the result of the implementation of this policy gives rise to repeated political crises and pre-revolutionary situations. Only a deepening class consciousness and militancy of the proletariat and the emergence of anti-restorationist defenders of workers' democracy can turn such crises into a fully developed revolution. This revolution must have a combined character. It must be a political revolution in the sense that the expropriation of a social class—the bourgeoisie—is not its central task. But such a revolution would nevertheless have enormous social, i.e. anti-capitalist, tasks. Though it remains a political revolution it is nevertheless aimed at the overthrow of a bourgeois regime which holds all or part of the state power. It will have the task of seizing state power and establishing a workers' state based on soviets.

In the moribund degenerate workers' states, in which governments are in the process of carrying out the restoration of capitalism, revolutionary communists must fight for a programme of immediate and transitional demands to halt and reverse the social counter-revolution, a programme which in its totality can only be the programme of a revolutionary workers' government.

- For a basic living wage that guarantees the purchase of a shopping basket of goods as determined by rank and file workers' organisations.
- For a sliding scale of wages—an automatic, equivalent rise in wages for every rise in prices determined by elected committees of workers, particularly women and pensioners—to fully compensate for every increase in prices.
- Stop *all* price rises! The costs of food, clothing, transportation, rents and fuel must be prevented from rising. The only currency reform that will serve the interests of the toilers, rather than those of the speculators, will be one carried out by a workers' government.
- Put all private and state warehouses and food storage under the control of armed workers' detachments, under workers' inspection and distribution. Confiscate all goods hoarded by the bureaucrats, the black marketeers, or private businesses. Workers must control and distribute any aid received from imperialist countries.
- Elected committees of workers must inspect the accounts of the enterprises and the planning ministries, the bureaucracy's special shops and the accounts of the new speculators. Only then will the scale of corruption, siphoning off and theft of the produce of the workers' state be known, the culprits punished and a new plan of production and distribution be possible.
- Organise direct exchange between the cities and the countryside. The rural and urban workers should together work out fair exchange ratios, and even prices, between the products of industry and agriculture.
- Restore the right and opportunity to work. The existing unemployed must be offered work or paid at the average industrial wage. No to all redundancies without equivalent work at equivalent pay. Occupy all factories, mines, shops or offices declaring redundancies or attempting closure. Demand that the idle members of the bureaucracy, the enterprise managers and the parasitic speculators perform useful work in the factories and on the land at the average wage of a worker.
- For workers' management in every enterprise. No to privatisation even in the form of alienable shares distributed in whole or in part to the workers themselves. In a workers' state the factories already belong, by law, to the workers. No to expropriation of the workers' property.
- No cuts in the social services. For a massive programme of housing repairs and construction of new dwellings, crèches, schools and clinics. No one should be unemployed and no one should be idle whilst people lack these elementary necessities.
- For a minimum living wage for all; all pensions to be no lower than this and protected by a sliding scale.
- For emergency action to alleviate the housing shortage. Seize the *dachas* and the big apartments of the former bureaucrats and the new rich. Occupy all state buildings that are not serving the collective good of the working class and convert them to accommodation for young families and the unemployed.
- Workers' committees must draw up an inventory of all state property as it stood before the restorationist governments came to power. The misappropriation and hoarding of the former bureaucracy must be brought to light and all the resources of the workers' state restored to collective ownership. All the "expropriation" of state property must be reversed.
- Down with national chauvinism. Summary execution for the

organisers of pogroms and "ethnic cleansing". Merciless repression of the fascists and anti-semites, racists and chauvinists that organise attacks on national minorities and on women, lesbians and gay men and the workers' organisations. No platform, no "democratic rights" for these vermin.

- Respect the decisions of minority nationalities to independence if that is their choice. Unconditionally defend the democratic rights of all the nationalities against old style Stalinist or new style nationalist or religious repression. Just as we defend the democratic rights of all minorities inside ex-Yugoslavia, China or the states of the former USSR, we should defend the democratic rights of all Great Russian, Serb and Han Chinese workers in areas in which now they are minorities and may suffer oppression.
- For a workers' militia to protect the workers' struggles, to crush the fascists and pogrom organisers and to smash armed insurrections of the counter-revolutionaries.

To prevent the restoration of capitalism the workers face a combined task, a struggle against a bourgeois executive power and a struggle to save the remains of the planned, state-owned means of production and distribution. To do the latter they must take up the struggle to *overthrow* the restorationist governments and put into power workers' governments based on workers' councils. The restorationist forces cannot be removed by peaceful means alone—the more decisively and the more determinedly the workers mobilise the less costly will such a victory be. A workers militia must in turn win over the rank and file soldiers.

There is no shortage of arms or the opportunity to acquire them. Most workers have undergone military service. The workers can and must arm themselves. Arms in hand workers can snuff out the flames of national hatred, protect all minorities, protect strikes and occupations. As soon as the opportunity of seizing power arises armed units attached to the workers' councils can carry this through and establish a workers' government. The workers' government would have to organise the election of workers' tribunals to try all those who have committed crimes against the working people either under the Stalinist dictatorship or under the restorationist regimes.

The central tasks of a workers' council government will be the crushing of the restorationists' plans and the rallying of the world working class movement to its defence against inevitable imperialist pressure and blockade. The workers' government will have to develop and implement an emergency plan to save the economy from total disintegration. This must be drawn up by the workers' representatives and put into action by the working class itself. The most urgent measures for such a plan should be:

- Restore the state monopoly of foreign trade; for control of all international commerce by elected organs of workers' inspection. The seaport, airport, communications and banking workers can rapidly decide on what trade is in the interests of the workers' state and what is speculation or harmful profiteering. Urge the workers' movements of the capitalist countries to force their governments into undertaking trade agreements that will benefit the emergency plan.
- Halt all de-nationalisation of the large scale means of production and renationalise all sectors already sold off. Close down the stock exchanges and the commodity exchanges. Inspect all previous dealings and punish those guilty of profiteering.
- Restore a state monopoly of banking. Nationalise all private banks installing workers' control and inspection. The dollar hoards of the speculators, the joint ventures, the pseudo co-operatives and the private accounts of the bureaucrats must be confiscated by the workers' state.
- Refuse to recognise the foreign debt, stop all payments and break all the chains to the IMF, the World Bank and the "European Bank of Restoration". Kick out all the imperialist "economic advisers".
- Carry out a monetary reform in the interests of the toilers. Money as a measure of value must, as accurately as possible, gauge the labour time embedded in the products of industry and agriculture. The inflation of the last years of bureaucratic mismanagement must be brought to an end so that workers can undertake rational accounting without which planning is impossible.
- Transform the collective farms into genuine democratic co-operatives on a one-worker-one-vote basis. Establish workers' control in the state farms. Aid the small farms towards co-operation by the provision of collective resources.
- Small sized private businesses, industrial production, distribution, retail trade and services should be left to operate, and even to expand in number, in spheres where the state and the co-operatives cannot meet demand. This sector of private small capitalists and petit-bourgeois can even be useful to the workers' state providing their workers are all unionised and have their working conditions and hours regulated by the local workers' councils, providing their accounts are subject to inspection and taxation is levied for the benefit of the workers' state.
- Re-organise a Central Commission for the Co-ordination of the Plan and create similar commissions at local, regional and city levels. The skilled statisticians, economists and administrators must be assembled and put to work under the control of elected workers' representatives. There must be no re-emergence of bureaucratic privilege. No expert should earn more than the wage of a skilled worker and all planning organs must carry out the decisions of the appropriate organs of workers' democracy.
- The Emergency Plan must provide for a massive construction programme to improve the social infrastructure: house building and repairs, clinic and hospital building, expansion of the nurseries, schools and higher education.
- The Emergency Plan must rapidly improve the communication, distribution and transport system. Military vehicles and aircraft must be drafted into an improved freight system so that food does not rot before it can reach the consumers. A longer term programme of road and railway construction, upgrading the telecommunication systems, creating a nationwide network of warehousing, cold storage, and freezer plants can ensure that the labour of the farmers is not shamefully wasted.
- The Emergency Plan must set as one of its central goals a series of measures that improve the condition of women. Improvements in the quality of goods, distribution and retailing must remove from women the crushing burden of the search for food and endless queuing. Improvements in housing, in crèche and childcare facilities, in care for the sick and the elderly should be combined with a renewed struggle to socialise domestic toil and liberate women so they can at last play a fully equal role in social and public life.
- For a woman's right to work, with equal pay for work of equal value; defend maternity leave and pay and the protection of women from harmful work. Resist moves to force

women to work part time with lower pay and poor working conditions—reduce the working week for all workers. Defend the rights of women to abortion, and extend the availability of contraception.

- The churches, temples and mosques have begun to make claims to organise schools and to censor culture and education. They must have no control over the schools, the hospitals or the media. For scientific and rational education on sexuality free from clerical superstition and taboos.

For international solidarity

THE WORKERS' government must break resolutely from the counter-revolutionary policies of the Walesas, the Yeltsins and the Havels, not only at a national but at an international level. The allies of a workers' state cannot be the imperialist devourers of the world, the exploiters of the proletariat of the capitalist countries.

The victorious political revolution must appeal for direct aid and support to the workers' movements of the entire world and particularly to the rank and file.

The victorious Russian Revolution in 1917 rallied massive support in Europe, Asia and the Americas, such that the heroic resistance of the Russian workers could successfully beat off imperialist intervention. The international policy of the victorious political revolution must in return offer economic and military support to the struggles of the world's workers and oppressed peoples.

- Imperialist hands off Cuba, Vietnam, North Korea and the other bureaucratically ruled workers' states. Military and economic assistance against the US embargoes, blockades or intervention. For a socialist reunification of Korea; no to a reunification based on capitalist restoration in the north.
- Aid to the workers of these states to make a political revolution. Only revolutionary workers' and peasants' council governments will be able to save them. For a world wide alliance and ultimately a federation of workers' states. For economic co-ordination of the plans of all the workers' states.
- Support for all national liberation struggles against imperialism. Support for all workers and oppressed peoples who are fighting austerity and privatisation plans dictated by the IMF.
- Opposition to the sell-out deals and betrayals in the Middle East, Southern Africa, South-East Asia, Afghanistan and Central America.
- Support for the struggles of the workers of Eastern Europe against capitalist restoration.
- Support for both the immediate and the revolutionary class struggles of the workers of the entire capitalist world.
- For a new voluntary federation of socialist republics of the former USSR; for a new voluntary federation of socialist republics in the Balkans.
- For a world socialist federation of workers' council republics.■

Split in Swedish Socialist Party

New LRCI section in Sweden!

At the end of 1993 a group of comrades inside the Socialist Party (SP), Swedish section of the United Secretariat of the Fourth International (USFI), formed a tendency to fight the right centrism of the party leadership. We named ourselves the "Against the Stream" tendency (ATS). As a tendency we fought against the revision of the party's programme, which was being adopted at a Congress early this year. At that Congress, ATS received 30% of the delegates' votes for an alternative "Fundamental Principles" document. One member of the tendency was elected onto the leadership.

This year proved to be decisive in our evolution. General elections were to be held in September followed by a referendum on European Union (EU) membership in November. It was clear that, in preparing its own list of candidates for the elections and in throwing itself into the "No" camp for the referendum, the SP leadership was set on deepening its errors. In August of this year we transformed ourselves into a faction, a step that recognised that the future course of the SP could not be altered without the ousting of the leadership.

As SP members we loyally participated in the election campaign, despite our far reaching criticisms of the programme upon which the SP candidates sought election. The prospect of an even more discrediting campaign around the EU referendum posed us with a sharp choice; be complicit in this farce or terminate the faction fight, establish an independent Trotskyist group and intervene into Swedish political life with a new banner and new hope.

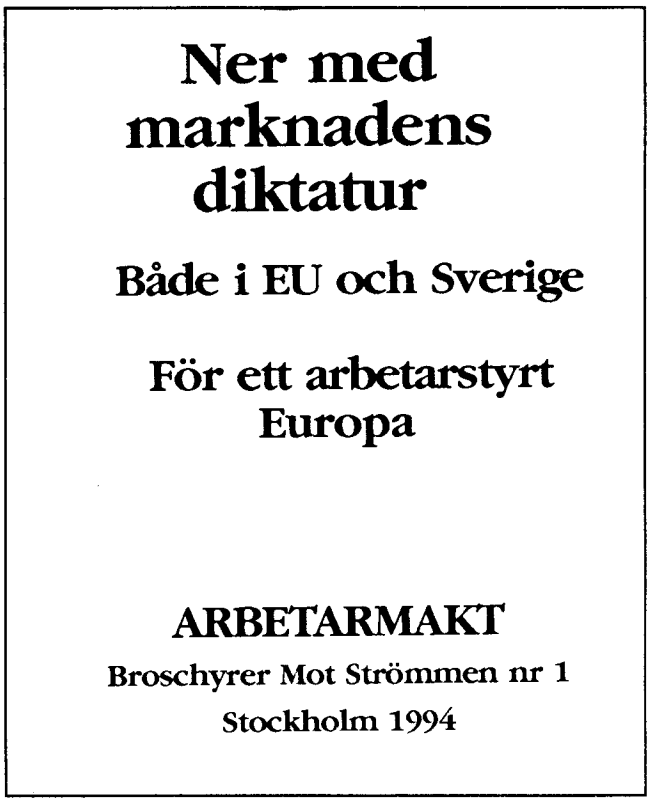
We chose the latter course. In transforming our growing doubts and misgivings about the USFI in Sweden into a rounded political critique of its centrism, we found the publications of the LRCI to be a powerful aid. After years of paying close attention to its practice and its sharp criticisms of the USFI we concluded that the logical step for ATS was to join the ranks of the LRCI. In early October 1994 we broke with the SP and founded Workers' Power (Arbetarmakt) as the Swedish section of the LRCI.

The SP is the latest incarnation of the USFI in Sweden. Its origins lie in the early 1970s when the League of Revolutionary Marxists was formed. Following a decade of losses in the 1980s the SP almost succeeded in dissolving itself into a small split off from the social democrats called Workers' Lists. This proposal was in line with the decisions of the 12th USFI World Congress in 1985 on the "recomposition of the labour movement".

This strategy, a product of demoralisation and deep seated opportunism, urged the liquidation of the USFI sections into "broader", "left" movements or parties. The USFI leadership claimed that after 1979 there was a gradual radicalisation of the world working class which would pass the USFI sections by unless they fused with broader currents. Needless to say, the leadership argued that this liquidation of their own organisations should not be based on any programmatic affinity with the organisations with which they sought to fuse. Nor was it to be an "entryist" means of carrying on the fight for the Trotskyist programme. On the contrary, it was consciously designed as a way of abandoning their own programme in the hope that there would be a "favourable" evolution of the broader left parties under the impact of mass radicalisation.

In countries as diverse as Germany, Peru, Colombia and Spain such fusions had the desired effect. The USFI sections were effectively liquidated. In Sweden this fate was only averted by the resistance of rank and file members. But, as in the case of France and Belgium—other countries where, despite their best efforts, the leaders could not find partners to fuse with—in Sweden the SP adapted its politics to the reformists, waiting, willing and able to liquidate itself when the time was right.

In the general elections of 1991, the SP ran its own candidates on the slate of the left social democratic Left Party (LP), the renamed Communist Party. No formal political agreement existed between the SP and LP, and SP candidates were accepted onto the slate by the LP individually. The LP pre-



NEW *ARBETARMAKT* PAMPHLET ON THE NOVEMBER 1994 EURO- REFERENDUM CAMPAIGN

ferred those SP members who were well-known trade unionists, people that they hoped to recruit, having noted the turn to the right inside the SP. Naturally this could hardly be expected to strengthen the SP and, although they got local councillors elected in 1991 on the back of the LP slate, they lost them again in the 1994 elections without this backing.

This experience provoked criticism from leftists inside the SP, as did the new proposal to create a common weekly newspaper with other groups. This proposal illustrated another aspect of the degeneration of the SP leaders. They were motivated in part by fear that the strain of producing their own weekly paper—*Internationalen*—was too much. Yet, at the same time, without it the SP itself would probably collapse. This was not because the paper was a vital means of building the SP, nor any sort of organising focus for the party. No, the calculations of the leadership had a more sordid aspect. Their paper only survives courtesy of a Swedish government subsidy of $125,000 a year! This government hand-out supports an apparatus that would not be possible if it simply relied upon the dedication and self-sacrifice of its own supporters.

Unlike the smaller Danish USFI group (Socialist Workers Party), which did succeed in turning its paper, *The Red Thread*, into a common paper of the CP remnants and Left Socialists, the SP has failed to entice any partners. But in order to sustain the minimum circulation targets demanded by the state the SP leaders seek to turn *Internationalen* into a general paper of the left, further liquidating its political content.

In common with the USFI generally the SP had the greatest difficulty in analysing the events in Eastern Europe during and after 1989. Confusion abounded as to the character of the mass movements, their objectives and the results of the struggles that took place. The Trotskyist programme of political revolution, long since abandoned in practice by the USFI, played no role whatsoever in shaping the USFI's analysis of, or response to, these world historic events. Baffled, the SP leadership decided to rewrite the party programme, inherited from the early 1980s, with a reformist premise and pracical conclusions that marked a conscious accommodation to bourgeois democracy.

This opportunism proved to be another rallying point for leftist elements inside the SP and gave rise to ATS in 1993. The new party programme was adopted at a special congress in February 1994 and contains lengthy rhetoric and major revisions designed to appeal to the much sought after broader milieu. The resulting redraft by the SP reflects the strength of reformism in the Swedish labour movement, but does nothing to challenge it. After a decade or more of increasingly reformist practice the programme was being brought into line with this practice.

At the heart of the new programme the difference between revolution and reform is blurred over. For revolutionaries there is no room for ambiguity on the capitalist state: it must be smashed before the transition to socialism can be begun. For reformists this state needs only to be modestly transformed and used for the benefit of all the "people". The class character of the state (capitalist) and the class character of the revolution needed to smash it (proletarian) are obscured. The SP echo the reformists, not the revolutionaries, in their new programme:

"To break the old power of the owners of the big companies, institute a radical reallocation of incomes, and establish people's power in everyday life, requires a decisive change in the central political power apparatus of society, the state."

But what is the character of this "decisive change"? The programme calls for "the workers' own democratic and decentralised state power". But since it omits any mention of the basic Marxist proposition that the workers' council (soviet) is the necessary form of proletarian power that must smash the state apparatus of the bourgeois state, its phrases about "change", "people's power" and so on, are indistinguishable from similar tired phrases that are common coin amongst left-reformists.

When they are mentioned, workers' councils are seen solely as organs of administration under a future regime of "workers rule." This allows the SP to downplay the revolutionary character of the transition at the level of state power. In this way they can draw closer to the left reformist vision of an essentially parliamentary road to socialism, if aided and abetted by popular mobilisations. This elision is further compounded by advocating a "central national people's assembly, parliament—[elected] by the people in free, general, and direct elections. " The term "people", in place of working class, is telling, but even worse, the SP present the idea of an elected chamber as in no way different from bourgeois parliaments. Rather, in the manner of all USFI programmes it presents the workers' rule not as a regime of class dictatorship but as the "ideal" fulfillment of bourgeois democracy. So we find that all citizens, regardless of class, will enjoy "full democratic rights and freedoms".

In the action programme also adopted at this Congress, the benign vision of the class conflict is extended into the conception of the workers' government. In the Leninist and Trotskyist tradition a revolutionary workers' government bases itself on organisations that are seeking to destroy capitalism. A workers' government has to try and arm the workers, to take the wealth of the capitalist class and disarm their repressive forces. The SP reduced the workers' government's ambition to the following:

" . . . the labour movement must immediately seek collaboration with those popular forces that puts the population and the environment first. The goal must be to establish a common government that defends and develops a good welfare according to the needs of the people and the surrounding environment."

Rather than smash and dissolve the forces of armed reaction through the use of workers' councils and militia we are informed by the SP that:

"Old loyalties and hierarchies, and the closedness in both (army and police—LRCI) these corpses, has to be broken by democratic reforms."

Tell that to the workers of Chile, who in 1973 paid with thousands of lives for the cruel illusion that "democratic reforms" could tame capitalism. The military coup that ended the "democratic experiment" should remind all Marxists of the bankruptcy of the parliamentary road. The parliamentary illusions held by the masses in Eastern Europe should not lead us to erase that lesson of history and adapt to reformism. It should rally us to ever greater efforts to break the masses from their illusions and keep the revolutionary banner aloft. That is what we did in the face of the SP leadership's new programme.

All in all it was not a pleasant experience taking their programme into the general election campaign. On the one hand it had no superiority over that of the LP, obscuring all the fundamental issues on which a revolutionary organisation justifies its break with social democracy. On the other hand, the

reason that the SP always insists on standing its own candidates is that the social democrats are no different to the open bourgeois party that ruled between 1991 and this year!

As its turned out the election results for the SP were little short of disastrous, with a much reduced vote for their candidates as compared with 1991. It only managed to hold onto to one municipal seat. In truth our break with this blend of ultra-leftist prejudice and opportunist programme could not come soon enough.

The last political fight we fought with the SP leadership was over what attitude revolutionaries should take to the referendum on entry into the EU. We had become convinced that the LRCI position of revolutionary abstention was correct. The big sectors of the bourgeoisie clearly want entry, but the working class does not always simply put a minus where the bosses put a plus. Opposition to entry comes from other bourgeois forces as well as parts of the labour movement and petit bourgeoisie. It is not true that outside the EU the Swedish working class has better prospects for prosecuting the class struggle than inside. A Swedish bourgeoisie deprived of further privileges of membership is just as likely to seek to maintain competitiveness against the EU member states by a more savage attack on the workers.

The "No" campaign in Sweden was formed several years ago, drawing most of its members from the Left Party, the Greens and the small left groups. The left component of the campaign is quite strong and lays stress upon the social and economic disadvantages that come with membership. There can be no denying that in Sweden, as in other countries, the implications of membership for budget control, public spending limits and fiscal conservatism will increase and with that the pressures to "reform" away many of the social benefits for which Sweden has been famous. But for or out of the EU the working class has got to defend these gains. And it shows a touching faith in the bourgeoisie to believe that somehow these gains are any safer in the hands of our bosses if they stay outside the EU.

More worrying still, over the last months the opponents of entry have been joined by neo-nazis and ultra-rightists as well as prominent representatives of the social democratic and open bourgeois parties. The voice of the left "no" is being drowned out.

As they have grown, the bourgeois opponents of entry have sought, successfully, to exclude the left and the far right from the mainstream campaign. If the SP had any revolutionary aspirations they would at least have taken this as an opportunity to direct their campaign in the working class towards an unamibiguous revolutionary opposition to nationalism and for internationalism. But no. In a new pamphlet for the referendum campaign the SP is still trying to worm its way back into the mainstream campaign. Faced with the argument that many companies would leave Sweden if they stayed outside the EU, the SP argue that:

"Companies wanting to move abroad have to be made to understand that they thereby also leave their companies in the hands of society. Faced with such a resolute direction, we are confident that many entrepreneurs would prefer to stay."

Such a polite and veiled threat to nationalise them - and only if they become unpatriotic capitalists! Whether they choose to stay or leave, of course, our answer is the same—workers' control and expropriation.

Meanwhile, campaign allies in the "No" campaign are dealt with equally politely. In addressing the issue of self-determination and the EU, the SP merely rebukes the allies for their "one-sided nationalist position". No sharp internationalist programme is put. No doubt, with effort, the SP can construct a more "rounded" nationalist opposition to the EU.

There are no reasons for revolutionaries to stay in the SP. Long touted as one of the stable parties in the USFI, it is stagnant in spirit and practice, propped up merely by state subsidies and the inertia of a politically bankrupt leadership. These leaders have no belief in their project. They share the same "non sectarian" attitude to their own International; namely, that Trotskyism is not the only brand of authentic revolutionary politics.

Breaking with this centrist outfit is the best course of action for revolutionaries. And in breaking we can begin to help the Swedish working class prepare for the inevitable big battles that lie ahead. Hand in hand with the LRCI sections in Europe and beyond we are confident of success.■