Trotskyist
INTERNATIONAL

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# The ugly face of Euro-fascism ... and how to fight it!



The failure of third world nationalism

On the brink of capitalism in Central Europe

PLUS: How left is Socialist Action (USA)? • New Zealand Labour Party tearing at its roots • and much more...

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With this issue of Trotskyist International we launch a new series of the journal, now fused with Permanent Revolution, formerly the theoretical journal of Workers Power, Britain.

Cover: Fascist youth on the rampage, Czech Republic 1994

Inset: Jean Marie Le Pen speaks to an FN rally, Paris.■

# Trotskyist INTERNATIONAL

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INCORPORATING PERMANENT REVOLUTION



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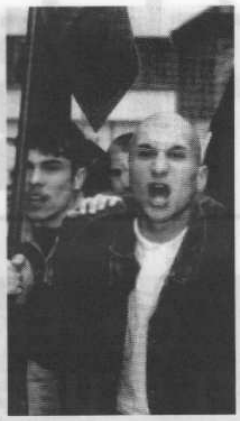
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# Fascism: yesterday and today...

*The rise of fascist front parties across Europe is a symptom of a deepening social crisis. How do these parties relate to "classic" pre-war fascism? How do they differ from established conservative parties?* ***Clare Heath*** *argues that the right answer to these questions is crucial to smashing the renewed threat of fascism.*

To fight and win, you need to know what your enemy really is. Too many on the left don't. Take, for example, the Italian correspondent of the influential British anti-fascist magazine *Searchlight*. He informed its readers that the Italian government:

". . . can now be characterised as a fascist government which holds office but which has not yet been able to translate its rule into effective power. Essentially, the government is a coin with three heads, representing three distinctive and peculiarly Italian fascist trends. They are the fascism of P2's creations, Berlusconi and Forza Italia, based on latterday monopoly capitalism and marinated in anticommunist poison; the fascism of Umberto Bossi and the Liga Nord (sic), founded on narrow, regional xenophobia with delusions of northern Italian ethnic superiority; and the MSI/AN variant".[1]

This is dangerous nonsense. It leads directly to the ludicrous notion that while the entire Berlusconi regime was fascist, it had "not yet succeeded" in really establishing its power. Yet the Freedom Alliance government, reactionary as it was, made no attempt to supplement its neo-liberal austerity programme with the physical annihilation of, or even the proscription of, the working class movement.

Such a sloppy understanding of fascism confuses and disorients the working class movement. We must be able to distinguish between fascism and other forms of right wing and racist movements if we are to appraise the nature of the threat posed by any given right-wing movement, the dynamics of its development, and the tasks facing those who aim to defeat it.

Fascism is distinguished from other reactionary parties by the radically different *manner* by which it seeks to change the relationship between the classes in capitalist society in order to safeguard the rule of the bourgeoisie.

It is a party of civil war against the working class both in its methods and in its objectives. To achieve power fascism, as distinct from other reactionary parties, sets out to terrorise and then physically smash the proletarian organisations by organised direct action.

For this it requires an extra-parliamentary mass movement. Fascism is a party that has to be visible on the streets. It appeals primarily to the desperate layers of capitalist society: the petit bourgeoisie, caught between the major classes, jealous of the bourgeoisie and fearful of the working class; the lumpen proletariat, outside the organisations of the working class, prey to every poisonous prejudice bourgeois society emits and eager to blame its miserable lot on the nearest scapegoats to hand. Out of this social rabble fascism builds its mass movement.

And from this movement it constructs the fighting squads it needs for its war on the workers' organisations. Normal bourgeois democratic parties leave the physical war against the left strictly to the state. Not so for fascism. It does the job itself with its own militia. Likewise with its racism; it does not restrict itself to calls for state racism, deportation and the removal of civil rights. It takes direct action to terrorise immigrant populations.

As well as utilising different methods in its struggle for power, fascism has a different fundamental objective. It aims to install a dictatorship which abolishes workers' democratic rights. It seeks to annihilate the political and trade union organisations of the left. Under such a dictatorship, according to Trotsky:

" . . . the proletariat is reduced to an amorphous state, . . . a system of administration is created which penetrates deeply into the masses and . . . serves to frustrate the independent crystallisation of the proletariat".[2]

This latter feature enables fascism to transcend the normal type of military dictatorship. The traditional dictatorship may be effective against the workers' legal organisations, electoral parties and trade unions but is usually ineffective against illegal revolutionary parties of the Bolshevik type.

Fascism aims to crush just this form of proletarian organisation by demoralising the masses. By penetrating workplaces and housing estates with fascist mass organisations that can hunt down revolutionary agitators and organisers.

To win and sustain mass support fascism requires an ideology of open civil war against minority layers intended as the first victims: the immigrants; the "reds"; gays and lesbians; the Jews. In addition, it needs a conspiracy theory to explain the parliamentary state's official hostility to the fascist parties. They have to "explain" the social ills which are the real cause of the rage and despair of their mass base. Hence the need for "International Finance" and the "Jewish-Ma-

1 *Searchlight*, October 1994 p15

2 L. Trotsky, "What Next?" in *The Struggle Against Fascism in Germany* New York 1971 p155/6

3 ibid p155

4 L. Trotsky, "Bonapartism and Fascism", ibid p441

sonic Conspiracy". Such demagogy must also be of a verbally "anti-establishment" character. It must centre on supposedly "non-class" (in reality bourgeois) ideologies and institutions such as "nation", "race", "family" to provide the appearance of a unity of interests among its supporters.

Hysterical nationalism and racism have constituted the principal, but not the only, components of fascist ideology. Other "non-class" ideologies, such as religion, have also formed the basis for fascist movements. The clerical fascists in pre-war France and Spain, the Islamist fascists in Algeria and Israeli fascists such as the Kach movement, are examples. In terms of ideology fascism does not invent any of these elements. Rather, it combines them in such a way as to serve its counter-revolutionary aims and methods.

It would be foolish to designate a party as fascist simply because it embraced one or several extreme reactionary policies, such as immigration controls, anti-union laws or religious intolerance. History has seen numerous non-fascist formations which promote virulent chauvinism, racism, antisemitism, and hostility to civil liberties and the parliamentary system.

Under what conditions can fascism exist as a mass formation and have a real possibility of being summoned to power by the bourgeoisie? This requires a deep and thoroughgoing social crisis, a period marked by revolutionary and pre-revolutionary conditions which the workers' movement has proved unable to resolve by seizing power itself. The bourgeoisie will turn to fascism, as Trotsky said:

" . . . at the moment that the normal police and military resources of the bourgeois dictatorship, together with their parliamentary screens, no longer suffice to hold society in a state of equilibrium.".[3]

The bourgeoisie is a tiny minority of the population even in those countries where its rule is most stable. In "normal" times, the capitalists' preferred method of rule in developed countries is parliamentary democracy. Under this regime the bourgeois class is able to rely upon the labour and trade union bureaucracy to guarantee the consent of the proletariat for its own exploitation and avoid the need for permanent, costly and dysfunctional repression.

But in periods of social crisis, when social consensus completely breaks down, the bourgeoisie may no longer be able to afford the luxury of democracy. Under conditions of an aggravated economic and social crisis, the state itself may lack the stability and inner strength required to liquidate or attenuate the democratic rights of the working class and crush its organisations.

The normal instruments of coercion at the disposal of the state—the army and police—may be unable to carry out the effective suppression of a movement numbering millions. Under such circumstances the particular function performed by a mass fascist movement can become the sole remaining option for the bourgeoisie.

Even in such circumstances fascism is far from being the sole alternative available to the bourgeoisie. Bonapartism, in which a determined section of the bourgeoisie and its state superstructure, step forward with a "strongman" at their head, will be the first option. The introduction of a military-police regime based on an abrogation of democratic rights will invariably be justified on grounds of preserving social order or "the national interest".

It is for this reason that, in a political or social crisis, fascism is not the first choice for the bourgeoisie but an option of last resort. As Trotsky observed in 1934:

"Fascism is a specific means of mobilising and organising the petit-bourgeoisie in the social interests of finance capital . . . The political mobilisation of the petit-bourgeoisie against the proletariat, however, is inconceivable without that social demagogy which means playing with fire for the big bourgeoisie. The danger to 'order' of the unleashed petit-bourgeois reaction has just been confirmed by the recent events in Germany. That is why, while supporting and actively financing reactionary banditry, in the form of one of its wings, the French bourgeoisie seeks not to push matters to the point of the political victory of fascism, aiming only at the establishment of a strong power which, in the last analysis, is to discipline the two extreme camps."[4]

In western Europe after the second world war bourgeois democracy was triumphant. The long economic boom in the 1950s and 1960s strengthened it. Given the defeat of Hitler and Mussolini and the subsequent revelations about the holocaust any resurrection of mass fascist parties in their fully fledged 1920s/1930s form was impossible.

This left the surviving post war fascist cadres three choices. They could abandon their creed and re-enter mainstream bourgeois politics. Or they could rest content to live the more or less clandestine life of a Nazi sect. Finally, they could seek to adapt their fascist project to the new circumstances, that is, recognise that the road to rebuilding mass fascist parties capable of contesting for power lay through the construction of what we call fascist front parties.

Fascism's road to power was blocked by stable bourgeois democratic rule. Its road to the masses was blocked by the broad "anti-fascist" consciousness cultivated and spread by the Allied victors.

To recreate the conditions for growth some fascists maintained a hard core organisation committed to the key elements of fascist strategy. But they strictly subordinated most of the "normal" fascist tactics to the need to win popularity within bourgeois democracy. They did this by creating fronts from within which they could rebuild their strength. They sought out allies on the far right and incorporated them into the leadership and membership of the new fronts.

The fascist front parties concentrated on active racism which had a popular resonance as capitalism began to experience economic difficulties in the 1970s and 1980s. But these parties were more than racist. Indeed, even the character of their racism is indicative of the fascist character of their inner core and cadres.

**The fascist front parties concentrated on active racism which had a popular resonance as capitalism began to experience economic difficulties in the 1970s and 1980s. But these parties were more than racist.**

Bourgeois racism relies on a range of state measures in order to deal with the "immigrant" or "black" question. This state racism hypocritically conceals itself behind a veneer of "equality". The fascist front parties and the fascists are not at all concerned about concealing their racism. They are open and unashamed about it. Their policy of compulsory repatriation has immediate results in the form of a guerrilla war between their cadres and the immigrant communities. An aspect of their fascist character—terror—is subordinated in relation to the working class as a whole, but is continued in their attacks on the black and immigrant communities.

Moreover, the policies preached by the fascist front parties consciously encourage unorganised supporters to carry out freelance terror against racial minorities. And this plays a role in mustering mass support for the fascist front parties. This is not the way normal bourgeois politicians use racism—to build up a passive voting base. The fascist front parties use extreme racism in elections in order to locate and eventually win troops for the future.

Nor is it the case that the fascists and fascist front parties wish to become junior partners in right wing bourgeois governments Their preoccupation with elections reflects the fact that electioneering, in the context of a durable bourgeois democracy, provides them with the best platform for garnering support. With this support two things become possible for them. First, they can claim the cloak of respectability, especially if they can win

seats in parliament and the municipalities. They can then claim all the electoral rights and immunities which democracy accords the people's representatives. Secondly, the pressure placed on established bourgeois parties by their electoral triumphs pushes bourgeois politics to the right creating a climate more favourable to their politics.

For the fascist front parties electioneering and the suppression of many of the normal practices of fascism is not mere vote catching. It is part of an overall strategy of recreating the conditions in which they can eventually transform themselves into open fascist parties.

However, success along this road gives rise to serious problems for these parties as we can see in the recent history of the Jean Marie Le Pen's Front Nationale (FN) in France and Gianfranco Fini's Movimento Sociale Italiano-Alleanza Nazionale (MSI-AN) in Italy.

**However strong the FN and AN may be in terms of membership and electoral support, they are dwarfed in size, in social power and cohesion by the organisations of the working class.**

The temptations of office are considerable to the councillors or deputies who have become accustomed to the comforts of "normal" political life. And when the respectable bourgeois parties seek them out as electoral bloc, or even as governmental coalition, partners the former invariably insist that they deny or renounce their fascist past; they demand avowals of devotion to democracy and a renunciation of violence.

These parties are inevitably subject to instability as the tensions between their parliamentary tactics and their fascist core mount. In particular, the change of period heralded by the fall of Stalinism and the acute social problems arising from the deepening crises of capitalism, are discrediting established bourgeois parties and institutions, opening up possibilities for "new" electoral bourgeois parties as well as renewed opportunities for "street politics". The MSI and FN, for example, have both encountered serious internal difficulties and divisions over the last two years.

The polarisation of both right wing populist and open fascist wings threatens the integrity of the whole fascist front project. How will the conflict be resolved? This depends on the way in which the developments in the world, and especially the European, economy impact upon each particular country between now and the end of the century.

We believe that Europe in particular has entered into a new period of instability. We do not think that fascism can come to power secretly, by conspiracy, behind the backs of the masses. It cannot come to power simply by winning an election in its fascist front form and then cast its cloak aside to reveal the full Nazi regalia beneath. But neither is there room for the complacent view that fascist fronts, with considerable electoral support, will break up of their own accord because of their contradictions.

The mass fascist front parties must be challenged and confronted directly by the entire working class movement. However strong the FN and AN may be in terms of membership and electoral support, they are dwarfed in size, in social power and cohesion by the organisations of the working class.

The social layers that look to fascism and the far-right, and which fascism looks to for its mass base, are primarily the petit-bourgeoisie and the lumpen-proletarian poor. Even sections of the least class conscious workers will also turn to the far right when they grow disillusioned with the feebleness of the reformist working class parties.

They are attracted by the appearance of strength that the fascists consciously cultivate. Direct physical confrontation of fascist and fascist front parties will undermine this attraction. Every noisy fascist march that goes unchallenged, every clandestine attack on union offices or immigrants that goes unanswered will encourage the fascists and their supporters still further.

Mass mobilisations of workers and youth must be organised against every fascist and far right manifestation; the working class organisations must prepare organised defence of the movement and of all minorities under attack as the first step towards forging a fighting organisation capable of repelling and dissolving the fascists own fighting squads.

Hidebound by legalism, the leaders of the unions and the social democratic parties fail to organise even the most elementary challenge to the mass organisations of the right.

But a responsive anti-fascism, based solely on countering the activity of the fascists, will not be enough. Fascist front parties such as the FN and the AN are growing precisely because of discontent with the political status quo in countries in which economic crisis has led to savage attacks on the living standards of the working class and the lower sections of the petit-bourgeoisie. The French Socialist and Communist parties in France have contributed to the growth of the far-right by participating directly in government attacks at a national and local level.

If the Democratic Party of the Left (PDS) in Italy props up the new Dini administration of "independent" financiers and industrialists in Rome, it too can expect to suffer the same treatment at the hands of the electorate.

Unless the workers' movement can force its political parties to launch an effective challenge to austerity, unemployment and cuts, it will appear as a defender of a political establishment and economic order which millions know is not working.

No doubt many on the reformist left would baulk at the suggestion that the workers' parties should refuse to form coalitions with the liberal right "to keep out the fascists". And indeed, if the PDS withdrew support from Dini, would this not increase the prospects of the fascist front parties entering the coalitions in their place?

But this popular front approach—which pleads for alliances with "progressive" capitalists—conveniently ignores the cause for the rise of far right and fascist parties: the mounting crisis of the capitalist system itself, the lasting effects of the recent European recession and the instability inherent in the new world order after the collapse of the Eastern Bloc.

Just as the fascist front parties themselves have developed as a response by fascism to the relative stability of post-war democratic institutions in the advanced European capitalist states, so the change of period and the opening of a new period of instability carries with it the prospect of titanic struggles opening up in Europe over the coming two decades.

As the stability of the capitalist order is weakened, so the necessity for the fascists to carry through an adaptation to bourgeois democratic institutions will also be reversed.

Discontent with the democratic capitalist order will be channelled into one of two outcomes.

Either the working class will reconstitute a political leadership which aims consciously at the overthrow of the capitalist system—a revolutionary communist party and International; or the counter-revolutionary forces of the far right will reconstitute themselves on a basis capable of mounting a serious and sustained attempt to crush the labour movement and take power.

It is not enough for the workers' movement to observe that the fascists' time has not yet come. The task is to ensure that it never does.■



FRANCE

# The FN: twists and turns of a fascist front

The French *Front National* (FN) was founded in 1972 as a coalition of fascist tendencies. It grouped together Vichy collaborators, young thugs and a handful of non-party fascists, like Jean-Marie Le Pen, who had played minor roles in the post-war history of the French far-right. By 1980 the FN had only 270 members, of whom scarcely 100 were fully paid-up.[1] Three years later the FN won 2.2 million votes in the European elections and Le Pen's face was on the front page of every newspaper. Over the next 10 years, the FN was able to put down deep roots and is now a fundamental feature of the political landscape. Its impact on every other political party has been enormous.

To decide on the exact nature and seriousness of the threat it poses to the workers' movement and to immigrant communities in France it is vital to understand the trajectory of the FN. Is it towards the creation of a fully and openly fascist mass party or is it evolving in the direction of a virulently racist but fundamentally electoral party, a component of some future right-wing parliamentary majority? To answer these questions it is necessary to evaluate what Jean-Marie Le Pen has called, "adapting our thinking and our actions to the realities of the modern world".[2]

## An overview of FN's development

The history of the FN can be divided into four overlapping phases. The first began with the foundation of the organisation in 1972. The FN never attempted to conceal either its fascist ideological origins or its political objectives during this phase and it was tiny.

A new phase began when it attempted to transform itself into a demagogic racist electoral front, an organisation in which the leadership's fascist politics and past were hidden in order to win wider support. It was in 1983, during this second phase, having become what we call a *fascist front*, that the FN made its first big electoral breakthrough. It did so by riding the high tide of the prevailing racism and economic liberalism which hit France at that time. Le Pen shrewdly played the part of a racist and populist demagogue but carefully avoided being cast as an out-and-out fascist. In the mid-1980s this turn encouraged non-fascist currents and individuals, especially those associated with the Club de l'Horloge, to fuse with Le Pen's front.

From 1989, attempts were made to execute another turn, to transform the FN into a fascist organisation or, at the very least, to test the willingness of its electorate and membership to support more nakedly fascist policies. Le Pen made some notorious anti-semitic "slips of the tongue". There was a turn to more street-fighting. To cap it all, following its leader's anti-semitic instincts, the party came out in opposition the Gulf War. This stance clashed with the mainly anti-Arab racism of its electoral base and led to the loss of a good deal of its support.

The latest phase might be termed the "post-Le Pen phase". Its focus is the April 1995 presidential elections (the last in which the current leader will stand). Already, a major rift is opening up between those who want to hold fast to the populist racist line of the 1980s, never fully abandoned, and those who want to push further the 1989 turn and bring the FN's fascist politics to the fore.

This is only the latest expression of the contradiction at work throughout the four phases of the FN's history. A largely fascist leadership and cadre has to hide its politics from a non-fascist electoral base. Some elements of the leadership, pleased with the electoral successes that the party's endorsement of anti-immigrant racism and free market reaction brought it in the 1980s, are resisting moves to turn the FN into an openly fascist organisation.

The FN does not claim to be a fascist party, and its basic political methods are certainly not those of Mussolini's Fascist Party and Hitler's NSDAP. It espouses no pseudo-socialist or "revolutionary" ideology, nor does it organise the mass of its followers into disciplined street gangs to attack Arabs, Jews, trade unionists and the Left. Despite its racism, its anti-semitism and its anti-working-class politics, the FN is *not yet* a fully fledged fascist party. However, this is no excuse for the slightest complacency.

The journalist René Monzat put the matter very well:

"It isn't a question of applying the label 'fascist' to the FN at all costs but of recognising that the FN and the New Right are attempting to create social, political and cultural conditions comparable to those which enabled the birth of fascist and Nazi parties in pre-war Italy and Germany. Their success or failure depends partly on us."[3]

## The origins of the FN

The FN was founded in October 1972 as a common front uniting various fascist groups. Each of these was committed to forming a federation comprising fascists and the nationalist far right. But if its choice of leaders in 1972 is anything to go by, it was far from being a broad church.

Its principal leader was Le Pen who, although he had never belonged to any openly fascist organisation, had been a fellow-traveller of all the post-war fascist and far-right organisations. In 1958 his organisation, the "Front National des Combattants" signed a joint manifesto with the openly fascist Algerian-based "Front National Français" that described the two groups as "nationalists", "socialists", "Europeans", "anti-capitalists", "anti-communists" and "anti-parliamentarists".[4]

The other leaders of the FN all had impeccable open fascist credentials.

- Victor Barthélémy, elected Secretary General, had been Administrative Secretary in Jacques Doriot's pre-war PPF, an openly fascist party.
- François Brigneau, the Vice-President, had been in the Militia (the Vichy Gestapo) in Vichy's openly fascist

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period. He was a close friend of Le Pen.

- The Treasurer, Pierre Bousquet, had volunteered for the Charlemagne Division (the French Division of the SS) and had fought on the Eastern Front against the USSR.

Among the various tendencies in this coalition were Ordre Nouveau (a hardened fascist organisation), Militant (set up in 1967 by former SS men)[5], members of the Neo-Nazi FANE, the "National Revolutionary Groups" which published denials that the Holocaust ever took place. The coalition never numbered more than a few hundred.

The FN soon drew the disparate strands of the far right into its orbit. In 1974, the main fascist organisation, Ordre Nouveau was disbanded. The FN rapidly became the clearing-house for all fascists. "National revolutionaries belong in the Front National. Dual membership is allowed and the FN will respect members' ideological choices."[6] The hope was that this "broad church" would also facilitate a break-through to the masses.

But by 1977, they were still wallowing around in the dregs of fascism. New forces arrived in the shape of Jean-Pierre Stirbois and other "Solidarist" cadres. The Solidarists began life in 1966 as the Young Revolution Movement but changed their name in 1971 to the French Solidarist Movement.[7] They were founded by two former OAS men and were distinguished by the virulence of their national-revolutionary anti-communism. "Force is the only way to deal with reds and reaction", they declared.[8]

Stirbois was not the only Solidarist to rush to Le Pen's aid. Bernard Antony, closely linked to the OAS in the early 1960s, joined, as did Pierre Sergent, also of the OAS, who presented himself as the voice of the army inside the FN.

GERMAN SKINHEADS AT NEO-NAZI RALLY




But these fascists enabled the FN to make its first attempt to build a genuine fascist front. They supported Le Pen's turn away from fascist "sectarianism" towards a united front with non-fascist racists and rightists. J-F Touzé, a former adviser to Stirbois, put the matter succinctly:

"In the late 1970s, Le Pen became aware that his movement had reached a dead end. Had he stuck with the survivors of the Second World War or with their political heirs, his party would have remained a tiny sect."[9]

## The big break

In 1981, François Mitterrand came to power as the first Socialist President of the Fifth republic. Following 15 months of Keynesian policies the Socialist-Communist government was pulled up by an IMF austerity package. It rapidly turned to imposing savage cuts in public spending and attacks on workers' living standards. Disillusion and demoralisation grew rapidly amongst the working class as unemployment soared.

Defeats were inflicted without any decisive response from the unions, tied as they were to supporting "their" government. The FN's growth was the direct consequence of the anti-working class policies of the Socialists and Communists, both in government and at the head of the unions.[10] This was just the situation for the FN to grow amongst the unorganised and less class conscious workers as well as amongst the lower middle class and the unemployed. They used the old racist lie: immigration equals unemployment.

The FN was not alone in utilising racist demagogy over unemployment. In late 1980, the Communist mayor of Vitry took the controls of a bulldozer to close down an immigrant hostel. Around the same time, Robert Hue, currently the leader of the French Communist Party, led an "anti-drugs" campaign in his town which "just happened" to target immigrant families. Of course, the CP explained that its actions were all in the cause of anti-racism!

The FN's major breakthrough came in the September 1983 local elections. Stirbois headed a list of FN candidates that got 16.7% of the vote in the recession-hit town of Dreux, where he had been building a base over a long period. The FN's campaign was racist, playing on fears about crime and demanding repatriation. But it limited itself carefully to this law and order approach, calling for strong measures of state racism. In this sense it set the agenda for the "respectable racism" of the main bourgeois parties and gained admittance to the club.

In the second round of the elections, the Gaullist RPR party and Giscard's UDF stood jointly with the FN on a single ticket. The right won 55.5% of the votes and Stirbois, along with other FN members, got in. Not only did the FN succeed in winning council seats, it also won the recognition of the other right-wing parties as a respectable partner.

Almost overnight, Le Pen gained access to the mass media. Now at last he was free to spew his racial hatred into every living room on prime time television. Only a few months earlier he had written to Mitterrand to protest against media "censorship" of the FN! [11]

Despite his links with fascism in the past, despite his anti-semitism, none of which he renounced, Le Pen now aspired to be the outspoken voice of "respectable racism". Large sections of the petit bourgeoisie and even some sections of the working class were drawn to this monster. In the Euro elections of June 1984, the FN won nearly 11% with over 2,200,000 votes, taking it neck and neck with the Communist Party. No sooner had they arrived in the European Parliament than they formed a parliamentary group with the Italian neo-fascists of the MSI.[12]

Labour movement leaders actually pandered to this rise of organised racism. In June 1983, André Bergeron, leader of the Force Ouvrière trade union, declared that "immigration levels have reached saturation point".[13] In early 1984, when immigrant workers at the Talbot-Poissy car plant dared to take on the bosses and their racist scab union, Socialist Party Prime Minister Pierre Mauroy called them "striking ayatollahs". Shortly afterwards he introduced a cynical policy that paid immigrants if they would return permanently to their country of origin.

Pursuing its new orientation, the FN did everything in its power to conceal the political aims of some of its leaders and members. In May 1985 an internal circular decreed that "activists who are too extreme in their views are forbidden from speaking out".[14] At the same time, Mitterrand brought in proportional representation for the 1986 general election with the aim of securing more seats for the FN, thus embarrassing the traditional right.

The FN got 10% of the vote and 35 seats. In fact Mitterrand's wretched tactic blew up in his face. Far from splitting under pressure from the FN, the right (along with the left), took up the open racism Le Pen had dared to pioneer. Henceforth, racism was good political coin across the political spectrum.

## Composition of the FN

During this phase of rapid growth, the FN had to build itself in a more professional way. Stirbois, by now Le Pen's right-hand man and the Front's Secretary General, sharpened up the party's electoral machine and oversaw the setting-up of a network of front organisations to carry the FN's message to new sectors of the population.

The "Cercle Entreprise Moderne et Liberté" was one such organisation. Led by André Dufraisse, a former staff-

member in Doriot's PPF who was until his death in March 1994 a member of the FN's National Executive,[15] its purpose was to obtain funds from the business community. Other circles targeted FN sympathisers in the health service, among small farmers, the arts and public transport. The FN even attempted to set up union cells among seamen in FO and inside the CGT on the Paris métro.[16]

The FN's growth soon attracted the attention of other far-right organisations. The Parti des Forces Nouvelles (PFN), a fascist sect propped up by former members of Ordre Nouveau, joined just before the 1984 Euro-elections, strengthening the party's fascist hard-core.

Le Pen's espousal of ultra-Reaganite free-market economics meanwhile served to woo other reactionary non-fascist currents.[17] Bruno Mégret's Committee for Republican Action, linked to the Club de l'Horloge, was arguably the most important of these. It fused with the FN in 1985. Mégret had been a secretary in the cabinet of a Gaullist minister. The influx of Club de l'Horloge members and various other apostles of the free market with no previous fascist links conferred a veneer of "respectability" on the FN.

Throughout this phase, the FN's unequivocal advocacy of the free market consistently gave it a head start over the traditional right. For a while it was able to pose as the main exponent of the "Thatcherite/Reaganite" economic ideas in France, opposed to traditional economic *étatisme* (state interventionism). In its 1985 programme the FN's slogans included, "Set business and the economy free" and "Property is freedom".[18]

Such policies clashed sharply with the traditional fascist emphasis on the state and corporatism. They also flew in the face of Le Pen's statement that "if there is a human impulse toward harmony it must be codified and guided through the state's authority", for the state "embodies the community that the people have organised in order to fulfill their destiny".[19]

There is a simple explanation for this glaring contradiction. The FN leadership's aim was to build a mass organisation. The traditional Gaullist emphasis on the state, which all the French right-wing parties shared, compelled it to adopt a distinctive stance.

Le Pen himself was clearly impressed by the successes of free-market economics in the US and the UK, especially their ability to attract small employers. So he grafted monetarism onto his racist and nationalist ideology and blithely disregarded the ways in which it contradicted the ideas of most of his members, not to mention his own earlier statements.

Mégret, a racist with no scruples about working alongside fascists, rapidly crawled up the party hierarchy, winning a seat on the National Executive in a matter of months. As the leader of the "national monetarists" inside the party, he was to play a key role in persuading its fascist founders to commit themselves to the free market in all official documents.[20] His success may be gauged by the fact that in June 1985, the party's "Nine Proposals" to give French nationals preferential treatment in the job market, were copied, word for word, from a Club de l'Horloge document on unemployment.[21]

In spite (or perhaps because) of their growing influence over economic policy, the *arrivistes* from the Club de l'Horloge failed to win stronger representation on the FN's leading bodies. The fascists who founded the FN in 1972 had plainly decided to keep control. Of the 21 members elected to the National Executive in 1985, only three did not have long-standing, close links with the fascists.[22]

At the same time, other fascists rallied to the FN. Here we might single out for special mention Michel Schneider—author of an "Essay in Favour of Neo-Fascism" and "The Principles of Fascist Action'—who became an adviser to Stirbois; and Bernard Antony, aka Romain Marie, whose meteoric rise brought him a seat on the National Executive and in the European Parliament. Antony, a serious fascist in the mould of the Spanish Falangists, was for many years associated with the innocuous-sounding "Committees for Christian Solidarity" movement.

As one might expect, the Committees were anything but innocuous. Antony saw them as "an active, fighting cutting edge" which would fight for, among other things, "the abolition of the current laws on trade union representation", "Church control over education" and an end to "the genocide under anaesthetic of France and its people." He subsequently founded *Présent*, a clerical fascist daily paper with a wide distribution but a very small readership.[23]

## Nods and winks

The leadership believes that, with fascists of this calibre operating at every level of the organisation (not just in the upper echelons), the party's fascist core will not be weakened by the recruitment of half-baked racist populists.[18]

At regular intervals "nods and winks" towards the fascist cadre at all levels had to be given to prevent them becoming too restive at the long term concealment of open fascist policies. For example, in May 1984, Le Pen referred in passing to France's "living space" and feigned amazement when it was put to him that he meant *lebensraum* (living space), the doctrine German Nazis claimed gave them the "right" to invade other countries.

Such references were used more often to feed the faithful their traditional diet of anti-semitism, negationism (the notion that the holocaust never happened) and assorted conspiracy theories. In November 1983 FN leader Arnaud de Lassus launched an attack on the Socialist/Communist Government in terms of "the four superpowers colonising France today: Marxists, Freemasons, Jews and Protestants. And behold in the Cabinet: Fiterman, Hernu, Badinter and Rocard." In September 1987 Le Pen declared that the question of the existence of the gas chambers was a "detail" of the history of the Second World War.

Despite its repulsive racism and chauvinism, the FN does not openly advocate the destruction of the workers' movement or the establishment of a totalitarian system. Even more striking is the fact that it has rarely attempted to bring terror onto the streets as a party, for example by attacking its favourite scapegoat, immigrants. Until now the FN has confined itself to using intimidating racist language without carrying out attacks as a party. This is not to ignore or minimise the fact that there are a horrific number of attacks and racist crimes that the FN has influenced others to carry out or that have been perpetrated by individual FN members.

Why such official reticence? Partly due to the fact that many of its voters would withdraw support if the FN launched a campaign of terror in its own name. It also reflects the fact that the bosses are not faced with a revolutionary social movement of workers which fascists might save them from. The misleadership of the unions and workers' parties, aggravated by 13 years of "Socialist" rule, has created a situation in which, for the moment at least, there is neither the need nor the mass support for a fascist movement. In such circumstances the FN remains a fascist front, dependent for electoral support on people who would not accept the ideas of a large section of the leadership.

## The FN's fascist turn

At the 1988 presidential elections Le Pen turned in his best ever electoral performance: 14.4% of all votes cast, or 4,375,000 votes. This marked the beginning of a subtle change in the FN's politics.

The FN found that it was systematically excluded from all power. The two round system that Chirac's government brought back for the parliamentary elections inevitably worked against the FN. Unable to reach agreement with the conservative parties, Le Pen and his cronies had to endure the spectacle of Charles Pasqua appealing directly to FN voters. "On essentials, we share the same values," Pasqua said in April 1988. The FN was caught in a dead end at the moment of its greatest electoral glory. Its vote held up in the June 1988 parliamentary elections at a comparable level to 1986, but it failed to win seats.[25] Racism, populism and the free market were no longer enough.

The FN hardened its tone, with references to the fascist past becoming more frequent. On 1 May 1988 it organised its first ever Paris May Day demonstration. Apart from being a two-finger sign to the workers' movement, it was used as a reminder that Vichy was the first government to institute a bank holiday on May Day. Then Le Pen accused the conservative parties of being in cahoots with an alleged "Jewish lobby". He marked the new parliamentary session with a piece of foul word-play on the name of the (Jewish) minister who delivered the opening speech, Durafour. Le Pen's comment was "Durafour-crématoire', which might be translated as "Out of the oven and into the crematorium", a clear reference to the extermination of the Jews. It served the dual purpose of making headlines and reminding the faithful that they hadn't been forgotten.[26]

A few months later Le Pen wrote an article in *Présent* attacking "forces preaching an ideology of world unity":

"There are the Freemasons. I believe the Trilateral plays a role. The big internationals like the Jewish International have played a not inconsiderable role in reinforcing this anti-national mood."[27]

To accompany this hardening of tone, Le Pen's company, SERP, decided to come into the modern age. Founded by Le Pen and his friend Gaultier (a veteran of the Vichy Militia and the SS), the SERP caused a stir during the 1960s for distributing records of pro-Hitler songs.[28] At the end of the 1980s it began to distribute videos such as "Sieg in Western" (a Nazi film made in 1940) and "Die Volksführer Léon Degrelle" (in praise of the Belgian fascist leader).[29]

The "50 Proposals" on immigration unveiled by Mégret in November 1991 indicate the depth of the FN's racism. In what amounted to a manifesto for apartheid, the party spelled out more brazenly than ever how it proposed to treat immigrants. There would be "preferential treatment for French people in employment, housing and social welfare benefits"; "unemployed immigrants who overstay their visas" would be "hunted down"; "necessary expulsion procedures [would be] put into action"; there would be "quotas in schools"; immigrant hostels would be closed down and immigrant areas "dismantled".

Once more the response of the other parties, left as well as right, was to try to prove that they could implement what the FN's racist voters were looking for. The Socialist government set up detention centres near seaports and airports to imprison immigrants awaiting expulsion (thus implementing proposal 46 on the FN's list) and chartered airplanes to repatriate them (FN Proposal 47). The Communist Party launched a petition against illegal immigration (FN Proposal 44). Once the right took control of parliament again the law on nationality was changed (FN Proposal 8), there was no automatic right to citizenship (FN Proposal 9) and "stop-and-search" powers were granted to the police (FN Proposal 50).

The FN began to wonder how to counter the situation where the other parties were stealing its racist clothes. After the 1989 European Elections, Roland Gaucher, National Executive member and leader of Déat's war-time fascist Rassemblement National Populaire, bewailed the fact that the party "had not made enough of an effort in the direction of workers. I for my part have never been too keen on monetarism".[30] It should be borne in mind that the FN's vote had just dropped by two million as compared to the 1988 presidential elections.

The FN had a rethink on its economic policies and bit by bit abandoned the free-market policies of the 1980s. To some extent this process was forced upon it by the Maastricht and GATT treaties, both of which were based on monetarist principles but had an unmistakably "anti-national" logic. Carl Lang, the FN's new General Secretary, declared in 1991 that:

"We must make a very special effort on social solidarity".[31]

In March 1992, Mégret unveiled a 51-point programme on social and economic policy. The apartheid policies of the 50 measures were, unsurprisingly, carried over into this new document; but free market economics were abandoned to be replaced by a covert form of corporatism.

Free enterprise, the FN said, "should cease to be a place of struggle between employers and workers, as Marxists claim" but should "instead become an authentic community of work where everybody, regardless of their position in the social hierarchy, has a place."[32] Measures the FN had once considered "socialist" and therefore the root of all evil, such as the minimum wage, maternity leave, or extended holiday pay, were taken up by a party that had become worried about its credibility amongst the poorer layers of society.

A few months later an official explanation of the FN's new world vision appeared in its "theoretical" journal *Identité*, laying claim to the "anti-capitalist" (in fact anti-semitic) legacy of the Nazis:

"The spirit of cosmopolitanism along with its nationless corollary, anonymous nationless capitalism, undermines the fabric of society and the economy. Far from bringing prosperity, it causes unemployment and poverty throughout the world . . . Economic questions can no longer be debated in terms of Keynesianism versus monetarism or collectivism versus capitalism, but between a global concept of the economy and a national concept, between unbridled speculative capitalism and industrial, community-minded capitalism. These two world-views are radically opposed."[33]

These changes were ratified at the November 1992 Convention in Nice. According to the new economic programme, employers "are not free to act as they wish, but are subordinate to the people".[34] Although denationalisation was still advocated, the party made a new call for protectionist tariffs.

From the early 1990s, monetarism became a favourite target of FN leaders. Mégret explained that "free market economism is close to cosmopolitanism."[35] Pierre Vial, the "negationist" historian who had once wanted to simply abolish income tax, claimed:

"I'm anti-free market, and I'm at least as concerned about social rights as I am about national ones."[36] Le Pen voiced his opinion that "the causes of unemployment are immigration, excessive taxes and the free movement of currencies."[37]

By means of this great leap backwards, the FN was able to move closer to the roots of fascism, where "nationalism" and "socialism" sit side by side.

Until then it had avoided all physical confrontation with the left. Now it was showing its muscle. The fascist organisation, Troisième Voie, was asked for help stewarding a meeting Le Pen was to speak at in Chartres, following a series of confrontations with anti-fascists from the area. Faced with a large counter-demonstration, the fascists decided to attack. The anti-fascists were not equipped to defend themselves and the fascists routed them.



STRIKING IMMIGRANT WORKERS SUFFERED RACIAL ATTACKS

The FN also set about creating a fascist movement among students. In the 1950s and 1960s, the Paris universities were the scene of violent confrontations between fascists and the left (Le Pen was an enthusiastic participant in these[38]). The FN reforged links with the fascist GUD and started the REP which carried out attacks on left-wing students, notably on central Parisian campuses (the Sorbonne, Jussieu and Assas). In Autumn 1994, two members of the FN's youth section in Montpeller fired on students who were tearing down FN posters.

In October 1992, in a speech to the Nice conference marked by a frankness that would have been unthinkable a few years ago, Le Pen gave a hint of how he sees the future: "We must respect legality while it exists . . . We're an army in civvies, but it would not be right for us to go around parading arms today . . . If you've got a firearms license, choose a 9 mm in preference to the 6.35 mm, it's more effective."[39]

But the factor which affected the FN's standing most during this phase was Le Pen's handling of his party's line on the Gulf War. The FN owes most of its electoral success to anti-Arab racism. The Gulf War should, therefore, have been a godsend. Yet the FN decided not to support the reactionary war of the US and its allies but instead supported Saddam Hussein.

The reasons for this highly unpopular decision (and it was unpopular even inside the FN) were thoroughly ideological. The choice was between the destruction of an "Arab enemy" and the chance to support a possible attack against Israel. The FN, true to its anti-semitic reflexes, fell in behind Saddam.

Anti-semitism is not synonymous with fascism despite its historic centrality to pseudo-scientific racist "theory". Not all racists are anti-semites. Indeed the standard racist agitation of the FN was not anti-semitism but anti-Arabism. But opposition to a war involving French forces against an Arab country was more than a wink to fascist elements who hoped to see Saddam Hussein smash Israel. It was also a way of testing whether the electorate might welcome such a turn. The fact that the bulk of the FN leadership stood out against the Gulf War, exposing their patriotism to question, indicates the depth of their commitment to fascist and anti-semitic ideals.

The results of this experiment were disastrous for the FN. Some of the movement's notables, such as Pierre Sergent, a former OAS man and a close friend of Le Pen, publicly criticised the FN's failure to support the French Army and came out on the Israeli side.[40] Le Pen disappeared from the media and plummeted in the opinion polls. The electoral bubble had burst.

## The return of the right

Although the FN flourished during the first period of "cohabitation" between a Socialist president and a conservative parliament, in 1986-1988, the right's victory in the parliamentary elections of March 1993 had a very different effect. Even before the elections, at the 1992 Maastricht referendum, Le Pen had to put up with Pasqua and Séguin stealing his clothes. A large section of the FN's voters were seduced by the future Interior Minister's nationalist turn of phrase. These voters preferred the "respectable" racist right to a party tainted with fascism.

The June 1994 Euro-elections marked a watershed in the FN's history. Not so much because it won fewer votes than in 1989 — 10. 6% (2,038,843) compared with 11.7% in 1989 — as because of the rise of Phillippe de Villiers, who won the support of a considerable number of Le Pen voters, taking him ahead of the FN. De Villiers is made of the same racist, nationalist mettle as Mégret, but behaved throughout the Maastricht campaign in a manner more typical of Pasqua or Séguin. He has made himself a "respectable" option for those dithering over whether to vote for Le Pen. During the April 1995 Presidential election he will be in direct competition for many of Le Pen's voters; it seems probable that the FN will not repeat its terrifying four million votes of 1988.

The FN today is stagnating. Its share of the vote is declining. Although opinion polls show 35% of the population agreeing with its policies on immigration, 87% regard it as sectarian and racist and 73% think it is a threat to democracy.[29] Support is clearly falling compared with previous years. Even if it can boast around a thousand local government seats, it does not control any town with over 10,000 inhabitants. It has certainly put down roots, but its growth has stopped.

FN activists are well aware of this. At the FN's Ninth Conference (February 1994) differences between fascists and nationalists broke out into the open. Tendencies were openly formed for the first time so that different slates could be put forward for the Central Committee. Le Pen publicly condemned what he saw as "clan manoeuvres" but still failed to get his own way. The crunch came when he asked for backing for J-M. Dubois, a personal friend and the president of the Modern Business and Freedom circle. Dubois is Le Pen's passport to the business world.[42] A vote against him was in effect a vote against the leader. He was not elected so Le Pen simply co-opted him onto the Central Committee and the National Executive.

In the same way, he appointed Bruno Gollnisch as party vice-president. His short-term aim here was to counter the authority of Mégret (Delegate General) and Carl Lang (General Secretary)[43] but he may also view Gollnisch as a possible successor.

Gollnisch is a Professor at the University of Lyons-III whose popularity with Le Pen may owe something to his reverence for Vichy, his enthusiasm for Vladimir Zhirinovski and revisionist ideas on the holocaust. His promotion is a clear indication that Le Pen (whose authority is not in doubt for the moment) is out to weaken Mégret and the "softer" wing of the party and strengthen those elements closest to his own heart, the pro-Vichy, pro-Hitler, anti-semitic elements.

## Where now for the FN?

The FN presently finds itself in a dilemma. A large chunk of its vote is defecting to the traditional right-wing parties who have shown they can match the FN for racism, chauvinism and reaction. At the same time, any move further to the right would cause an even greater electoral haemorrhage. Le Pen is still in control of the organisation but is having difficulties maintaining a balance. Already he is being openly criticised by the Catholic fundamentalist-fascist wing of the FN around Bernard Antony for refusing to call for the abolition of the right of abortion, or even to support anti-abortion commandos.

It seems unlikely that things can go on in this way for

much longer.[44] The conflict in the leadership could soon engulf the whole organisation. After the Presidential election, those seeking power by parliamentary means will be increasingly tempted by possible alliances with sections of the traditional right, ideally with De Villiers or Pasqua.

On the other hand both top leaders and cadres who are frustrated by the lack of electoral progress in recent years and who fear that all their gains are being eroded, may decide the only way to consolidate the party is through street mobilisations. They will be increasingly tempted to break with the party's "soft" wing and present the FN as a party struggling for power by direct action.

The formal end of the recession has brought no "feel good factor" to France. When and if recovery makes itself felt, mass unemployment is not going to disappear. In recent years a new, politically conscious layer of youth has emerged. As yet it has little contact with the workers' movement. Despite this, and despite the weakness of the unions, these youth could bring about revolutionary explosions in every European imperialist country.

But these same conditions could also provide a breeding ground for fascists, if the workers' movement fails to embrace a revolutionary solution. In such circumstances, the FN (or a section of it) could well resort to openly fascist methods to recruit disillusioned or disoriented youth.

This is why the fight against the FN and its ideas is of central importance for the workers' movement and for youth. We have seen how the FN has been able to infect the workers' movement with racism. We have seen how a section of the leadership aims to create a mass fascist party. Today, we can stop the FN in its tracks, provided we are clear about how to do so.

What is needed to stop the rise of the FN, the propagation of its racist ideas and its transformation into a fascist party, is a revival in workers' confidence. The slight increase in struggles of late, the mobilisation of youth against the minimum wage last Spring, can be built on. They must become a beacon for permanent change, a bastion of resistance to racist ideas. And they must be capable of mobilising the youth and the unemployed.

We have to be prepared to fight the FN on all fronts. The recent experiments in thuggery are a reminder that a fascist party cannot be built without street mobilisations. The natural fodder for such mobilisations are the unemployed and the most despairing elements of society. Steps must be taken immediately to prevent that from happening.

Every demonstration and every meeting of the FN should be countered by mass mobilisations of workers, youth, immigrants and the unemployed, with the aim of destroying the FN. To do this we need to build a mass anti-fascist united front of workers and youth that can counter the racist lies and help politically destroy the FN, as well as organise militant and accountable workers' defence squads to physically smash the FN.

Since the last war, no mass fascist party has been able to take root in France. After ten years at the centre of French politics, the FN has prepared the ground for such an organisation. In the coming years a mass fascist party is possible. It is up to us to make sure that the possibility is not turned into reality.■

1 *Le Pen, Le Vrai*. Dossiers du Canard Enchaîné. No 45, October 1992, p42.

2 Quoted in *Le Pen, Le Vrai*, p73. The speech was delivered on 2 April 1989 at a meeting commemorating the fascists' victory in the Spanish Civil War.

3 René Monzat, 'Politis', *La Revue*, 5, p96.

4 Quoted by G. Bresson and C. Lionet, *Le Pen* (Seuil, 1994), p200

5 This group withdrew from the FN in 1987, claiming Le Pen had become 'putty in the hands of the Zionists'! (See *Le Pen, Le Vrai*, p41)

6 *Le Pen, Le Vrai*, p40.

7 P. Milza. *Fascisme Français*. Flammarion, 1987,p325.

8 G. Birenbaum. *Le Front National en Politique*. Balland, 1992

9 Quoted in *Le Pen, Le Vrai* , p.37.

10 Some claim that the FN is in large measure the creation of the Socialist Party in general and Mitterrand in particular. See for example E Faux, T Legrand and G Perez, *La Main droite de Dieu* Seuil, 1994

11 Faux, Legrand and Perez highlight Mitterrand's support for Le Pen and the way he put pressure on television stations to let Le Pen appear on the small screen.

12 Today's MSI, anxious to prove itself as a respectable party, refuses to sit with the FN!

13 E. Plenel and A. Rollat, *La République menacée* Le Monde Editions1992,p.368.

14 Birenbaum, *op cit* p. 67.

15 For further details, see Blandine Hennion, *Le Front national, l'argent et l'establishment*. La Découverte, 1993.

16 See Plenel and Rollat, *op cit*, for a critical discussion of the FN's involvement. The FN has the ear of some prison officers' and police associations. It does not appear to have made any inroads into the rest of the labour movement.

17 Le Pen appears to have been inspired by the US Republican Party's 1984 convention. See *Le Pen, Le Vrai*, p73.

18 J. Vander Velpen, *Les Voilà qui arrive* EPO/Reflex, 1993, p. 76.

19 Quoted by Plenel and Rollat, *op cit*, p. 193.

20 This is not to say that there was ever a Chinese wall between fascists and national monetarists inside the FN. Many were won to fascism after they joined.

21 Birenbaum, p. 67.

22 *Ibid*, p. 84.

23 Point 7 of the 'Fundamental Principles', quoted by Birenbaum, *op cit*, p. 246.

24 At the FN's 1991 Conference held in Nice, 39% of all delegates were long-time political activists. 22% had belonged to the Tixier-Vignancour Committees, 13% were ex-members of Occident or Ordre Nouveau and 8% had been in the PFN. Thus a large section of the membership base has a clear fascist past.

25 The only candidate to take a seat was the late Yann Piat who left the FN a few months later.

26 In the row that ensued, some non-fascist high-profile members saw their chance to sever ties with the FN, among them Yann Piat.

27 Plenel and Rollat, p. 53.

28 Le Pen wrote a sleeve-note for the record in which he claimed Hitler's movement "was popular and democratic at the end of the day". As a result, he was charged and convicted in 1971 with "apologising for war crimes". See *Le Pen, Le Vrai*, p52.

29 *Ibid*.

30 Birenbaum, *op cit* p.175.

31 Vander Velpen, *op cit* p.77.

32 *Ibid*.

33 *Ibid*, p.79.

34 Hennion, *op cit* p.103.

35 *Le Pen, Le Vrai*, p. 95.

36 *Ibid*.

37 Le Monde, 27 May 1994.

38 For an account of these, see *Le Pen, Le Vrai*.

39 Plenel and Rollat, p.47. The *FN's Member's Guide* says that "committed members must bear in mind that one day it may be necessary to use weapons." See Velpen, *op cit* p. 85.

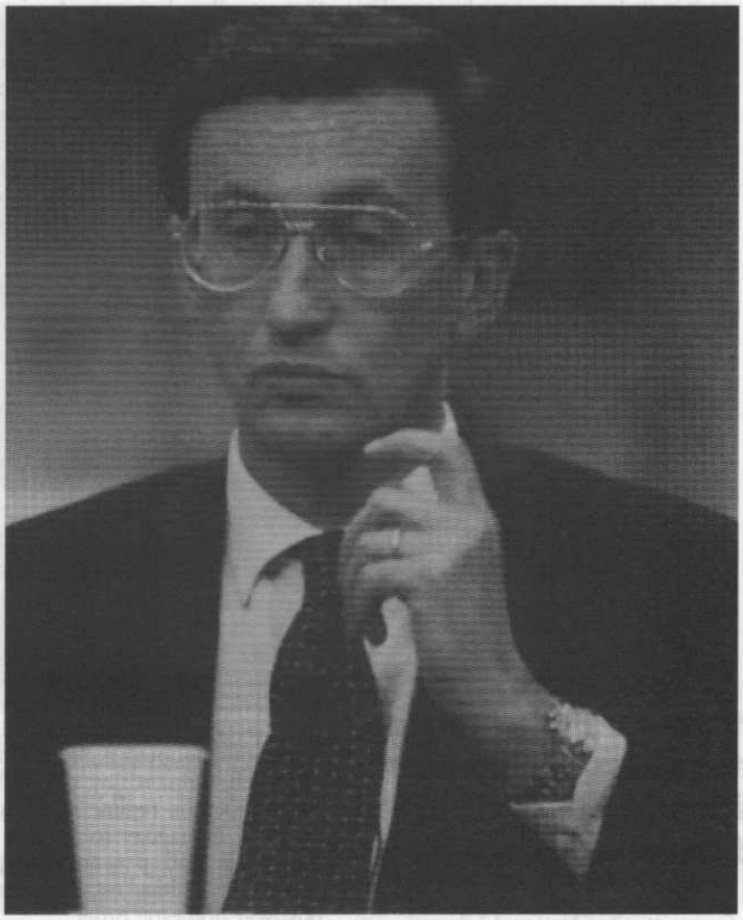
40 Le Monde, 3 September 1990

41 Le Monde, 2 February 1994.

42 Dubois is a former Gaullist-party member who now holds elected office on behalf of the FN. He believes that belonging to the French section of the SS "means nothing".

43 From 1991 Le Pen began appointing elements of both wings of the party to the leadership to fend off challenges. In fact this method only strengthened Mégret and those elements least committed to fascism. Lang, successor to Stirbois, is a case in point. Since becoming General Secretary he has altered the party machine by removing 29 consituency secretaries installed by Stirbois.

44 The expulsion of Le Pen's adviser Saint-Affrique shows just how explosive the situation is. At the FN's 1994 summer school Saint-Affrique denounced the presence of fascists (in Mégret's entourage)! To the delight of the press he was immediately and publicly expelled by Mégret, with Le Pen's eventual approval.■



MSI LEADER GIANFRANCO FINI

*Opposing forces inside the MSI are struggling over the future of Italy's far right writes* ***Richard Brenner***

## THE MOVIMENTO SOCIALE ITALIANO

# "The cudgel and the double breasted suit"

Italy is the only western European state in which a fascist party has joined a government since 1945.[1] The entry of the Movimento Sociale Italiano (MSI) into the coalition government of Silvio Berlusconi prompted alarm amongst the left in Italy and around the world. It also provoked some revealing reactions from the bosses' press. *The Economist* reassured its readers:

"Hitler and Stalin were monsters. Mussolini by comparison was a farmyard rooster . . . the true mark of fascism, belief in a peculiar variety of one-party corporate state—not, it should be said, a belief shared by this newspaper—is not Nazism or racism. Let the word 'fascist' be reserved for those who profess that belief, and today's neo-fascists be judged for their own ideas, not Hitler's."[2]

The British bourgeoisie's favourite coffee-table magazine "judged" that the MSI could usefully provide some stability to Berlusconi's Thatcherite government. So they tried to play down the crimes of Mussolini, the man described by MSI leader, Gianfranco Fini, as the greatest statesman in Italian history. The forcible destruction of the Italian trade unions, socialist and communist parties, the killing of thousands upon thousands of political opponents are for the *Economist* the actions of a "farmyard rooster".

If we judge the MSI from its own history, leadership, ideology and actions we can indeed justifiably claim that the MSI is fascist. But it is a fascism that has had to come to terms with the defeat of Hitler and Mussolini and accommodate itself to a long period of bourgeois democracy and capitalist prosperity. In these conditions fascism was condemned to a marginal existence, forcing fascist organisations, such as the MSI, to adapt and embrace constitutionalist allies and policies associated with the non-fascist right. At the same time, within their ranks there remains a significant layer of committed fascist cadres determined to exploit any constitutional successes for more far-reaching purposes.

It is the very success of this strategy for Italian fascism in the March 1994 elections, when compared with similar efforts undertaken by the German and French far right, that now confronts Fini and his electoral front organisation, the Alleanza Nazionale (AN - National Alliance), with a profound dilemma.

The contradiction at the root of the MSI's present crisis can be traced back to the party's origins. It has shaped the development of the party at every

1 Spain and Portugal entered the post-war period with pre-established bonapartist dictatorships of fascist origin.

2 *The Economist* April 9 1994

stage in its forty-nine year history. The MSI was founded as an outright fascist party in 1946 as a direct successor to the proscribed Fascist Party of Mussolini. Unlike analogous attempts to re-establish fascist organisations in post-war Europe, such as the abortive attempt to rebuild the NSDAP in West Germany under the name Sozialistische Reichspartei (SRP), the MSI was not itself banned, but was tolerated by the post-fascist Italian Republic. Its connection to the fascist past was never clandestine or publicly denied; indeed its very name was drawn directly from the official title of the Salo republic, the Northern Italian fascist state ruled over by Mussolini under German military protection after he was deposed by the King in 1943. Many of the MSI's leaders had formerly been officials of the Repubblica Sociale Italiano (RSI).

The MSI resisted the efforts of the Committee for National Liberation to prevent the reorganisation of fascist activists and officials, while at the same time successfully seeking to rally the scattered grouplets of hardline fascists under the banner of a single hegemonic far right party. The MSI's programme was initially one of undiluted historical Italian fascism, stressing nationalism, the corporate state, opposition to the constitution and to the peace treaty being promoted by the allies and which had been accepted by the Christian Democracy (DC).

**The MSI's programme was one of undiluted historical Italian fascism, stressing nationalism, the corporate state, opposition to the constitution and the allied peace terms.**

The party could rely on little support within the newly reconstructed state apparatus. Even the army was largely shut off to the MSI as a result of the 1943-45 civil war and the absence in the post-war army of any top-ranking officers who had fought on the fascist side in the conflict. Although the MSI secured only 1.9% of the vote in the 1948 elections, the very fact of its survival was a considerable achievement.

Yet the development of the political situation in post-war Italy rapidly demonstrated to the MSI leaders that if they were to preserve and extend the organisational integrity and influence of the party, a cautious accommodation to bourgeois democracy would be unavoidable. It was this that allowed the MSI, over the coming years, to build up its strength, consolidate, and remain connected to mainstream political life in a manner that no other European fascist party was able to do.

In the post-war decades the MSI consistently polled between 5 and 8% of the vote in national elections. Its membership has always been high. During the 1960s it claimed one million members, principally in its strongholds in the south. In 1994 it still boasted a membership of over 100,000 in more than 1,000 branches. It controls youth, women's and trade union front organisations.

Yet the MSI has been constantly beset with problems arising from the contradiction between its necessary accommodation to bourgeois democracy and its fascist heritage. This has led to a number of phases in the MSI's development.

The relative political instability of the Italian parliamentary system and the strength of the Communist Party (PCI) provided the MSI with numerous opportunities for *de facto* pacts and agreements with the DC against the Socialists and Communists. But the party's first leader, Giorgio Almirante, adopted a classical fascist approach, emphasising opposition to the democratic regime and engaging in social demagogy to build a petit-bourgeois and peasant movement against the political establishment and post-war domestic order.

## Credentials

By 1950 Almirante had been forced to resign and was replaced by Alfredo de Marsanich, a former fascist government official and leader of the "moderate" faction in the MSI. The party now emphasised its anti-Communist credentials, allied itself with the Monarchist Party, adopted a specifically pro-clerical stance, expressed support for NATO (a military pact between the hated wartime Allies) and attempted to form an electoral bloc with the DC for the 1952 local elections in Rome. The fruits of recasting the MSI as an arch pro-establishment party rather than a petit-bourgeois anti-establishment party was a substantial increase in the its vote, to 11.8% in those elections.

By 1956 the moderates were firmly in the leadership under Arturo Michelini. This led to a sizeable split of hardline fascists under Pino Rauti, who left to form the Ordine Nuovo (New Order) group. The introduction of an accommodationist strategy - *insertimento*—saw the MSI's parliamentary fraction supporting successive DC governments and even becoming the key force backing the government of Giuseppe Tambroni in 1960.

But the success of the *insertimento* in bringing the MSI close to participation in government had not led the it to abandon physical confrontation. As one account points out, a corollary of the MSI's attempt to cast itself as the pro-system party *par excellence* was a stepping up of violent street battles with the left during the strikes and demonstrations of the 1960s.[3]

## Shift

The next shift in the MSI's approach resulted from the failure of the *insertimento* strategy. The role of the MSI in underpinning Tambroni provoked a massive and militant response from the left, leading to street battles across Italy and tens of deaths. Demonstrators prevented the MSI's congress from taking place. The government fell and was replaced by a centre-left coalition.

The 1960s saw mounting ideological disunity within the MSI, culminating in Almirante's return to the party leadership at the end of the decade. His new policy involved fusing with or incorporating other rightist parties, such as the Monarchists, a renewed emphasis on street confrontation, and alliances with sections of the state apparatus who were becoming increasingly alarmed by student rebellion, the continuing strength of the PCI and rising trade union militancy. This was the period of the "strategy of tension", in which direct collaboration between fascist groups—including the MSI itself—and sections of the police and military resulted in a series of urban bombings designed to foment social instability and create the conditions for a future military coup.

Ordine Nuovo, which had been readmitted to the party, now exerted a controlling influence over party organisations and policy. Yet at the same time, the MSI launched an attempt to construct a new broader party of the far right, the Destra Nazionale, and continued publicly to declare its support for democracy and the system. This twin-track approach—the *Strategia Del Doppio Binario*—was acknowledged by Almirante himself.

Further shifts were to follow. The "moderates" split from the MSI in 1977, and anti-system demagogy resurfaced alongside an eclectic attempt to construct a "new" "third way" ideology. The party's growing youth organisations managed to combine support for this radicalism with a strong mood for a halt to the street fighting and terror of the 1970s.

## System

Throughout the 1980s, the party continued to debate its relationship to the political system and the fascist past, usually combining elements of false radicalism and anti-capitalist



PDS DEMO 1991:"WE ARE THE PEOPLE OF THE CONSTITUTION"

rhetoric with attempts at opportunistic alliances with other major parties. After the "Historic Compromise", when the Stalinists of the PCI announced that they would be prepared to enter a coalition with the Christian Democrats, the MSI responded with declarations of its preparedness to bloc with the reformist social democrats of the PSI against any alliance of the DC and the PCI.

This ideological shift was reflected in changes in the party leadership, with the current "moderate" leader Fini replacing the extreme radical-fascist Pino Rauti in 1990. Recent events have allowed Fini to bring the MSI "in from the cold", that is, into government and into the mainstream of Italian political life. Above all, the MSI was able to capitalise on the deep crisis of the Italian political system that resulted from the collapse of the Eastern Bloc and the end of the Cold War.

After the Second World War, Italy's Communist Party was the largest in western Europe. Its roots in industry and its links to the USSR prompted the capitalist class to exclude it from government permanently. From 1945 the bourgeoisie constructed a shifting alliance of conservative, liberal and social democratic parties which, though their coalitions were invariably unstable and frequently changing, nevertheless succeeded in keeping the PCI out of the 54 separate governments that have held office since the war.

For the bourgeoisie, the threat posed by the PCI demanded a strong and united conservative party capable of retaining power. At the centre of this system was the Christian Democracy, a party established from former Catholic politicians of the pre-war Peoples' Party, the peasantry and former functionaries of the bloated state machine of the fascist years.

## Methods

The methods used to consolidate the disparate social forces that made up the DC's support—bourgeoisie, peasantry, urban petit-bourgeoisie and state bureaucratic functionaries—involved anti-communism, Catholic ideology and bribery and corruption throughout the political system.[4] It is estimated that under DC coalition governments between 5 and 10% of the value of all contracts with state companies was paid to professional politicians in the form of bribes.

**MSI and AN Election Results 1984-1994**

| | |
|---|---|
| **General Election 1984** | |
| 6.5% | 5 seats |
| **General Election 1989** | |
| 5.5% | 4 seats |
| **European Elections 1989** | |
| 6% | 4 seats |
| **Regional Elections May 1990** | |
| 3.9% | |
| **General Election 1992** | |
| 5.4% | 4 seats |
| **Local Elections Nov/Dec 1993** | |
| 14.4% | |
| **General Election March 1994** | |
| 13.5% | 107 seats |
| **European Elections June 1994** | |
| 12.5% | 13 seats |
| **Local Elections Nov/Dec 1994** | |
| 12.1% | |

Furthermore, the legacy of Mussolini's corporatism could be seen in mainstays of Christian Democratic policy, such as support for state holding companies and nationalisations in basic industries like energy, subsidies to the peasantry and small proprietors and the enlargement and protection of the massive state bureaucracy. These policies became increasingly dysfunctional for the Italian bourgeoisie throughout the 1980s. State owned industries and services proved expensive to maintain and run and constituted a barrier to private capital accumulation and profit generation.

With the collapse of Stalinism and its devastating effect on the PCI, neoliberal reformers within the bourgeoisie and the judiciary saw their chance to commence a controlled reconstruction of the political system. A series of dramatic corruption investigations, trials and convictions of leading politicians (known as Tangentopoli) effectively destroyed the DC and its longstanding ally, the Socialist Party (PSI). Some 30% of parliamentary representatives were charged, including PSI leader Craxi and most notably Andreotti, the grand old man of Christian Democracy.

## Remnants

The PCI metamorphosed into the Party of the Democratic Left (PDS), breaking from the last ideological remnants of its Stalinist past. It split with

3 Roberto Chiarini, "The 'Movimento Sociale Italiano': A Historical Profile", in *Neo-Fascism in Europe*, Cheles, Ferguson and Vaughan (eds) Longman 1991 p31-33.

4 "The Criminal Core of Italian Capitalism", Marco Zucci, *Trotskyist International* 11 1993

the remaining pro-Stalinist "hard liners" of the *Rifondazione Comunista* and swiftly reconstituted itself as a right-wing social democratic party vying for the job of carrying out the capitalists' neo-liberal austerity programme of cuts in state expenditure and privatisations.

Still the bourgeoisie preferred not to entrust "the executive committee for the management of their affairs" to the former Stalinists. Big capital responded to the dissolution of the old political system through the speedy construction of a new right-wing electoral coalition, the Freedom Alliance. At the head of this stood media tycoon Silvio Berlusconi. With the introduction of a new, less democratic, electoral system based on a British-style "first-past-the-post" system in place of proportional representation, Berlusconi used local rump groupings from the old parties, string-pulling and of course hard cash, to set up a new neo-liberal party, Forza Italia.

This "miracle" had to be accomplished at breakneck speed. Berlusconi's artificial construct would not have been able to win an election alone and thus exclude the PDS from office. For this reason Berlusconi turned not only to the relatively new Lega Nord (which had polled 8.6% in the general election of April 1992, 22% in local elections in Turin in June 1993 and as much as 57.1% in Pordenone), but also to the MSI, a far more long-standing and established formation with a mass membership. Moreover, the MSI's exclusion from power since its formation in 1946 left it the only established national party free from the taint of corruption following the *Tangentopoli* scandals of 1992-4.

**By January 1995, exactly one year after the AN's foundation, the MSI formally wound itself up, merging into the AN. Yet the AN is entirely under the control of the MSI.**

The wave of scandals transformed the MSI's prospects. The table on page 13 sets out their electoral fortunes between 1984 and 1994.

The major breakthrough was the local elections in late 1993, which took place after the great *Tangentopoli* scandal had broken and become the major issue of the campaign, and of course after the introduction of the new electoral system after the April 1993 referendum. The DC and PSI vote collapsed. Most significantly, for the MSI's subsequent development, in certain major cities it emerged during the local elections as the main party of the right.

The system of successive rounds of ballots enabled the MSI to win support from those right-wing voters whose preferred choices were eliminated in the earlier rounds. In Naples Allesandra Mussolini—granddaughter of the fascist leader Benito Mussolini—massively improved on her poll of 9.2% in the previous local elections. In the first round in 1993 she received 31.2% of the vote, rising to 44% by the second round. The MSI's candidate in Trieste polled 47% in the final round. In Rome, Fini stood. Significantly, as the best-placed candidate of the right he now received public backing from Silvio Berlusconi. He won 36% in the first and 47% in the second round.

Fini concluded that the MSI could now constitute itself as the main party of the right in the new Italy. The precondition for this would be to win and retain the support of former DC voters who might back the MSI against the left, but who would not do so if it meant identifying themselves openly with historic Italian fascism. For this reason Fini declared that the MSI was now "post-fascist".

Berlusconi's support for Fini in the Rome local elections, the emergence of Forza Italia and the proposal for a right-wing electoral bloc - the Freedom Alliance - provided Fini and the MSI leadership with an opportunity to enter government. What is more, the MSI had the chance to share power with *arriviste*, relatively right-wing conservative allies. Neither Forza nor the Lega could compare with the MSI when it came to the combination of a solid mass membership, organisation and a national presence. The party could reasonably expect to emerge as the strongest component of the coalition and win support as a force for "stability" and order.

## Ideology

This was too good a prospect for Fini to allow history or ideology to threaten it. The contradiction between fascist ideology and goals on the one hand and bourgeois democratic *realpolitik* on the other —the very contradiction which had dogged the MSI from its foundation —would now have to be resolved.

Fini lost no time. Within a month of the local election results he announced the formation of the Alleanza Nazionale. This was an idea that had been in the pipeline for over a year, having first been mooted as a possible means of taking advantage of the new electoral system. The concept was clearly based in part on the Destra Nazionale promoted in the Almirante era. But there was an important difference. The Destra Nazionale project had been an integral component of Almirante's twin-track strategy of "the cudgel and the double-breasted suit", providing a fig-leaf of respectability while the fascist MSI gangs and youth organisations stepped up their campaign of street terror. For the Rauti wing of the MSI the AN could play such a role again.

The general election of March 1994 returned a decisive majority for the coalition of Silvio Berlusconi's neo-liberal conservative Forza Italia, the separatist Lega Nord of Umberto Bossi and the AN. The latter was founded in January 1994 as an electoral front for the fascist MSI. The AN received five million votes, some 13.5% of the poll. Five AN members, a majority of whom were also members of the MSI, entered the new coalition cabinet; 12 of the 37 junior ministers were from the AN. Senior posts included communications, culture and the position of Deputy Prime Minister, which went to Guiseppe Tatarella of the MSI. Junior appointments included justice, education, foreign affairs and defence.

By January 1995, exactly one year after the AN's foundation, the MSI formally wound itself up, merging into the AN. Yet the AN is entirely under the control of the MSI and has been since its foundation. The first and main official of the AN, Adolfo Urso, was appointed by Fini; he formerly worked on the MSI's newspaper *Il Secolo d'Italia*. The AN has produced no manifesto of its own and there "seems little to suggest that the MSI could not force its will on the rest of the alliance."[5] Even if Urso's claims of 40,000 new non-MSI members joining the AN after the election proved accurate, this would still leave the MSI with a decisive majority in the AN.

This hegemony is reflected in the composition of those holding the AN's parliamentary, Euro-parliamentary and ministerial positions. Non-MSI members constitute a clear minority. Of the two non-MSI AN ministers (dealing with the cultural and transport portfolios) one is a former member of the Monarchist party—which merged with the MSI in 1972 at the height of its Almirante period—and the other was previously a Christian Democrat.

Given the total control over the AN by the former MSI leadership it is tempting to treat the AN as being nothing more than a means by which unreconstructed fascists can conceal their true political nature and goals. But this would only partly explain the development of the MSI-AN over the last two years. There are real divisions within the MSI itself, engendered by Fini's strategy. For the closer the MSI has come to power the more the conflict between "moderates" and



MSI SUPPORTERS CELEBRATE ELECTION VICTORY

"hardliners" has been coming to a head.

At the centre of the current conflict is the future direction of the AN. It was formed as a fascist front to fight the elections, and it remains so. However, Fini wants the AN to play a far more significant role than this in his future political strategy. The broader, more "respectable" conservative front party is intended not merely to supplement and disguise the MSI, but formally to supplant it.

The modern roots of the conflict go back to Almirante's death in 1988 which provoked an increasingly sharp dispute between the two wings of the party. At the beginning of the 1990s one Italian commentator wrote of the conflict between Fini and Pino Rauti:

"The former is looking to be a party of protest and institutional reform, while the latter wishes to be a movement of dissent, a 'community party'. The two strategies are miles apart."[6]

Pino Rauti is no minor figure in the history of Italian fascism and the MSI. He was central to the Ordine Nuovo split in the 1950s—the first major attempt by hard line fascists to prevent the MSI adapting to bourgeois democracy. As head of ON he exercised considerable influence over MSI policy after ON's readmission to the party, and has held the position of party leader. Today he is an AN Member of the European parliament.

This and the strength of Rauti's support in the MSI obliges even Fini to take account of the strong association with the fascist *ventennio* that is built into the MSI—one party election slogan in 1970 was *Nostalgia Dell'Avvenire* (nostalgia for the future). The MSI held a major national commemoration of Mussolini on the centenary of his birth in 1983, and the image of *Il Duce* wearing a military helmet remains a powerful image in MSI iconography and in the graffiti of its youth leagues. Nor is reverence for the fascist years a thing of the past. As recently as 1992, 50,000 joined a march in Rome called in the dictator's memory.

## Aligned

It is no coincidence that the Rome organisation of the MSI is led by forces closely aligned with the Pino Rauti wing of the movement. The head of the MSI's Rome federation was Teodoro Buontempo. He was previously the leader of the *Fronte Della Gioventu* (Youth Front—the youth organisation of the MSI), and has in the past been closely involved in attempts to link up with and encompass a sizeable umbrella grouping of Nazi skinheads known as the Movimento Politico (MP). The MP is linked to the international "Naziskin" cultural movement Blood and Honour, and has been implicated in numerous terrorist attacks on immigrants, Jews and gypsies.

Throughout its long history, the MSI has retained the core features of a fascist party. It has maintained organised fighting groups through its youth and street groupings, has conducted periodic street violence against its left-wing proletarian and student opponents and has maintained close links with clandestine terrorist organisations. In its ideology and its propaganda it remains associated with the former fascist states of Mussolini. The relatively stable democratic order in post-war Italy has created powerful tendencies within its ranks pushing for the abandonment of fascist strategy and ideology, but until the most recent crisis these tendencies have not proved sufficiently strong to effect a qualitative transformation into a non-fascist right wing conservative party.

Realising what is at stake, the disbandment of the MSI and its absorption into the AN was resisted by those leading MSI members most closely aligned with the fight against Fini's adaptation to democratic respectability: Rauti, Buontempo and Mirko Tremaglia. The latter is head of the foreign affairs commission in the Italian parliament and achieved notoriety after calling for the return to Italy of territories granted to Slovenia in the aftermath of the Second World War.

Having failed to prevent the formal dissolution of the MSI, Rauti and Buontempo are fighting for the soul of the AN. They hope to prevent the AN adopting neo-liberal free market economic policies in place of the traditional corporatism of the Italian fascist movement.

## Finance

The MSI's main base, since its foundation, has been in the underdeveloped south of the country, an area dependent on state finance and enormous subsidies to the public sector. It is hardly surprising that free marketeers who have recently joined the AN are encountering opposition from longstanding MSI corporatists. After the 1994 election victory, Giandomenico Caselino, head of the regional MSI federation in Lecce, Puglia, declared to the *Guardian* newspaper:

"Be clear about one thing. Between us and Berlusconi is only a strategic alliance. We are the MSI. We are not libertarian or liberals of any kind. For us, the market is organic and organised."[7]

Fini sees it differently. Within the AN Fini and the dominant faction of the MSI are seeking to steer the entire formation away from fascism towards "mainstream", albeit very right-wing, bourgeois democratic conservatism. The collapse of Berlusconi's shortlived Freedom Alliance government in December 1994 means there is a possibility of early elections and a chance for the AN to increase its support.

In the November/December 1994 local elections the MSI gained votes at the expense of Forza Italia. Further success could consolidate the AN's position as the largest and most organisationally cohesive party of the right. This in turn could well increase the pressure on Fini to demonstrate his *bona fides* to the non-fascist electorate (especially in the North) and to remove the risk of further embarrassment altogether by a radical break

5 C.E.R.A., op cit p56.

6 R Chiarini, op cit, p39. See also P. Ignazi, *Il Polo escluso. Profilo del Movimento Sociale Italiano*, Il Mulino, Bologna, 1989 pp213-49.

7 See *Workers Power* 178

with Rauti et al, even to the point of splitting the party.

The Italian bourgeoisie desperately need a stable party to represent their interests. The DC has collapsed and its replacement—the Popular Party—remains too compromised to win serious support from the electorate. The PDS, despite its bourgeois politics, remains the former Communist Party and its links to the working class movement mean that a substantial section of the bourgeoisie would prefer to see it kept out of power. Certainly it is not a preferred instrument of bourgeois rule.

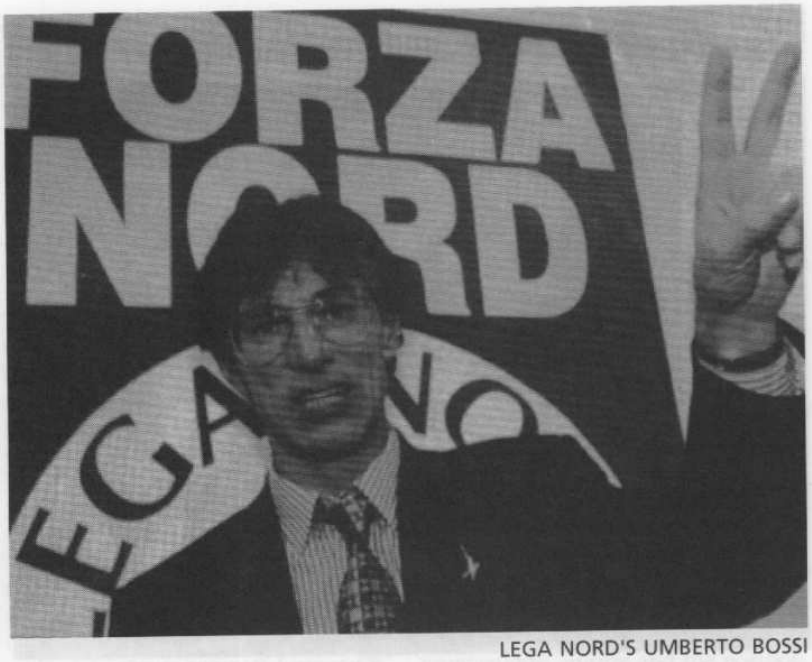
The Lega Nord is not a nationally organised party and the main sections of the *haute bourgeoisie* do not favour the dismemberment of the Italian state. Berlusconi's party failed to consolidate its coalition government and fell before it could see through its austerity programme against the resistance of the working class. The local elections of the winter 1994 saw a catastrophic collapse of Forza Italia's support.

So Fini correctly estimates that he now has an opportunity to challenge seriously for power and perhaps to gain it, or at least secure a permanent role in the shifting combinations and coalitions that have characterised Italian governments since the war. What is more, in doing so he could actually serve the interests of the capitalist class by resolving their crisis of political leadership and carrying through their desired austerity drive.

But on one condition. No significant section of the Italian bourgeoisie currently wants fascism, because they do not need it. They have not reached the stage where they might need to turn to the policy of last resort.

Whereas in the past Fini has—together with Buontempo—encouraged and liaised with violent skinhead organisations in Rome, attempting to bring them under the discipline of the MSI, today he goes out of his way to condemn them. The skinheads and black shirted youths who are prone to giving the fascist salute at rallies and demonstrations are now being actively discouraged from doing so by Fini's bodyguards.

But formal renunciation of the past and efforts to isolate and marginalise the elements who look to Mussolini's *squadristi* as a model for organising today are one thing; actually breaking with them and removing their influence is another thing entirely. Fini's concern at the negative effect fascist violence might have on his political ambitions was fuelled in 1993 when on 1 April a troop of MSI youth burst into the Italian parliament and held a violent demonstration, blockading the building and breaking windows.[8] As a result 20 members of the Fronte della Gioventu and 11 MSI MPs were charged with insulting parliament and glorifying fascism.



LEGA NORD'S UMBERTO BOSSI

Only days beforehand MSI members had attacked the headquarters of both the social democratic and former Stalinist trade union federations and the offices of the metalworkers' union in Naples, prompting 30,000 workers to demonstrate in response. But since April 1993 there have been no further reports of organised MSI violence on the streets. Fini has succeeded so far in restraining the squads and the violent elements within the youth leagues.

## Remove

Whether he will be able to remove them from the party altogether—or is even capable of mounting a serious campaign to do so—remains to be seen.

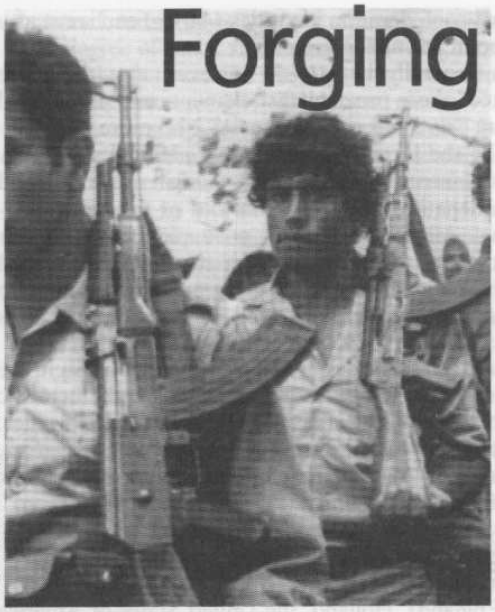
The new "non-political" bourgeois government, drawn from key representatives of the ruling class in the banking, industrial and military sectors, may not last for long given it only has grudging support from the Freedom Alliance and faces open hostility from the AN. Italy is far from resolving its political crisis. The development of the AN depends on how this crisis unfolds. To return to government with the blessing of a section of the bourgeoisie, Fini will need to further sever the AN from its fascist past and commit it to free market Thatcherite economic policies.

But there remains an alternative scenario. If the crisis deepens, and if the 54th government of the post-war period meets with serious resistance from the working class, then important sections of the ruling class may seek to mobilise a mass force to take direct action against the workers' movement. When they do they will know where to look. Unless the AN splits publicly from the Rauti wing, the youth leagues, the fascist regional party bosses and their blackshirted thugs, it will remain a party capable of reasserting all the features of fully fledged fascism, and of converting its membership into a reactionary mass movement mobilised against the workers' organisations and all democratic liberties.■

*For more on the struggle against fascism in France read* ***Pouvoir Ouvrier*** *journal of the French section of the LRCI, available from BP40, 44120 VERTOU, France*




8 *Searchlight* May 1993 p16



PLO FIGHTERS, SYRIA

# Forging the nation?

# The failure of third world nationalism

***Dave Stockton** continues a series on Marxism and the National Question with a survey of the development and fragmentation of national consciousness under the impact of colonialism.*

The eruption of national struggles across the globe in the last years of the twentieth century has generated a new interest in nation formation and the national question in general. Most writers have drawn freely, and without acknowledgement, on the exceptionally rich Marxist theoretical work on the subject. At the same time many claim that Marxism's fatal flaw is its failure to understand the strength or lasting power of national consciousness.

John Swarzmantel, for example, writes that: "the Marxist and the socialist tradition has taken too external an attitude to nationalism, and has failed to understand why it has been and remains such a powerful force"[1].

John Breuilly, in a recent work, has chimed in:

"As is usual, good Marxist history represents the most impressive attempts to provide satisfactory accounts of major modern historical developments, but there appears to be something about nationalism which eludes understanding from within a Marxist framework."[2]

Anthony D Smith agrees: "Marxist historicism turned away from ethnic and national problems" [3].

All of this is plain nonsense, depending for its credibility on the power of caricature. These critics lazily target an economic determinist, class reductionist pseudo-Marxism that has nothing to do with the method of Marx, Lenin or Trotsky, and relies for its effect on the canon of ultra-left Stalinist writings on the question.[4]

We have tried to show in previous articles[5] the stupidity of this charge. Since Marxism recognises in nationalism the central political ideology of the bourgeois epoch it can hardly be said to underestimate it. What this charge really amounts to is that Marxism refuses to recognise the national identity as primordial, or the nation state as "the end of history".

Marxism insists that, like the capitalist mode of production, the nation state has not always existed and that one day it will cease to exist. Moreover Marxism, —that is, genuine revolutionary Marxism and not its reformist or centrist counterfeit—refuses to compromise with any variety of nationalism.

This draws down the wrath of the paid hacks of the bourgeoisie, imperialist or semi-colonial. It also attracts the hatred of the "Third World" ideologues who believe they can strengthen Marxism with a strong admixture of "anti-imperialist" nationalism.

The latter trend is particularly likely to hurl at revolutionary Marxism the charge of "Eurocentrism". Misusing Lenin's theory of imperialism they have created a neo-populism which designates the anti-imperialism of the oppressed, semi-colonial nations as an undifferentiatedly "progressive" camp, and suppresses all recognition of the class struggle in the imperialist countries. The nationalism of petit bourgeois guerrilla movements, bourgeois nationalist parties and military-bonapartist regimes, has been recommended as a necessary corrective to crude, economistic, Eurocentric Marxism.[6]

In reality no revolutionary Marxist tried to apply a pattern drawn mechanically from the west European states any more than Marxists try to analyse the world economy solely on the basis of the structure of West European or North American capitalism.

The theories of uneven and combined development, of imperialism, of permanent revolution, rest upon a recognition that capitalism establishes economic, state and political models which cannot be ignored by those who later follow along the road to capitalist development. They are compelled to adopt these models but precisely not in the conditions which applied when capitalism emerged out of European feudalism.

The twentieth century has seen the near universalisation of the nation-state principle. But this has not led to the creation of stable nation-states on the West European model.[7]

Whilst the globe has been covered by "nation states" the chronic instability of many of these new nations, their vulnerability to fragmenting sub-national claims by their own constituent regions, or their rivalry for territory with other nations, gives good grounds for asserting that a long and stable epoch of nation states is as unlikely as the supposed eternity of capitalism. The demand to be allowed to form a nation state has been used both to fight against the inequality and oppression that are typical of the imperialist epoch and it has been used to lay claim to privileges and to exploit and oppress others.

Marxists refuse to accept as a historical fact the "primordial" division of humanity into nations. We refuse also any *absolute* recognition of each and every would-be na-

1.John Swarzmantel, *Socialism and the idea of the Nation* London 1991

2. John Breuilly *Nationalism and the State* Manchester 1993. p415.

3. Anthony D. Smith *The Ethnic Origin of Nations Oxford 1986* p182.

4. More generously, the error of modern academics may be in part related to the absence of translations of much of the Marxist material (written in German and Russian) in the first twenty years of this century.

5.*Trotskyist International no12* "Marxism and the National Question " and *Trotskyist International no 13-14* " The Bolsheviks and the National Question".

Footnotes 6 and 7 over page

tion's claim to statehood along with every state's claim to maintain its national unity. Marxists make a concrete, historical materialist, analysis of the origins and development of the various nations and national struggles.

Most nations claim a continuous life much longer than the bourgeois epoch. Indeed, the word "nation" was used before this epoch. Generally, it meant simply the subjects of a particular ruler regardless of their language or culture. Often it referred to the upper classes alone and not to the peasant masses.

But the pre-capitalist concept of nationhood was not regarded as the normal or essential basis for the state. The primary communal identities of pre-capitalist human beings were not national, either in Europe or in the world at large.

But with the onset of the bourgeois epoch certain old ethnic identities were re-baptised as national communities that were supposed to have existed for centuries or millennia. Others, in contrast, were marginalised or forcibly suppressed by the successful "national" identities.

Every newly born nationalism has to find both a historic purpose or a past for itself. Nations which arise on territory long inhabited by the same ethnic-linguistic community inherit pre-capitalist cultures and ideologies. These may be feudal, dynastic, religious or tribal.

Settler nations likewise do not simply replicate the national ideology of the "mother country". Often they have to combine the cultural inheritance of the settler nation with a "manifest destiny" to "civilise" and create a new world free from the vices and sufferings of the old.

All of these "histories" are unscientific. They have a myth-making purpose which selects and suppresses evidence.[8] Sometimes these national histories are entirely mythical. Where they have to justify national existence by the displacement or destruction of the previous inhabitants—as the Zionists do in Palestine—they approach outright racism.

For a modern national consciousness to be established by the bourgeoisie, these "ethnic" origins—real, mythological or a mixture of the two—play an essential role.

A nation has to have a historic dimension—the "community of fate"—common to the classic definitions of the nation. This can relate to the actual history of the ancestors of the current population, the cultural achievements of previous inhabitants, the history of the colonisers of a given territory, the religious community and culture of its people. All of these pre-capitalist elements play an important ideological role in the formation of national consciousness. But it is not the role ascribed to it by nationalists.

**The twentieth century has seen the near universalisation of the nation-state principle. But this has not led to the creation of stable nation-states on the West European model.**

For nationalist ideologues the pre-capitalist history of the nation is the history of the formation of a national character. This national character is for them, the essential "subject" of history, the prime mover of human social development.

The national myth-makers treat this eternal collective subject as an independent driving force. They do so in order to displace and obscure the real class motive forces which led to the formation of the nation.

Modern Jewish nationalism, for example, (including Zionism) has to transform the religious history of the Jewish merchant/artisan centred communities into the history of a 3,000 year old nation.

Religious ideology has played an important part in the nationalism of oppressed nations like the Poles and the Irish. It remains an important resource for nation-creators or nation-dividers as in the Indian sub-continent. Likewise, tribal-confederation identities (Africa) can serve as a starting point for nation creating.

It can generally be stated, however, that the more "undigested" these pre-capitalist elements are in an actual or aspirant "national consciousness", the more problematic will be the formation of a stable national state. Any religious element will strengthen clerical influence and morality alienating religious minorities or the more modern classes. All preservation of pre-capitalist institutions and customs, with the excuse that they are an essential part of the national character, gives points of support to reactionary anti-capitalist as well as anti-working class forces.

Few national identities are single, uniform or exclusive across the whole range of religious, cultural, linguistic experience. In times of crisis old regional ethnic loyalties, absorbed or suppressed during the formation of a nation, can rise to claim "national" status and challenge and break up the ruling nation's unity.

## Europe exports the national idea

Britain (England), Holland, the United States of America and France played a key role in developing the first nation states, which became a model for others to follow. In turn, Germany and Italy developed the model of national unification (1848-1871) and Italy and the Latin American states that of national liberation.

In this sense nation-building did indeed originate in the Americas and Europe as a result of the capitalist world market and mode of production. Its example spread with this mode of production and exchange, with the need of other states to compete militarily as well as economically with the more developed and expansionist powers. In the half century between 1775 and 1825 the ideals of the bourgeois revolutions inspired revolt against modern colonial as well as traditional feudal and Asiatic empires.

To understand the pattern of nation-state formation we must also understand the pattern of European colonial expansion and its interaction with the societies it "discovered" from the 1490's onwards. Here climate and geography as well as socio-economic determinants were of vital importance. The fertile temperate and sub-tropical zones became the sites of mass settlement by Europeans with the displacement and near genocide of the indigenous population wherever their own social development was not such as to enable them to put up an effective resistance. The result was the creation of new nations of white settler colonists; Canada and the USA, Australia and New Zealand, Chile and Argentina, Algeria and Anglo-Boer South Africa.

Some of these projects failed (Algeria) or today maintain a precarious or artificial existence (Israel, South Africa), usually because it proved impossible to wipe out or completely displace the original inhabitants. When the settlers became restricted to a largely, petit-bourgeois, labour aristocratic, or rich farmer strata, the broad masses of the population went on to lead an anti-colonial, anti-settler nationalist revolt.

In countries which, prior to colonisation, had a long experience of state formation ('Asiatic" mode of production), or at least well developed tribal confederation, it proved difficult to establish pure colonial settler nations.

In some of these areas, Meso-America[9] and the northern and central Andes, the majority indigenous population was only nominally part of the new nations formed between 1811 and 1825. In reality they were often excluded from the "political nation" by *criollo* (colonials of European extraction) and later *mestizo* ( mixed "race") elites well into the twentieth century. A partial exception were the societies where a plantation economy and mining were based on forced immigration by African slaves or by in-

6. For a sophisticated version of this approach see James M Blaut *The National Question-Decolonising the Theory of Nationalism* London, 1987
7. Of course this stable system in Europe has generated a constant series of first national and then two imperialist wars. More recently a new series of national wars in the former degenerate workers states has taught Europe that its own system of nation states was created and maintained at a high cost in human suffering.
8. see Anthony D Smith *The Ethnic Origins of Nations* (1987)
9. Meso-America comprises the area of old Mayan civilisation, today spreading from southern Mexico through Guatemala and Belize to northern Honduras.

dentured Asian labour. Here, nations developed with a high degree of racial stratification, forming more complex hierarchies between the white settlers, mixed race population, indigenous peoples and African slaves.

The new states formed in the new world between the last quarter of the eighteenth century and the first quarter of the twentieth were all in this sense "creole" states. They were created by the ruling stratum of the native born settlers who spoke the same language as the colonial power. But the distinct class interests of the settlers came into conflict with the "mother country".

Probably the original cause of the estrangement of large strata of the colonial elites was the fiscal crisis of the European colonial powers—Britain, France, and Spain—caused by enormous war expenditure as well as, for France and Spain, the death agony of late feudalism. This crisis required a tightening up of colonial administration, a re-subordination of its commerce to that of the mother country. The American War of Independence (1775-83) was provoked by the taxation demands of George III. Washington, Jefferson and Adams established a new nation state on a federal basis with the most democratic constitution seen hitherto.

Another important spur to local independence movements was fear of further revolts of oppressed and exploited masses and/or the indigenous inhabitants. The French revolution had encouraged a mass slave revolt in Haiti in 1791 which led, by 1804, to the recognition of the second independent state in the Americas.

The Napoleonic destruction of the Bourbon monarchy in Spain eventually unleashed a prolonged struggle (1810-25) for the independence in the Spanish colonies in Central and South America and Mexico. The leaders of these wars of independence were inspired by the examples of the English, (North) American and French revolutions, by Enlightenment theory and freemasonry.

But by no means all of the settler independence struggle leaders were members of the "liberal bourgeoisie" as such. Many were plantation slave-owners such as Washington, Jefferson and Simon Bolivar. These classes in both North and South America provided the leading stratum of the independence movements from England and from Spain. The really plebeian movements such as those of Hidalgo and Morelos in Mexico were unsuccessful.[10]

The major figures like Simon Bolivar and José de San Martin operated on a semi-continental scale. They had hopes of creating larger, much larger, states than in fact emerged (Bolivar's Gran Columbia, the United Provinces of Rio de la Plata, Iturbide's Mexican Empire) or of creating confederations of states and even a League of Spanish American Countries (the Panama Congress of 1826).

These pan-continental objectives did not materialise or proved abortive due to the incapacity of the creole land owning and merchant capitalist ruling classes to break the economic and political mould of the colonial divisions. Benedict Anderson has shown how these obstinate colonial borders helped determine the shape of the new nations of Latin America. The same was to be true for the later attempts at nation-building in Africa after the Europeans withdrew.[11]

The colonial administrations in each of these countries were obliged to relate economically to Spain and had few economic links with each other. The creole elites were formed on the basis of these provincial administrations. These functionaries and writers, travelling often between the colony and the mother country, were the main actors in the creation of a national consciousness.

In contrast, a strong modern bourgeoisie was slow to make its appearance due to the semi-feudal, chattel slavery, or mercantile capital basis of the ruling classes. At the other end of the social scale the white creole elites tended to look down on and exclude from power the *mestizo*, while the original indigenist people were cruelly exploited and ignored, hardly seeming to be part of the nation either in their own consciousness or that of their rulers.

Colonialism then played a crucial role in the development of capitalism and thus of the nation. The experience of colonisation or attempted colonisation was the crucible in which many nations were formed. Their birth set a precedent for the struggles against colonialism. A similar process took place later in the Indian sub-continent and Africa.

## *India: a national or multi-national state?*

In contrast to the American and African continents Asia was the site of powerful and ancient states, still economically and militarily powerful when the European merchants arrived in force in the sixteenth century. There was no question of the Europeans conquering states such as the Ottoman, the Persian, the Mogul, the Chinese or the Japanese empires at the height of their power. Only in the eighteenth century did these "Asiatic despotisms" begin to show signs of decay in contrast to the rapidly advancing capitalist powers.

The British began massive expansion in India on the wreckage of the Mogul empire after defeating the French.[12] But it was only after the suppression of the Indian Mutiny in 1858 that the wholesale "modernisation" of India began. Britain now had direct control of three fifths of India, leaving two fifths under the control of client rulers. The building of a huge railway network, aimed at pumping India's surplus product abroad nevertheless had the effect of tying it together as a political and economic entity.

It also led to the creation of a small modern bourgeoisie. The European-style education system produced an Anglicised state bureaucracy—the Indian Civil service—and a growing intelligentsia. Many of these intellectuals, teachers, doctors and lawyers came up against the brick wall of discrimination by the British authorities. Educated in 19th century European ideals and conceptions they responded to British racism and arrogance by taking up the most comprehensive, progressive, ideological weapon with which to fight the colonialists—namely, modern nationalism.

This enabled them to make a bourgeois-democratic claim that it was difficult for the imperialists themselves to deny in principle. After all, the British had already granted home rule or dominion status to "white" colonies like Canada and Australia. How could they deny it indefinitely for India?

In 1895 a mass movement against oppression, the Indian National Congress was born. It was to become a model for national movements throughout Asia and Africa. At first it was led by moderate leaders such as Naoroji, Bannerjea and Gokkale who sought to persuade the British to reform their rule. But close behind them was a militant wing that resorted to either mass actions, boycotts and demonstrations or to individual terrorism. The first Congress leader that outlined a policy of active resistance, B.J.Tilak, was a modern nationalist inspired by Garibaldi and Mazzinni.

Increasingly, the Congress was driven by British intransigence to mobilise mass campaigns to achieve its aims especially after the rise of M.K.Gandhi to a leading role during and after the first world war. Gandhi published his central ideas in a book, *Young India* published in 1908 while in South Africa. His central argument was that English civilisation, embracing at its core industrial development, had to be rejected as alien to India. He argued that India was one nation and that non-violent actions alone should be used to force England to quit India.

The Amritsar massacre of 1919 drew a line of blood between the British and all the mass forces seeking change

10. See E. Williamson, The *Penguin History of Latin America*, Harmondsworth, 1992; D Bushnell and N Macaulay, *The Emergence of Latin America in the Nineteenth Century*, Oxford, 1988.

11. B. Anderson, *Imagined Communities*, London, 1983, Chapter 4

12. see *A History of India* by Herman Kulke and Dietmar Rothermund London 1990

in India. But it also confirmed in Gandhi the need to apply a policy of non-violent resistance, *satyagraha*. Whilst insisting on strict non-violence, Gandhi's campaigns were based on mass non-co-operation and a boycott of British goods. They inevitably aroused the masses to self activity which went further than Gandhi intended. The British usually responded with bloody repression.

The masses began to break through the restraint of *satyagraha* and also to fight for land reform, aimed first at the British plantation capitalists and then at the feudal landowners. This was particularly so after the Russian revolution (1917) and the appearance of a small but influential Communist Party in India with roots in the trade unions. These mass struggles terrified the Congress leaders and their bourgeois base which had no desire to unleash a peasant war or to completely rupture their links with either the princes or the British.

The great campaigns of 1920-24, 1929-31, 1942 (Quit India) all followed the same pattern. Mass actions were called off as they gained momentum and the leaders entered into negotiations with the British. The response of the imperialists to Congress agitation was a policy of divide and rule which had important repercussions for the future national fate of the Indian sub-continent. The Minto-Morley reforms of 1909 were aimed at co-opting the Indian bourgeoisie and the professional middle class into British rule via an elective legislative council. They were based on dividing India's electorate along religious-communal lines, primarily Hindu-Muslim. They had the long term effect of preventing the coalescence of a truly all-Indian bourgeoisie and national movement, of splitting the Congress and creating the Muslim League.

Further British "reforms" in 1919 and 1935 created governments and authorities dominated by the old princely rulers and reactionary religious-communal parties and movements. Though the British strategy failed in the end to preserve their rule in India they did manage to split the mainly Muslim north-west provinces and East Bengal away from the new state, thus creating Pakistan on a religious-communal basis.

This tended to give Indian nationalism, despite its declarations of secularism, a strongly Hindu cultural bias. Other religious cultural communities in India have tended to create regionalist and communalist parties wherever and whenever the class movements of the workers and the landless peasants were weak.

Gandhi, followed by the Nehru "dynasty" leadership of the Congress, enabled the Hindu dominated Indian bourgeoisie to assume power and to preserve a nearly continuous bourgeois democratic rule after 1947. This was possible partly by playing a balancing act internationally between the Stalinist bloc and the West; by adopting a highly state capitalist industrialisation programme on the basis of significant soviet aid; by conducting a land reform from above which strengthened a peasant proprietor class and by continuing the British policy of divide and rule.

The Indian bourgeoisie was thus torn between needing a national ideology to weld together its state and justify its rule on the one side, and on the other, the need to play off regional elites and weaken the unity of the proletariat. In the task of creating a national consciousness it faced enormous problems. Not the least of these was to create a national culture. In a country of 197 languages[13], belonging to four separate language groups, this was difficult to do without alienating major parts of the nation. As a result, despite adopting Hindi as the state language English has remained the main *lingua franca*.

For over three decades Congress was able, at a national level, to maintain a near one-party state. But in the 1970s and 1980s cracks began to appear in the fabric of the nation. Economic unevenness between regions of the country became more manifest. The state capitalist dominated economy sank further into stagnation. Moreover, the CP-led working class movement failed to break free of the bourgeois Congress and this led to the massive growth of nationalist, regionalist and religious-communalist movements of resistance to Delhi. In turn the government resorted to declaring ever more "states of emergency".

The "green revolution" which turned the Sikh farmers into a wealthy and ambitious stratum in Punjab, promoted calls for autonomy, and even independence for the Sikh dominated parts of the province. Government resistance to these claims first strengthened the moderate nationalist movement, the Akali Dal. Indira Gandhi, to undermine it, promoted Sikh "extremists" around Bhindranwale to undermine the Akali Dal provincial government. The result was that the demand for an autonomous and separate "Khalistan" grew enormously.

This movement was in itself triply reactionary: it framed its "national" (Khalistan) claim in religious-communalist terms which would destroy the secular basis of the state; it made territorial claims that would lead to the oppression or expulsion of millions of Hindu and Muslim Punjabis; and its formation would promote the Balkanisation of the Indian state to the benefit of imperialism.

Nevertheless, systematic oppression by the central government, including the denial of the Sikh majority areas to express their wishes democratically has the potential to crystallise the Sikh population into an oppressed nationality which could formulate a claim to autonomy and separate statehood in a relatively progressive form, that is, not as a claim for privileges or the "right" to oppress others.

This pattern of divide and rule, leading on via repression to the formation of nationalist movements out of religious and communalist roots is an increasing phenomenon.

Other movements have been based on economic backwardness of regions, discrimination and the settlement of ethno-linguistically different territories by immigrants from the Hindi and Bengali speaking zones. The change of economic policy which began under Rajiv Gandhi and his successors—towards an open door, neo-liberal policy—will increase the growing unevenness of the sub-continent and thus the resort by local and regional elites to use "nationalist" and separatist slogans. The consequent resort to increasingly bonapartist measures by the Federal regime will give a further twist to this vicious circle.

Only the proletariat of the Indian sub-continent can develop a consistent nationality policy as part of the programme of proletarian revolution. This must include the goal of a voluntary Socialist Federation of the whole Indian sub-continent. Only the widest scope for developing the productive forces on a planned basis can overcome the backwardness and misery in which imperialism has locked India for nearly two centuries. Its constitution must provide for the unconditional right to secede, if any oppressed nationality democratically expresses the wish to do so.

The boundaries of its constituent states or provinces must be drawn according to the wishes of its peoples, assuring all minorities full and equal rights. Only the proletariat, leading the urban and rural poor, can solve the national question of the Indian sub-continent on the solid foundation of class unity. This class unity can only be achieved on the basis of consistent internationalism, entailing a resolute struggle against all national privileges and all national oppression.

## *Africa: colonisation to independence*

Sub-Saharan Africa has experienced, and been transformed by, three distinct periods of contact with capitalism.

First, the mercantilist epoch, dominated by merchant capital, brought the large scale slave trade. Then the co-

13. According to the official census

14 Roland Oliver *The African Experience.* London 1991

15 Thomas Pakenham *The Scramble for Africa* 1876-1912 London 1991

och of free trade began the wholesale seizure of the coastal regions of the continent and the systematic exploration of the interior. Lastly, the imperialist epoch has seen the colonisation of the entire continent and then its de-colonisation after 1945.

During all these three epochs the continent has seen Africa's human and natural resources plundered on a massive scale. It has been estimated that 150 to 200 million Africans were "exported", largely to the plantations of the new world or perished in Africa as a result of the slave trade.

To this untold exploitation and suffering must be added the sucking out of Africa of vast wealth in the form of various industrial raw materials, together with precious metals and gems. This forced "contribution" to the development of capitalism in Europe and North America led to Africa's near exclusion from capitalist development itself, except in South Africa and in those regions with some extractive industry and cash crop agriculture.

The speed of and thoroughness of the European conquest in the nineteenth century was due in large measure to the economic and military disparity between the European powers and Africa. Some important states had developed before the European onslaught: Benin and Asante in the west, Great Zimbabwe in the south-east and Ethiopia in north-east Africa. Cities like Mali, Timbuktu and Kano had highly developed artisan production and a metal-working culture.[14]

Powerful monarchies existed in both in west and east Africa long before the Europeans arrived. In addition some tribal confederations were evolving states. But by the time the Europeans arrived in force they had not transcended varieties of the Asiatic mode of production and feudalism. Their relative isolation from intercontinental trade left them economically and militarily vulnerable to plunder and conquest. The massive distorting effect of the slave trade turned these states and tribal confederations against one another and tied their rulers to the European traders.

The success of England's South African settler colony after the discovery there of diamonds and gold, led the way to the "scramble for Africa" from 1885 to 1896.[15] The entire sub-Saharan continent was colonised apart from Ethiopia whose Negus succeeded in warding off Italy. The Europeans' new colonies rarely, if ever, coincided either with the boundaries of previous kingdoms or the territory of tribal confederations; they possessed little or no linguistic or ethnic homogeneity.

Rather, they reflected agreements struck between the European powers. They were just so many straight lines drawn on a map in Berlin in 1885 and at subsequent conferences. Yet after 1945 these were to be the boundaries of the new nations of Africa. The colonial divisions drawn up in this way were only the beginning of the process of establishing the colonies. The traditional societies of Africa put up a heroic resistance to the white invaders. Momentary successes such as that of the Zulus over the British at Isandhlwana or the Mahdi at Khartoum were followed by larger and overwhelming defeats.

When the colonies were established the best land was stolen for European plantations or farms, using African labour. In the southern part of the continent huge investment in mines rapidly created a proletariat, both of "poor white" immigrants and of black workers uprooted from the land. The latter grew steadily as a proportion of the workforce throughout the century whilst the white workers became a highly privileged labour aristocracy clinging fiercely to their racial privileges. Wherever, as in South Africa, the white settler population formed a sizeable minority white racism became enshrined in a horrific legal framework.

But in the long run such a system, dependant on super-exploiting a huge and growing black proletariat, could not survive. Prosperity in the imperialist centres after 1945 slowed the flood of white immigrants to a trickle. There was no chance of replacing the black population with a real white proletariat. No matter how much repression Apartheid unleashed it was steadily forced to create its own gravedigger in the factories and mines.

South Africa, alone amongst the semi-colonial countries in the post-war era, evolved into a minor imperialism due to the enormous wealth that came to its rulers from



KASHMIRI MILITANT, SRINAGAR

gold production and the harsh super-exploitation of the black workers. Capitalist development in the other states of Africa remained weak and stunted. In most colonies only the European companies provided members of the big bourgeoisie. The large scale capitalist farmers were likewise Europeans except in parts of West Africa. There was a "native" merchant and commercial bourgeoisie and in some regions a layer of rich peasants. But until long after independence there was virtually no equivalent to the small industrial and large *comprador* bourgeoisie[16] of India or China.

The first modern classes of Africa were the agrarian and mining proletariat, transport workers (dockers and railway workers) and the educated middle classes created by the imperialists to play a subordinate role in administering the colonies. Colonial and missionary schools and colleges turned out relatively large numbers of teachers, preachers, lawyers and administrators, especially since the number of white civil servants was even lower than in the Asian colonies. Likewise, the colonial armies needed a black NCO and a junior officer caste.

In colonial schools and military academies these social classes were forced to absorb the idea of the European nation as the motor force of history. Naturally enough, they began to work towards a nationalism of their own. They fashioned an ideology that provided a basis for both the modernisation of their homelands and for mobilising a movement to win independence from the colonialists. The Italian colonisation of Ethiopia in the 1930s awakened the intellectuals of the whole continent who had taken pride in the one independent black state that had hitherto thwarted colonialism.

Despite the many struggles after the first world war by the young workers' movements of the continent there was no serious political challenge by the working class to petit and bourgeois nationalism. The early Comintern made little headway in the continent outside of South Africa.[17] These two factors, the extreme fragility of the African bourgeoisie and the political weakness of "communism" opened the way for a petit bourgeois nationalism, with a non-class "socialistic" gloss.

The existence of the colonial states, with their economies oriented to the imperialist metropolis, with their elites speaking the colonial languages, with the influence of liberalism and reformist socialism from the "mother" countries, meant that no real pan-African movement ever developed on the continent. Despite the fact that these states' borders cut across ethno-linguistic groups, despite the fact that each had some sort of poisoned legacy of imperialist divide and rule, the new regimes did little or nothing to overcome this legacy.

**The existence of the colonial states ensured that no real pan-African movement ever developed on the continent.**

They were completely unable to bring about any large scale industrialisation which would weld the different "tribal groups" into a modern proletariat. The political movements, often converted into one party rule, rapidly ceased to be parties in any meaningful sense but rather instruments of patronage and clientelism.[18] The independence leaders adopted a grotesque personality cult and assumed bonapartist powers, maintained and extended by a succession of military rulers in the later 1960's and 1970's.

A model was the Gold Coast where Kwame Nkrumah was not only the leader of a reformist mass independence movement but an ideologue of pan-Africanism. In 1957 the British transferred the colonial state machinery to him confident that he would safeguard British interests. Despite his later verbally radical critiques of neo-colonialism, especially after his ousting in a coup in 1966, while in power he had kept the ex-colony tied to the "mother country".

In short he remained a thoroughly bourgeois nationalist and a servant of imperialism. Other even more verbally radical leaders were active throughout the continent: the self proclaimed Marxist Sekou Touré, Léopold Senghor, Julius Nyerere. But their "Marxism" or their "African socialism" was of a completely petit-bourgeois, utopian sort. Those who achieved power merely used it as a cover for remaining fairly obedient tools of the British, French and US multinational companies that continued to exploit Africa.

The imperialists' attitude to colonies where the workers or the peasants took up direct action to struggle against their tormentors was altogether different to the cosy relations they maintained with Nkrumah before they handed power to him.

Kenya had been a colony where militant fightbacks were common because here the white settlers were still expropriating the best farm land. Jomo Kenyatta was active from the 1920s in the Kikuyu Central Association and led struggles against land robbery in the 1930s. But after the war, in 1952, the so-called Mau Mau peasant rebellion led by Dedan Kimathi demanded independence under the slogans "land and freedom".

The Land and Freedom Army was some 30,000 strong. The British responded with the harshest repression. Thousands were killed and 80,000 Kikuyu placed in concentration camps.[19] The war ended in 1956 with a British victory. But the defeat of the French and British over Suez in the same year, and the bloody Algerian Independence War finally convinced leaders like de Gaulle and Macmillan that a retreat from the continent was necessary if they were not to provoke even more radical movements.

Their foresight was confirmed negatively by those powers like Portugal who would not, or could not, pursue this policy. This change was also partly due to US pressure, which wanted an open door for its companies in Africa as elsewhere, partly due to economic weakness (and in the case of France, military weakness too) of the colonial powers. But the change to a policy of creating semi-colonies, politically independent but economically tied, was possible because of the fact that the leaders were bourgeois nationalists and would prove reliable agents for imperialism.

The years following De Gaulle and Macmillan's tours through Africa in 1960 saw the granting of independence to all but the white self-governing settler colonies. In contrast, the necessity of a long anti-colonial struggle in the Portuguese colonies of Angola, Mozambique and Guinea-Bissau produced revolutionary nationalist movements and leaders such as Agostino Neto and Amilcar Cabral.

In the 1970s and 1980s "Marxist-Leninist" movements or military regimes, disguising themselves in Stalinist clothing, triumphed in Ethiopia, Somalia and Eritrea. To some extent this was also the case in Rhodesia (Zimbabwe) where Robert Mugabe took on a Marxist-Leninist coloration. This led to a series of left bonapartist regimes. But the decline and fall of their Soviet backers after 1987 and the subsequent retreat of their Cuban advisers doomed these regimes. Either they unceremoniously shed their Marxist disguise or they were overthrown. At the other end of the spectrum, pro-imperialist bonapartes—"Emperor" Bokassa, Houphouet Boigny, Mobutu, or Banda in Malawi—were little more than pliant tools of the former colonialists.

## *The Arab Nation?*

The history of the Arabs in the Middle East shows that possession of a common language and culture is a necessary but not self-sufficient condition for building a nation, or sustaining a modern nationalist ideology. While over

16 The *comprador* bourgeoisie refers to a bourgeois class which is the agent of the foreign, imperialist capitalist class.

17 Even here the early Communist Party was overwhelmingly white and made unpardonable concessions to the racism of the white workers, for example when it supported the 1922 white miners' strike against opening up skilled work to black miners.

18 Daniel Fogel *Africa in Struggle* San Francisco 1986

19 *op cit* Chapter 5

100 million people speak Arabic these same people have been divided by religion, nationality and indeed racial origin. The unified Arab state under the Caliphate from the seventh century did not spawn an Arab nation state. Hence, its collapse and fragmentation from the tenth century and the further Balkanisation of the region in the nineteenth century did not signify a breaking-up of this nation[20].

The original Arabs were from the Gulf peninsula, a people welded together for the first time into a state out of disparate tribes and clans by the merchant nomads under Mohammed in the seventh century. The subsequent conquest of the Levant and Spain spread the Arabic language along the trade routes. The conquered peoples in the Caliphate were not forcibly converted to Islam, though many did, and many of the peoples were Arabised.

Scarcely three centuries of rule passed before the state fragmented as the mercantile basis of the state weakened. The fragmentation of the state and its rule by non-Arabs at no stage provoked an Arab national uprising. The decline of the Ottoman empire and the encroachment on the Middle East by the new European capitalist powers tended to divide up the countries of the Arab world between them into colonies or spheres of influence. There was no unified Arab response.

The experience of this rule and the development of capitalism within each of the Arab states created distinct national bourgeois and urban petit-bourgeois classes and a beginning of modern nationalisms within each of these countries. Egypt was the most dynamic example and the Wafd Party the clearest example of a modern constitutionalist nationalism. Following the 1914-18 war the British and French divided up the region between them and the feudal Bedouin chiefs failed completely to unify the people of the region into a movement for an Arab state; they were all bought off and became tools of imperialism.

After the carve up of the region each of the states was integrated into the world market separately thus further weakening the ties between each of them. In response to these developments Arab nationalism grew in the inter-war years as an anti-imperialist response of the modern petit-bourgeoisie to shared experiences of exploitation and oppression[21]. Syrian nationalism was particularly strong in the 1920s. But pan-Arab nationalism was a minority ideology and movement until the creation of the Zionist state of Israel in 1948. The humiliation suffered by the surrounding Arab states in the 1948/49 war launched Arab nationalism.

Nasser's Egypt was to be the torchbearer of the hopes of this movement in the 1950s and 1960s. His successful nationalisation of the Suez Canal and the defeat of the French and British intervention in 1956 catapulted Nasserism to the forefront of the aspirations of millions in an Arab Revolution that would sweep through all the surrounding countries dominated by imperialism.

Nasserism's high point was the creation of the United Arab Republic (1958) with Syria. But clashes of interest between the national bourgeoisies of each half of the Union led to a breakdown by 1961. Similar differences with Iraq prevented the further spread of the Union.

Nasser's radical anti-imperialist measures against imperialism had already alienated Egypt from the conservative pro-imperialist Arab monarchies of the Gulf. Lingering defence pacts in the face of the Zionist threat kept Arab co-operation, if not unity, alive. But the Six Day war with Israel in 1967 resulted in a total crushing defeat for the Arab states and the cause of Arab nationalism suffered a grave blow.

The pan-Arabism under Nasser, and the episodic particular nationalisms of Ba'athism in Syria and Iraq (Hussein), and Palestinian nationalism have all proven themselves bankrupt. They have all been bourgeois nationalisms incapable of consistent and revolutionary resistance, incapable and fearful of mobilising the masses across the whole region against imperialism and its local Arab agents. The danger now, given the weakness of the secular left in the Arab world, is that the Islamic fundamentalist forces—with all their intolerance of the needs of the socially oppressed and reactionary attitudes to the democracy of the masses—will grow on the basis of disillusionment with Arab nationalism.

## A federative future

The lessons of nation building and nationalism in the countries which are now semi-colonies—whether they have long enjoyed this status (Latin America) or whether they have relatively recently emerged from colonial control (India, Africa and the Middle East)—is fundamentally the same.

Movements for national independence whether of a "national" bourgeois or bonapartist type, whether petty-bourgeois or Stalinist have all proved incapable of achieving real independence against world capitalism in the twentieth century.

Whether they encompass a small or large economic area they remain immensely vulnerable economically. For all the ferocity with which national identity has been asserted it is constantly challenged by sub-national ethnic identities taken up by rival elites. Repression meted out in the name of the nationhood of the post-colonial states only inflames this and hastens the disintegration of the state.

The first generation of anti-imperialist fighters, those who were still distant from the levers of power, developed the utopian vision of continent-wide unity. Utopian that is, upon the basis of private property and the rule of capitalism and its agents.

For in reality whenever these nationalists came to power they were first and foremost concerned to hold on to it within the borders set by colonial development.

The sadly misnamed Organisation of African Unity proclaimed the inviolability of borders. In so doing it renounced the elementary democratic right in the whole sphere of national life; namely, the right to self determination of peoples, including the right to secede.

The vociferous anti-imperialism of the bourgeois anti-imperialists was never anti-capitalist. Petit bourgeois anti-imperialism was only episodically anti-capitalist. The possibility of private or state capitalist development always produced a capitulation by these leaders which left the workers and the peasants robbed of the benefits of formal independence and statehood.

In the late imperialist epoch autarkic economic development is impossible. Some states are loosely grouped together into "common markets", as in NAFTA, but in such a way as to increase their subordination to imperialism.

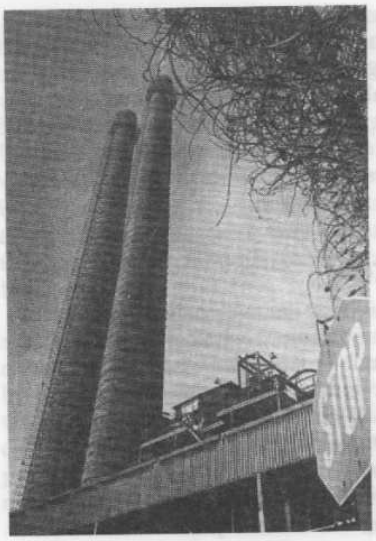
A trans-national unity is necessary to break the grip of imperialism. This is possible only on the basis of the democratic recognition of the right of nationalities to secede and the creation of regional, continental and finally a world federation. Only such federations will negate the tendency to subdivision and weakness at an economic level and abolish privileges at a political level.

Here it has to be recognised that no exploiting class can lead such a struggle. It requires the leadership of a class "which has no country" and which consequently can recognise national rights whilst constructing a fundamentally international order.

The only such class is the working class and the only solution to the bloody carnage of imperialist and nationalist wars is a Socialist Federation of all humanity. This is not a utopia but a burning necessity in the decades ahead, as events from Rwanda to Bosnia, from Timor to Chechnya prove.■

20. Bernard Lewis *The Arabs in History* London 1970. An opposite view is to be found in the writings of Samir Amin. Amin believes that the trade links of the Caliphate and the spread of the language of the Koran created the framework for an Arab nation. A more recent expression of this approach is Fawzy Mansour *The Arab World* London 1992. He sees Arab history from the Prophet onwards as a series of failed attempts to create a united Arab nation.

21. Georges Corm *The Fragmentation of the Middle East* London 1988



*The process of capitalist restoration in Eastern Europe has been underway for five years. As well as the practical task of reorganising the workers' movement in these countries Marxists have to come to grips with that process theoretically.* ***Keith Harvey*** *explains the problems thrown up by this unique historical event focusing on Hungary, Poland and the Czech Republic*

## CENTRAL EUROPE

# The political economy of capitalist restoration

Stalinism has experienced its death agony since 1989. With its demise, the old degenerate workers' states (DWS) in Central Europe[1] were pushed onto the fast track of capitalist restoration. While this course was usually initiated by a leading faction of the ruling Stalinists it was decisively accelerated only when anti-Stalinist bourgeois forces came to power.

A major turning point was reached when these restorationists turned their back on central planning by dissolving national planning agencies and making the enterprises individually responsible for their own level of output. With this measure the DWS were transformed into moribund workers' states (MWS): degenerate workers' states that have restorationist governments in power which are actively demolishing the foundations of the planned economy.[2]

The objective of all governments inside the MWS is clear: the complete destruction of the system of command planning and the transformation of the economy into a functioning capitalist market economy.

For the last four or five years the governments of Central Europe (Poland, Hungary and the Czech Republic—CSFR) have possessed been committed to this task, differing only over the pace, methods and what constitutes "acceptable costs" of the transformation for various classes in society.

But although substantial headway has been made by all three governments up to the end of 1994, none of them had supervised the completion of the process. This article examines the results of their efforts to date and the remaining tasks that they must complete before they can celebrate their final victory.

### The essence of capitalism

When the Berlin Wall came down the evangelists for the free market focused the attention of the masses of Central Europe on the short term benefits of capitalist restoration.

Few of the propagandists, if any, dwelt upon the difficulties of replacing one social system by another. As the 1990s unfolded, however, the picture changed.

Bringing capitalism to life in countries where it was uprooted over forty years ago has been problematic. The social consequences and the pain for the majority of the people in Central Europe has long been evident. Much has been written on this subject by Marxists. But relatively little has been said by the far left about the theoretical and conceptual side of this unique historical experience. How does capitalism impose itself upon an alien social system once the political conditions are favourable for this, as they have been since 1989? What contradictions do the would-be capitalists encounter and overcome in the process?

Our method of analysis, rooted as it is in an understanding of Marxist political economy, is sharply at odds with the eclectic or partial approaches of the current academic literature. Here capitalism is simply either equated with the existence of a roughly free market in the sale and purchase of goods and services or stress is laid upon privatisation, which is held to be identical with social transformation.

We emphasise, by contrast, the whole circuit of capital, irrespective of the legal form of ownership of the productive units. We are concerned to chart the emergence of a system of surplus value production, underpinned by a financial sector that reinforces profit maximising production not hinders it, and topped by a recognisable mechanism for the competitive reallocation of the bulk of surplus value as capital back into the most productive enterprises.

Capitalism has existed in a variety of concrete historical forms. Levels of state ownership vary immensely as do levels of productivity and the imbalances within and between economic sectors. Capitalism can be wracked by crisis or experience feverish prosperity. But by abstracting from these features we find the essential components.

Footnotes begin page 32

Capitalism is a system of generalised commodity production. It is a system in which all the material prerequisites of production and distribution, including labour itself, take the form of exchange values. Capitalism is a system in which the means of production are privately owned. As Ernest Mandel has noted, private ownership is:

"not only a legal category but above all an economic one. It means that the power to dispose of the productive forces does not belong to the collectivity but is fragmented between separate firms controlled by distinct capitalist groups."[3]

The commodities that are produced are produced for sale on an unknown and unlimited market, regulated by competition in an attempt to corner the market.

The driving force behind this phenomenon is the urge to maximise profit, which is the aim of capitalist production. The financial institutions, under the direction of the larger capitalist nations and which are responsible for overseeing the transition to capitalism in Central Europe, are clear about this. As the European Bank for Reconstruction and Development (EBRD) said in its 1994 annual report:

"The privately owned enterprise is the basic element of the market economy. Ownership has many dimensions . . . but central here is the right to the surplus income after costs and taxes have been met, i.e. the next profits. Owners of private enterprises, therefore, wish to maximise profits."[4]

So as to maximise profit, costs must be constantly lowered and the chief way of realising this is to produce and sell more, using less effort.

But this, in turn, ensures that production runs ahead of the market. This imperative to maximise productivity and profit dictates that capitalism is a system in which production is geared towards the *accumulation* of capital. In other words, profit is not, in the main, unproductively consumed but ploughed back into production as more capital, to steal a technological edge on rivals or to enlarge the sphere of production and increase the numbers being exploited.

The law that regulates this system of production is the law of value. This ensures that the exchange of commodities takes place according the amount of *socially necessary labour time* contained within them. Unlike a system of petty commodity production[5] the law of value operates under capitalism through the formation of prices of production by competing capitals, the movement of capital between sectors with different levels of productivity and, through this, the equalisation of the rate of profit between sectors and the destruction of unproductive capital.

The transition from the bureaucratic command economy of a DWS towards a capitalist market economy passes through the stage of the *dual economy* of a MWS.

Here the non-capitalist state sector still dominates but the capitalist law of value struggles for dominance over the laws of bureaucratic non-capitalist accumulation.[6] In this struggle the law of value broadens and deepens its influence over the country's economic activity. In the first place it does so through the further growth of the original private sector as well as the expansion of the previously illegitimate, if tolerated, grey economy. But this sector was small and hemmed in. Real progress is made only with the exposure of the MWS to international trade and the importation of foreign capital.

The decisive economic levers of the DWS—measures which that kept the law of value subordinated—included the state monopoly of foreign trade (controlling the movement of goods, capital and currency abroad). Foreign trade and investment (joint ventures or wholly foreign MNC owned) accelerate with the abolition, or radical reduction, of the state monopoly over capital movements after 1989.

Without doubt the external impact of the law of value is decisive for the transformation process. Only through price and trade liberalisation can the formation of prices of production and the determination of socially necessary labour time inside the DWS take place.

Once established new capital is unrelenting in its demands. By its nature it is not satisfied until it subordinates the production of its inputs to the rule of capital as well as the marketing/distribution agencies as well.

But the law of value faces its biggest challenge in the restructuring of state-owned industries. These accounted for the bulk of economic activity in the DWS at the beginning of the transition and have to be transformed into state-owned "joint stock companies" and/or private companies which gear production to profit maximisation.

Whatever the point of departure for the spread of the operation of the law of value, once the barriers are down this law spontaneously seeks to overcome all obstacles to its domination.[7] The path and sequencing of the measures leading to the triumph of the law of value are different for each country. But a concrete study of each country must reveal whether the law of value operates in the process of *formation*, *accumulation* and *destruction* of competing capitals. When this situation prevails then a country has completed its transition to capitalism.

## *Free falling, hard landing: 1989-92*

Before 1989 the ruling Stalinist regimes inside the DWS had, to differing degrees, already transformed the nature of economic direction: from command planning and direct physical resource allocation to indirect planning via a series of closely connected monetary and fiscal mechanisms —direct subsidies, controlled prices, investment credits, negative interest rates.

In this sense, *indirect* planning was still *central* planning, whereby planning agencies set definite targets for the pace and content of economic development.

The restorationists in the MWS have to bring even this degree of direction to an end.

**Once the central planning agencies were abolished the path was clear for the imposition of stabilisation programmes by the respective governments.**

The final stage of the degeneration of the workers' states begins with the destruction of the centralised planning and supply structure. Henceforth, the economy is no longer actively organised by the institutions of bureaucratic planning. The effect of this dismantling, in the absence of a new dominant bourgeoisie, is enough to ensure a spectacular collapse of material production. Nevertheless, through this slump period the dominant sector of the state-owned economy continues to function—even if at a much lower level— on a non-commercial and non-capitalist basis.

Once the central planning agencies were abolished the path was clear for the imposition of stabilisation programmes by the respective governments.[8]

The crucial task of these programmes was to re-impose money as a measure of value. The DWS had allowed money creation to run far ahead of output and in the final crisis years of the command economies hyperinflation broke out or was a serious threat. Inflation makes the function of money as a measure of value impossible. As one recent study has argued:

"Accounting for and monitoring economic activity through the measure of money become impossible. A firm's accounts bear no relationship to its output or its profitability, nor have public agencies any mechanism to control or even measure their expenditure. Borrowing and lending become impossible, unless people are allowed to

use foreign currencies."[9]

Without correcting this, the transition to capitalism is not possible. In every conceivable form of capitalism the surplus product has to take the form of surplus value. But surplus value cannot appear directly, as it can in a natural economy, or even in a petty commodity mode of production. It has to appear through its transformation into money in a process of commodity exchange. Price liberalisation acts to restore money as a measure of value as does trade liberalisation—both of which act to bring the products of the DWS into direct comparison with the price structure of commodities of the capitalist economies.

This programme is a precondition for the further emergence of capitalist social relations of production. But it is not identical with it. For this, the capital-wage labour relationship must emerge. In Marxist terms the labour process must become at the same time a valorisation process.

For capital to emerge, the minority of enterprises in the DWS which are "commercially viable" must have their surplus product turned into surplus value. Secondly, value-destroying production must be stopped. Thirdly, marginally productive output must be restructured to survive and grow under the new social relations.

For example, it was estimated by one study that:

"in 1990-91 only between 7%-22% of industry in Poland, Hungary and CSFR could make a profit under prevailing conditions of international competition. Some 60% of enterprises would need restructuring to attain a profit and between 18%-33% were actually generating negative value added."[10]

The main contradiction of the stabilisation period, for those who wish to restore capitalism, arises from the fact that it is not clear how much of existing production can be rendered profitable.

In order to give themselves a chance of future surplus-value creation the restorationists have to work through a real contradiction: the bulk of material production in the MWS can become surplus value-generating production only on condition that its existing unprofitable character is sustained and reproduced for some time in the transformation process. A too-resolute imposition of the law of value on the labour process would destroy the possibility of future surplus value creation. In Marxist terms this represents a contradiction within the two-fold character of all production between its nature as a *labour* process and its character as a *valorisation* process.[11]

Apart from important monetary stabilisation measures in the years 1989-91, the further imposition of the law of value was restricted to the formation of new enterprises, mass privatisation of small services and some (very small) foreign investment.

Economic behaviour and decision making often acted more to preserve existing actions from the operation of the law of value than to promote it. Broadly speaking, we can say that this period in Central Europe was characterised by four main tendencies.

First, all three countries experienced a sharp industrial slump in the wake of the collapse of established markets within the CMEA. Poland's industrial output declined 1.4% in 1989, a massive 26.1% in 1990, and a further 11.9% in 1991.[12]

In Hungary there were four straight years of decline between 1989-92, with 1991 likewise registering the worst fall with an 18.8% drop in industrial production. Heaviest hit were extractive industries and metal production.

Parallel to this fall, unemployment increased. Initially this was due to the failure of those leaving full-time education to secure a job but increasingly the ranks of the unemployed were swelled by those laid off. In Hungary the industrial workforce declined from 1.2 million in 1989 to 0.8 million in the trough of the slump in 1992.[12] In Poland industrial employment fell 22.7% between 1990 and 1992.

The second characteristic of this sub-phase was a rapid growth in inflation (especially in 1990-91), inter-enterprise debt, bank credit to loss-making factories, and the level of the governments' budget deficits. Inflation's rise was a natural result of a rapid expansion of the money supply in conditions of industrial slump.

In Poland the money supply expanded by 55% in 1992.[13] This increase by the Central Bank was sanctioned in order to cover the mounting inter-enterprise debts and government credits. In the Czech and Slovak Republics inter-enterprise debt tripled between the end of 1990 and the end of 1991.

By the summer of 1992 it was equivalent to 25% of all bank credit. In Poland such enterprise debt was equivalent to 103% of all bank credits to the non-financial sector in 1991 and was only 5% lower in 1993.[15] A similar situation prevailed in bank loans. At the end of 1991 more than 60% of bank loans were non-performing in Poland.

Thirdly, in those years of crisis no new fixed investments on any scale took place in the state-owned enterprises (SOEs); rather, the reorganisation of production took place on the old technical foundation. Labour productivity fell in these years as the old disciplining factors (e.g. the party organisation) disappeared and output fell faster than the rate at which labour was sacked[16]. Consumption predominated over fixed investments in the SOEs indicating that the accumulation process was not yet governed by the accumulation of capital.

Finally, these measures were reflected politically in the fragmentation of the bureaucracy as it ceased to be a ruling party but retrenched within the industrial enterprises and banks. A new system of property rights was designed, some laws were enacted, but at this stage the social content (the remnants of the DWS economy) remained largely at odds with the legal form.

If the capitalist mode of production was simply a form of petty commodity production then the stabilisation programmes would have represented the completion of the transition process. After all, a free market in goods and services was introduced, including for labour power. Money as a measure of value was restored. Traditional shortages were ended by bringing prices into line with supply and demand.

But capitalism means more than just a system of commodity exchange. A further, crucial, stage is necessary. The task of this second stage is to make the *production* process conform to the new market imperatives. The EBRD puts it this way:

"Operational restructuring involves the adaptation of existing enterprises to product market reforms, through adjustment in labour and capital inputs, and in volume, design and composition of outputs; while financial restructuring pertains to the re-contracting or conversion of loans, including those that are non-performing, and asset liquidation." [17]

## The moribund workers' states after 1992

The economy of a MWS is structurally dislocated. There is a growing profit-oriented private sector (a system of "many capitals"), which consists of newly found private enterprises in the hands of domestic owners, Joint Ventures, branches of foreign capital, as well as commercially restructured former state enterprises.

In addition, there is a sizeable grey sector of the economy which delivers informal goods or activities but does not

appear in official statistics.

The non-state sector is strongly represented in retail and wholesale trade, personal and business services and light industry oriented to consumer goods.

The non-capitalist state sector, on the other hand, dominates large-scale industry together with the energy and transport sectors. Many of these enterprises not only operate at a loss but they are not even geared to the goal of profit-making. Some of them retain their monopoly power and are therefore not forced to change under the impact of competition.[18]

Others are so big that the state protects their unprofitable existence in order to prevent social unrest. Still more are protected because ways may be found to make them commercially viable in the future, or simply because a sector of the old bureaucracy successfully obstructs their overdue liquidation. As long as the old state sector is dominating the whole economy—that is, as long as the non-capitalist laws of this sector regulate the accumulation process of the bigger part of the economy and hold the other sector in dependence and subordination—so long the character of the system remains that of a MWS.

In a DWS capital and wage labour are not a diverse unity which condition each other's existence in the process of surplus value creation. Rather, they are mere technical divisions within a system of material production, living and dead agents respectively within the labour process.

For capital to crystallise out in opposition to wage labour, money needs to be used as a measure of the amount of socially necessary labour worked up into the physical assets, the means of production and raw materials.

But the restoration process runs up against a real problem here: namely, how to value these objects of production? How much are the fixed assets, the new constant capital, worth? Without finding a solution to this problem there can be no real possibility of forming costs of production and prices of production.[19]

Without this the market cannot establish average levels of productivity for the national economy. Nor can the efficiency of domestic enterprises be measured against international capitalist competition.

In short, the unfolding of the law of value is hampered and even obstructed in the state sector.

Continued overleaf

DOSSIER

# Slump and recovery in Poland

*Poland experienced a massive industrial slump after the onset of the restoration process. But it was not a crisis of capitalism.*

The industrial slump in central Europe between 1989 and 1992 was not a crisis of capitalism. The highly integrated nature of the bureaucratic, planned economies throughout the region was broken up by the course of the political revolutionary crises of these years and the dissolution of the USSR. Hence, it was not a crisis of overproduction but a trade crisis in which traditional sources of raw materials and protected markets for intermediate products and finished goods collapsed.

In Central Europe, between 30% to 40% of industrial output was destroyed in these years. Defence related sectors as well as extractive industries were the hardest hit.

The industrial recovery after 1992 has been uneven in depth and tempo. Poland was the first to emerge from recession and has experienced the strongest upturn. Industrial output in Poland has risen to within 20% of its 1988 level (i.e. 80%) compared with a low of 68% in 1992. From 1992 onwards in Poland surplus value generating production was growing, and accounted for the overwhelming bulk of new output. Output in 1993 was 8% up on 1992. In Q1 and 2 1994 private sector industrial output grew a further 30%.

In Poland renewed industrial output has been most marked in, or even unique to the private sector: in profit producing industries, especially to those oriented to the export sector. The domestic market remained fairly flat until 1993 and state sector industry largely stagnant. The dynamic sectors of industry until 1994 were overwhelmingly those with a low organic composition of capital, (i.e. relatively labour intensive) and were therefore able to improve productivity by labour rationalisation and little or no new investment.

Sustained profitable output in 1993 led in 1994 to the first growth (6%) in fixed investment which included an 8% increase in investment goods. A further indicator was that bank lending to non-financial enterprises rose by 11% in the first half of 1994.

By 1989 over 30% of Poland's foreign trade was already with the EU. A marked increase in this trade, especially with Germany, took place after 1990.

Most of this is not explained by any great increase in the absolute volume of trade since the depth of the slump. Rather it represents a greater share of trade with the EU as a result of the collapse of Poland's trade with Comecon partners.

Only in 1993/4 did export trade increase absolutely as the effects of the first, stabilisation, sub-phase work through. In 1993 over 60% of Polish exports were destined for the EU. The trade and price liberalisation measures of 1990-92 gave all Visegrad countries, and especially Poland, a big competitive boost due to the very low $US wage rates prevalent throughout industry.

Despite this impressive record the newly dynamic and growing sector in Poland in 1994 continued to be weighed down by the old state sector and by the inadequate scale of restructuring in the financial sector.

Even in mid 1994 40% of all Polish enterprises were loss-making. If we exclude the large number of small private profit oriented businesses then in excess of 60% of state enterprises are loss-making.

Moreover, the state industrial sector still accounts for more than 65% of all industrial output in Poland.

While the 32% of industrial output that was destroyed in 1990-92 was, no doubt, value-destroying output there remains the bulk of industrial output which had yet to be restructured by a further process of effective investments or closure as of the autumn of 1994.

Furthermore, the failure to effectively restructure impedes the dynamism of the existing private sector since the sources of credit to new enterprises are the same banks that are weighed down by enterprise debts.

Hence, new loans to private capital are extended at exorbitant rates (40% plus) in order to make some money for the banks.

In turn, the new private capitals either do not borrow and invest out of retained profits (hence a much slower rate of accumulation) or do borrow and retaliate by withholding taxes. In turn this worsens government finances and makes it harder for the government to relieve the plight of the banks.

A further period of stable industrial growth in Poland would undoubtedly lead to further controlled destruction and de-valorisation of unproductive enterprises, both state owned and privatised, as the emerging capital markets effectively allocate capital to profitable sectors, and the banks continue to retire debt and transform their lending criteria. ■

The main function of the drawn-out "commercialisation" and privatisation processes in the MWS is to establish the values of the various components of capital and thereby allow restructuring to proceed on a "rational" basis (from the point of view of the market).

Meanwhile what is happening to the other half of the wage labour-capital relationship? In the DWS labour was not "free" in the sense of being organically separate from the other means of production and qualitatively different in type.

Workers had an immediate relationship with the means of production. This expressed itself in the almost absolute job security[20] as well as in their right to many social services provided via the workplace. Workers were also paid in full irrespective of the levels of output or whether there was any output at all. By contrast, under capitalism, "an effective labour market concentrates the costs of adjustment on a subset of the labour force: the unemployed."[21]

The existence of a "reserve army" of the unemployed is an essential element of the process of turning labour into a commodity in the fullest sense, since it ensures competition and helps ensure that the price of labour does not depart too far from its value. In a DWS workers did not represent variable capital, purchased and productively combined with constant capital to produce surplus value. In the course of capitalist restoration labour has to be transformed into a commodity—labour power.[22]

This "commodification" of labour in the MWS is a two fold process.

First, both the workers' legal rights and the many social services that are provided free to the workers attached to an enterprise must be stopped or turned into commodities themselves.

For example, in Czechoslovakia it has been estimated that social welfare provided by the employer was equivalent to 5% of the wage bill. Health provision, welfare, sports, childcare and holidays were often provided free or heavily subsidised by the enterprise. The restorationists aimed to end this and turn these into commodities or targeted services provided by insurance schemes financed out of taxes on wages.

Secondly, the goods and services[23] that exchange against the workers' wages and which enter into the determination of the value of labour power must become commodities. Their own value must be determined by the amount of socially necessary labour time for their production. In the DWS a large number of these goods were heavily subsidised. In the CSFR it was estimated that state subsidies to consumer goods amounted to 15% of the wage bill.[24]

**In Hungary and Poland early privatisation programmes meant Stalinist leaders helping themselves to the choicest morsels.**

In a DWS the price of labour was determined in advance through the use of "scientific tables" which set out the reward structure for all kinds of labour.[25] Differentials were kept very narrow. By a transformation in the conditions of sale/purchase of labour power, the means are established for a real market determination of the value of labour power. For the process of capitalist restoration this is essential. The proportions between "necessary" and "surplus" labour within the valorisation process, as described by Marx in *Capital* Volume One have to be established. This is a pre-condition for surplus value production.

## *Privatisation's progress*

In 1989 Poland had around 8,770 large state owned enterprises (SOE) which were responsible for the vast bulk of material output. In Hungary there were about 2,000. In addition the state owned many thousands of shops and other small scale enterprises. In Hungary in 1990 there were 10,423 such companies: today 90% of these are in private hands. In the Czech republic the sale of 22,000 small SOEs was completed in 1992 as were a similar number in Poland.[26]

If capitalism is to emerge the decisive transformation has to occur in the large SOEs. While the privatisation of these SOEs in the MWS is not the same as capitalist restoration—it is not the goal itself—it is an important means to achieving the goal.

The destruction of a single-owner system of the main means of production and its replacement by a system of "many capitals" is essential to the process of capitalist restoration: indeed, the law of value cannot function decisively, capitalism cannot emerge, without the existence of many capitals.[27] Whether the transformed state itself becomes a key owner among the many capitals is not decisive.

Privatisation is everywhere preceded by "commercialisation". In the first instance this means the creation of a legal form for the private enterprise, setting out the description and legal title to a set of limited assets (land and fixed capital, inventories and raw materials).

At this stage in most cases ownership remains in the hands of the state. Very often commercialisation does not really transform the labour process into a valorisation process. However, for a growing minority of cases it is not excluded that "commercialisation" may indeed result in effectively profit-oriented enterprises. This seems to have been the case for Polish shipbuilding and steel for example. Nevertheless, for many SOEs "real" privatisation is a necessary step for several reasons.

In the first instance it helps to raise capital. By mobilising the savings of the population through mass voucher privatisation schemes money, in the form of idle savings, can be transformed into capital.

Over 8 million Czechs and Slovaks paid $30 each for their book of vouchers in 1992/93. In addition, some SOEs are auctioned to foreign or domestic capitalists. In the Czech Republic the first wave of privatisation was completed involving 1,900 of the large SOEs by the end of 1992. The book value at the time of the launch was estimated to be $23 billion but the sale realised only $13 billion.[28]

To establish a competitive capitalist industrial sector in Central Europe out of the large SOEs a lot of new fixed investment will be necessary, in order to raise the average levels of productivity to international standards. Some enterprises might be restructured sufficiently— simply by mass-sackings and the intensification of labour—that they can become temporarily profitable, especially when the national market is protected to some extent by tariffs. But for many this will not be possible. Where will the capital for fixed investments come from?

In all three Central European countries[29] the main banks—the major or only source of credit to industry—tightened their lending criteria some two or three years into the transformation process. This left privatisation as the only alternative source of fixed investments.

The second major social pressure pushing in the direction of privatisation was the desire to enforce "corporate control" on a state enterprise. In the MWS the vast majority of enterprises are managed by the same people that ran them under the Stalinists when they were DWS. To be transformed into an "agent of capital" in the labour process, real effective pressure needs to be exercised on the managers to make them change their behaviour. In the DWS they acted in concert with the representatives of the workers they employed to adapt the plan norms that were handed down from above, to their own interests.

Since this collusion went vertically up the line of bu-



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reaucratic directives as well, breaking the established relationships of control is a key aim of the new governments.

The most effective way to do this is by transferring property rights to outside owners. These then have an interest (profits) in subjugating labour to capital and carry a risk (financial failure) if they do not do so. The other route to achieving capitalist management in MWS enterprises is by re-training managers, boosting the reward structures and granting them complete power over the direction of labour and the use of resources. Some sort of weak capitalism might emerge from such a process of internal transformation but a more vibrant capitalism will need private outside control.

Thirdly, privatisation helps to legitimate the restoration process in the eyes of those who lose out from the process of transformation—the working class. A majority of workers in Central Europe have been put through the mincer since 1990. Their new political rights have come with a hefty price tag: mass unemployment, erosion of real wages, sharper labour discipline and a loss of social services.

The pain is clear but the gain is not so obvious to the millions who have the right to vote the restorationists out of office. So mass privatisation programmes are designed to enlist the mass of alienated workers into the process. The fact that mass "give-away" programmes have formed a central part of the various mixed privatisation packages is also due to the evident distrust the workers feel towards the members of the former bureaucracy.

And with good reason. In Hungary and Poland early privatisation programmes amounted to little more than the Stalinist leaders helping themselves to the choicest morsels. So mass privatisation seeks to allay their fears of corruption and nepotism while promising an individual solution to their economic plight, further eroding their class consciousness in the face of the transition.

Privatisation in Central Europe has taken many different forms.[30] Some SOEs have been auctioned off individually or in groups; some are given away to the public. Many are "liquidated" which involves breaking up an enterprise's assets and selling or leasing the best bits to the workers, or to other owners, for use as a building block of a new enterprise.

The privatisation process has proceeded some distance in the Visegrad countries but by the end of 1994 the majority of large to medium enterprises were still to be sold off.

By the spring of 1994 in Poland only 32% of the 7,000 SOEs commissioned for privatisation in 1990 were in private hands.[31] Poland was to embark on a new round of mass privatisation in the autumn of 1994, starting with about 450 large to medium SOEs in good financial condition as a result of earlier restructuring. It was repeatedly postponed due to political infighting within the government and the first auctions began in mid-December 1994.[32] In CSFR, 1,471 SOEs were sold off in the second half of 1992 and the shares distributed in May 1993. A second wave of mass privatisation embracing 2,000 SOEs was due to be completed by the end of 1994.

Privatisation has gone furthest in Hungary with nearly 60% of the SOEs in private hands. In 1990 nearly 2,000 SOEs were put into the State Property Agency for privatisation. By mid-1994 569 were in private hands and in a further 167 the state retained only a minority stake. Added to this over 400 more were "liquidated".

**In the course of 1992/93 the level of IED stabilises. There is a gradual tightening of the criteria for bank lending to ailing enterprises.**

The end result of the various schemes of privatisation—including the mass privatisation programmes—is to concentrate enterprise ownership into the hands of a handful of large blocks of capital. In the mass voucher schemes the bulk of the vouchers originally dispersed in the hands of millions of citizens have been quickly brought together into Investment Funds. These are controlled in part by state-owned and privatised banks. In short, the privatisation process has allowed the same formal owners to radically change the content of their ownership while enlisting new (foreign and domestic) partners in the process.

## *The role of finance*

The question of capitalist restoration cannot be solved at the level of enterprise ownership and enterprise restructuring alone. To impose the law of value as the dominant economic regulator on the economy the financial institutions have to be transformed as well. Indeed, the end result of the privatisation process has been once again to focus attention upon the fate of the banks in the transformation process.

Given the nature of the planning system in most of the DWS by the mid-1980s, it was inevitable that in the process of capitalist restoration major changes would be necessary in the relationship of the banks to the industrial enterprises. Planning by physical output indicators had largely given way to a system of planning over the accumulation process through regulated prices (including for investment goods), the use of subsidies and the extension of investment and commercial credit.

The utterly non profit-maximising nature of this credit system was summarised in the system of "soft budget constraint"[33] that the banks operated with the loss-making enterprises; a system by which loss-making (often value-de stroying) production would attract value (in the form of subsidies) produced by other sectors of the economy in order to sustain full employment.

After the destruction of the central planning agencies bureaucratic non-capitalist accumulation was upheld in a purely passive form by monetary measures. Mainly this took the form of building up inter-enterprise debt (IED) —i.e. a cycle of non-payment for supplies and finished goods—and continued central bank credits to illiquid enterprises. A complete collapse of production in the MWS was thereby forestalled.[34]

The EBRD complained in October 1994 that:

"The main device of governments and banks for delaying liquidation of enterprises has been retention in state



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ownership and continued access to credit as a form of implicit and off-budget subsidy, not formally related either to payroll or protection . . . In many cases it appears that priority may have been given by banks to loans for enterprises to pay wages while little attention has been given to the enterprises' credit worthiness."

But in the "stabilisation sub-phase" of the transition this was an inevitable measure—a real contradiction—for those who wanted to restore capitalism. The collapse of CMEA and the consequent slump in output (1990-92) gave rise to a general, if temporary, crisis of liquidity of most enterprises which effectively disguised the underlying viability of some firms. Stabilisation meant precisely that: stabilising material production at existing levels in order to preserve the possibility of future valorisation. Far from profit-maximising output the sanctioning of loss-making credits and IED amounted to an accumulation process characterised by the extended reproduction of loss-making production in the old state sector.

The absolute value of IED in Poland was still rising in February 1993 when the number of "un-creditworthy" enterprises doubled over the April 1992 figure to 4,666—that is, 50% of all SOEs. In turn the banks rolled over this debt in the form of further credits and finally the central government absorbed this escalation of bad loans into the burgeoning budget deficit in the 1990-92 period.

This generalised support for loss-making SOE production was intimately related to the process of privatisation. In order to induce potential investors to participate in the process of mass privatisation in April 1993 the Czech government adopted a new Bankruptcy Law. This guaranteed that no privatised firm could be bankrupted for a whole transitional period after privatisation had been completed and shares distributed (which can be six months after they are bought). Then, under the new law, the firms can file for protection for another six months. Given the second wave of mass privatisation was not due for completion of the sale stage until the end of 1994, and given that the prospect of this sale obviously informs the government's behaviour in regard to proceedings against the first wave firms, one can see how drawn out the process of capital destruction really is.

Naturally, the governments could only acquiesce in the further build up of IED and poor bank loans in the stabilisation sub-phase of the transformation. But after 1992 the restructuring gets underway in earnest in Central Europe. Large-scale privatisation accelerates or begins, the fall in industrial output bottoms-out, recovery starts and the collapse in investment tapers off.

In the course of 1992/93 the level of IED stabilises. There is a gradual tightening of the criteria for bank lending to ailing enterprises and we enter the next stage of broadening the operation of the law of value in the MWS—the retirement and commodification of bad debt held by the enterprises and by the banks.

This is an important measure since it enables the process of new production to be separated off from the burden and legacy of old production. Without central government intervention to change this situation then very little can be done. This is because in the DWS and MWS the banks and enterprises were mutually dependent on each other. The sheer size and weight of bad debts on the banks' balance sheets ensured that it was easier to continue to expand these debts than call them in. To do otherwise would be to almost certainly liquidate the banks.

Debts held by a bank are an asset and if these were accepted as irrecoverable then the banks' assets would collapse. Only an influx of new capital to the banks from outside could transform this situation. In some cases this new capital is provided by imperialist institutions such as the EBRD and even, in the case of Poland, the IMF. In other cases it is provided by setting aside some of the revenues from privatisation as in the Czech Republic and Hungary.

In essence the process of IED alleviation amounts to a nationalisation of debts running alongside the privatisation of fixed assets.

Different countries have found different solutions to this problem. In Hungary the issue was handled centrally by one agency in the first wave of privatisations. In Poland a 1993 law gave the banks incentives to deal with the problem directly with the affected enterprises. By the end of March 1994 agreements had been reached in this way between the Polish banks and their debtors covering 87% of bad debts by value. Gradual retirement of this debt clears the way for a turnaround in bank lending policy.[35]

Profit maximising loans, not extending debts, have become the norm. But as of mid-1994 the EBRD concluded that, although in the Visegrad countries and Slovenia progress had been made in providing the banks with incentives to act commercially:

". . . this process has not come to completion in any country in the region."[36]

Success in restructuring at least a part of the commercial banking system duly served to arouse the interest of foreign finance capital. Dozens of branches of EU and US banks opened in the big cities of Central Europe and many traditional commercial banks managed to attract some international investment funds. Poland became an especially attractive location as a result of the government's success in its protracted negotiations with its international banking creditors on debt relief.[37]

## *Capitalism restored?*

The decisive moment in the transition to capitalism comes when the law of value asserts itself against capital in the most final way possible—its destruction through bankruptcy.

Yet the process of destruction is at the same time a process of capital centralisation and accumulation. The weak and least productive capital is devalued and absorbed by the stronger capitals and new investment is allocated on a commercial basis to the profitable enterprises.

Under capitalism the resolution of the crisis of profitability takes the form of bankruptcy. In the first sub-phase of the transformation process, during stabilisation, the use of bankruptcy laws served to protect loss making enterprises from being destroyed. The legislation was in general

used by debtors to gain protection from creditors' claims. No bankruptcy laws in this phase allowed for creditors to initiate bankruptcy. In this way the state acted to prevent the law of value being imposed, so blocking further progress in the transition to capitalism.

One writer surveying the Czech experience in 1994 noted of the Czech bankruptcy laws:

"The Czech government, through its anti-bankruptcy measures, has prevented orderly reorganisation and exit. This perpetuates an environment in which there is no measurement of success by profitability, subsidies to large loss makers are continued, and the state absorbs large costs to the detriment of better programmes."[38]

While the financial strength of several banks has been improved in the course of 1993 and 1994 by debt retirement schemes the banks have not yet used this new found strength to enforce the law of value against the unviable firms. The EBRD in October 1994 states:

"While balance sheets of Polish banks have been strengthened, the task of restructuring the physical operations of the enterprises has yet to begin in full."

Of the Hungarian experience to date the EBRD concludes:

"The two recapitalisation programmes have restored, at least temporarily, the capital base of the Hungarian banking system, but have contributed relatively little to enterprise restructuring (in both financial and real terms). Only a limited number of restructuring plans have been accepted to date."[39]

The spontaneous, purely economic, movement of capital is insufficient to ensure the destruction of capital since bankruptcy is a conflict between capitals, between creditor and debtor. Hence, the state must assert this aspect of the law of value from outside the circuit of capital to resolve this conflict in favour of the underlying economic logic. The working out of the law of value in the form of crisis must be imposed, or rather unleashed, by a conscious political act.

The EBRD accepts that the laws for the destruction of capital exist but after a study of their use up to mid 1994 they concluded:

"Even Poland and Czech Republic have been cautious in implementing bankruptcy. Only Hungary has gone very far, and there too administrative constraints have given many enterprises a stay of execution."

In the Czech Republic between October 1992 and November 1993 there were 993 bankruptcy procedures initiated, but only 30 firms had been declared bankrupt by the end of 1993.[40]

In the concrete conditions of Central Europe the crunch will come in the form of competition between the new private owners of the enterprises (the Privatisation Investment Funds—PIFs).

In the search for operating capital to invest and restructure the labour process of the most productive of the privatised enterprises the PIFs will have to sell vouchers in order to find the necessary capital.[41] It is only possible to find such capital for a fraction of the privatised enterprises, thus prompting a spate of closures and bankruptcies.

The road to capitalist restoration is long and hard. As one institution charged with overseeing this unique historical mission has noted:

"Some of the early euphoria and simplistic messages have subdued. Most now understand that the process can be neither instantaneous nor painless."[42]

It is often difficult in theoretical analysis to pinpoint exactly the historical moment of qualitative transformation. By the very nature of the problem it is only possible to be sure some time *after* the process has been completed. Inevitable time lags in the compilation and publication of the relevant empirical material ensures this if nothing else. In this article we have tried to lay out the methodological framework within which any final judgements about specific countries can be reached.

In summary we have sought to establish that a country has reached the end of the restoration process when the following conditions prevail:

- price and trade liberalisation, monetary reform;
- range of legal structures and institutions defining and enforcing effective property and contract rights;
- a functioning system of corporate control by real owners of the enterprises which forces managers to act as agents of capital in the labour process;
- a functioning system of new commodity production in all sectors of the economy; new fixed investment to expand or revamp production technologies undertaken by new owners on commercial basis informed by market signals which indicate productivity and profitability;
- the extension of commercial and investment credit by the banks (which are the main or sole source of new capital in the short term) on a profit maximisation basis;
- the commodification of all credit including debt and involving a widespread use of devalorisation of enterprise debt (through use of government bonds and debt write-offs); the ability to buy and sell this debt;
- an effective system of enforced destruction of unproductive capital through general use of bankruptcy laws which will promote the further centralisation of capital through a competitive capital market.

But what kind of capitalism is it that emerges from this process? We call it "newly restored capitalism" (NRC) in recognition of its special historical roots, nourished as they are by the ashes of the MWS. NRC represents a particular combination of "modified" capitalism as it emerges not from feudalism, but from a post-capitalist social formation. This means necessarily that NRC is crisis-ridden, backward and "over-regulated".

The share of state ownership in industry will be higher even than in the most "state-capitalist" counties in Europe (e.g. Austria, Sweden). The capital-adequacy-ratio[43] of most commercial banks in NRC does not match the usual western standards. State responsibility for big loss-making enterprises far outstrips everything that is usual in OECD-countries. The labour markets remain distorted and rigid in important ways.

In all these respects NRC will show features of capitalism both in embryo and in extremis. Similar degrees of state ownership can be found in backward third world countries. Sub-standard bank guarantees and high levels of non-performing loans usually are found during periods of deep capitalist recession and depression. Extensive state interventionism can be observed during periods of war or war-oriented regimes even in imperialist countries.

But newly restored capitalism *is* capitalism, nevertheless. And, set against the criteria outlined above, we have to conclude that none of the Visegrad countries have yet achieved it.

Up to the autumn of 1994 the judgement on Hungary and Poland at least was "nearly but not quite". In both countries the private profit-oriented sector was proving to be dynamic part of the respective national economies. In both countries a majority of GDP is generated in the private sector. Banking reform has gone a long way in both countries and in Hungary bankruptcy, especially in 1992/93, was implemented to destroy a lot of enterprises.

But in both countries, above all Poland, the governments and banks held back from imposing the necessary restructuring discipline on the physical operations of the remaining bulk of loss-making enterprises in 1994.

The Czech Republic has an added problem. There is a larger capital market due to the more extensive mass pri-

vatisation programme which created and then concentrated large amounts of equity in privatised enterprises into fewer hands. As yet, however, the new capital markets are not functioning to allow competition between blocks of capital for access to limited capital funds. Hence, the process of capital accumulation is being impeded.

These final barriers are not substantial ones in the absence of a working class determined to call a halt to the whole experience and reverse it.

The remaining difficulties do not primarily arise from the conflict between the new capitalists and the workers. They emerge from the difficulty in fashioning a mechanism through which the competition *between* capitals can take place.

The property relations of the degenerate workers' states were, despite the corrupt bureaucracy which ruled them, gains for the working class. Given the extremely advanced stage of destruction of these relations simple defence of existing institutions is not enough to prevent the arrival of capitalism. New institutions, including large elements of the planning apparata, will have to built from scratch. At this point the concrete tasks of the political and social revolutions are almost indistinguishable.

In Central Europe the workers have freed themselves from one set of chains only to find another set tightening its hold. A new period of learning, of awakening to the evils of capitalism lies ahead. The task of socialists is to make this period as brief as possible.■

# Footnotes

1 This article is based on a study of Hungary, Poland and the Czech Republic since 1989 although the methodological framework has wider application.

2 Whether or not this government is entirely made up of openly bourgeois parties, entirely of bourgeois workers' parties (Social Democratic or Stalinist) or contains both types, is immaterial to the basic definition of it as a MWS.

3 E. Mandel *Marxist Economic Theory*, London, 1968. Hence, public ownership (including central state-owned industries) is a form of private ownership providing that the state acts as an agent of capital, that is, as one of the "fragmented" and distinct capitalist groups.

4 European Bank For Reconstruction and Development (EBRD), *The Transition Report*, London, October 1994, p5

5 Here the law of value operates directly in that commodities that exchange with others immediately embody a value equivalence.

6 In short, the political economy of Stalinist planning which at its heart is a system of production governed by the reproduction of full employment of labour, over production of means of production and underproduction of the means of mass consumption.

7 Of course, although the law of value is spontaneous the fact is that certain property (i.e. legal) forms and institutions must emerge consciously alongside the deepening of the law of value. No mature system of capitalism can operate without the necessary laws (and a state to enforce them against competing claims) outlining property rights, contractual obligations and enforceable rules for entering and exiting the market place.

8 Poland's "Big Bang" was the first and most dramatic in January 1990.

9 *Labour Markets and Social Policy in Central and Eastern Europe; the Transition and Beyond*, N Barr (ed), London, 1994, p10.

10 Quoted in *Privatisation in Eastern Europe* S. Estrin (ed), London,1994, p5

11 See K. Marx, *Capital* (Vol 1), Harmondsworth, 1976, Chapter 7 for a full discussion by Marx on the significance of this distinction.

12 Figures taken from EBRD *op cit*. CMEA, or Comecon, was the trading bloc between the USSR and Eastern European countries.

13 See the *Report of the National Bank of Hungary*, 7/1994.

14 Even in 1993 it grew by 20%.

15 See J. Winiecki, "East-Central Europe; a regional survey", in *Europe-Asia Studies*, Vol 46, No4 1994, p709-734.

16 In Poland industrial productivity fell 19% in 1990/91 and 15.5% in Hungary between 1990-92.

17 EBRD, *op cit*, p49.

18 In Poland the water, gas and electricity SOEs were exceptions to the general condition of the SOEs. From 1991 they made large and rising mass of profits as they raised their prices gradually towards world prices and were immune from international competition in the domestic market. The corollary of this situation was, however, that the energy input prices of the rest of industry grew greatly and thus exacerbated their generally unprofitable condition throughout the stabilisation phase.

19 Differing capitals have different organic compositions which broadly correspond to their differing levels of productivity. Those enterprises operating with above and below average levels of productivity for the industry or economy in question are saving or wasting, respectively, socially necessary labour. It is the average that conditions the social value of a commodity. Prices of production are determined by the costs of production plus average profit. Prices of production necessarily diverge from the individual value of the commodity. Those with above average productivity will achieve a portion of surplus value commensurate with its productivity and prompt the flow of capital into these areas.

20 Although there was movement between jobs and employers.

21 Quoted in N. Barr et al, *op cit*, p14.

22 This process is slow, impeded by the alliances between the enterprise managers and the workers as well as skill and other market imbalances (eg rigidities in the housing market that prevent workers moving to find other jobs).

23 These are, of course, commodities in form only in a DWS. See E Mandel, *op cit*, Chapters 15, 16.

24 As a result, consumption of necessities was far higher in the DWS than income per head would allow for

25 Some 60% of the wage was based on the basic job evaluation. The rest was determined by a complex system of bonuses, exceeding work norms and co-efficients based on regional needs.

26 Since 1990 the numbers of new small scale private enterprises have mushroomed in all three countries. In Hungary, for example, small joint stock companies increased eightfold between 1989 and 1993 and the number of one person "businesses" has trebled to 773,000.

27 Put another way, this transformation is one of turning a purely technical division of labour between branches of production under the same owner, into a *social* division of labour corresponding to a regime of competition between rival capitals.

28 It has been reckoned that the amount of money that can be mobilised by the savings of the working class of central Europe and turned into capital is but a fraction of the estimated "book value" of the assets of the SOEs, perhaps as little as one-tenth. The real market value of assets depends in the end on estimates of future profitability; but the obstacles in the way of guessing what that may be in any one SOE are immense. All this could only be sorted out after privatisation, leaving asset worth now to be decided by administrative fiat—the sale of vouchers at predetermined prices.

29 Visegrad is the town in Hungary where the three Central European MWS signed a trade agreement in 1989.

30 S Estrin (ed), *op cit*, London,1994.

31 About 1,770 SOEs were intended to remain indefinitely in the hands of the state. For recent figures see *Rzeczpospolita* Nr. 141. 20 June 1994, as quoted in *Presseschau Ostwirtschaft*, Vienna, August/ September 1994.

32 *Balkan News* and *East European Report* No 81, 11 December 1994.

33 A term first used by Hungarian economist Janos Kornai.

34 EBRD, *op cit*, p46

35 The aim of all the schemes is to bring the banks' financial structure up to the accepted level of international capitalist banking operations, the so-called Basle agreement, which states that banks must have a 12% capital adequacy ratio.

36 EBRD, op cit, p15.

37 The so-called Paris and London Clubs.

38 Brom and Orenstein *op cit* 1994 p899. In addition to the use of bankruptcy laws to prevent the law of value destroying capital, other measures existed which hit in the same direction. Chief among them was the generalised use of tax deferment by the Polish government to avoid bankruptcy of firms.

39 EBRD, *op cit*, pp64-65.

40 The ERBD argued that: "liquidation of unprofitable enterprises has been avoided".
Moreover: "The main devices of governments and banks for delaying liquidisation of enterprises has been retention in state ownership and continued access to credit as a form of implicit and off-budget subsidy, not formally related either to payroll or protection." *Ibid*, p46

41 The intentions of the new owners are clear. One of the big five Investment Privatisation Funds (IPFs)—Harvard Capital—aims to replace management in one-third of the 51 companies in which it has a stake in the Czech Republic and cut employment by one third too.

42 EBRD, *op cit*, p(i).

43 The ratio of bank reserves to loans, set at 12% in the Basle Agreement.

# Socialist Action and the myth of the USFI left wing

*There's a rumour going around the circles of dissidents within the United Secretariat of the Fourth International (USFI). The word is that there is a new left wing, spearheaded by the Socialist Action group in the United States of America. The hope that goes with this rumour is that Socialist Action may just be able to rally the left for a fight at the forthcoming USFI 14th World Congress. But, as Mark Twain once said, a rumour is half way round the world before the truth has tied its bootlaces. In an attempt to catch up and overtake the rumour* ***Mark Harrison*** *sets the record straight.*

The USFI is in an advanced stage of decay. It is losing sections and members, it is gripped by pessimism about the prospects for world socialism and it is plotting its own dissolution into something called the broader "world revolutionary movement". [1]

In the USA this process is already well advanced. Between 1982-84 the historic party of US Trotskyism, the Socialist Workers Party (SWP), openly broke with the International it helped to found. With all the timing of a blindfolded baseball hitter, it went over to Stalinism in the late 1980s. Today, it desperately clings to Castro as its last hope.

The defection of the SWP led to the creation of new groups in solidarity with the USFI [2]. Socialist Action was one of those groups. Formed in 1983 by comrades expelled from the SWP, it bases itself on the politics evolved by that organisation in the 1960s and 1970s when the SWP leadership was made up of the "old guard" such as Joseph Hansen and Farrell Dobbs. Hansen and Dobbs claimed they were the true disciples of Trotsky and the veteran US Trotskyist James P Cannon.

They certainly owed a lot to Cannon, but not to the revolutionist of the 1920s and 1930s. They owed far more to the disoriented centrist of the late 1940s and 1950s. And while Socialist Action claims to stand "on the fundamental principles that have guided the Fourth International since it was founded in 1938"[3], it would be more accurate to say that they trample them underfoot.

Socialist Action is not the only US group which claims allegiance to the USFI. It shares this honour with organisations it is in sharp competition with. The USFI leadership—remembering its own years of factional strife with Hansen—rarely acknowledges the existence of Socialist Action. In the official English-language USFI journal, International Viewpoint, the articles on the US all come from one of Socialist Action's rivals; the Fourth International Caucus (formerly the Fourth International Tendency) which itself exists within the broad left organisation, Solidarity.

As if this wasn't confusing enough another journal, Links, which has leading USFI members on its editorial board, is busy applauding the creation of a new organisation, the Committees of Correspondence (COC). This had a founding conference in July 1994 and announced that it was seeking to draw upon "the insights of non-Marxist philosophies"[4] to help it get by.

Such help was close at hand. The founding conference refused to pledge itself to oppose the bourgeois Democratic Party because most of its members are in fact supporters of Bill Clinton's party. Links informs us that when the movers of a motion to oppose the Democrats saw how little support they would get at the conference they withdrew the proposal.

And the game of musical chairs speeds up. One group of USFI supporters is dissolving itself into Solidarity (some of whose leading members called for the imperialists to bomb Serbia!), while others are sponsoring the building of COC as a left pressure group on the Democrats. No wonder Socialist Action, which at least formally calls for the building of a US revolutionary party, and is cold shouldered by the USFI, appears refreshingly principled.

## Party

Socialist Action argues that the revolutionary party is central. Here we find echoes of Joseph Hansen's polemics in the 1970s when he opposed the USFI leadership's attempts to dissolve the Latin American sections into guerrilla movements.

Nat Weinstein, Socialist Action's leader of the 1990s, goes further and demands that such a party be "based on a clear, consistent programme"[5]. At the August 1994 national conference of Socialist Action he took a swipe at the USFI majority leadership:

"Weinstein dealt with the need to build sections of the Fourth International, the 'world party' of socialist revolution, in every country (Socialist Action is in fraternal solidarity with the Fourth International)."[6]

To the leftists in the USFI who have become sickened at the leaders' habit of winding up their own sections—as happened in the 1980s in Germany

1. See *Trotskyist International* No 2 and No 7 for articles that trace the evolution of the USFI after 1963

2. Left wing groups are denied the right to formally affiliate to international organisations by reactionary US legislation.

3. *Socialist Action*, September 1994

4. *Links*, October-December 1994

5. *Socialist Action*, February 1994

6. *Socialist Action*, September 1994

for example—this sort of "orthodoxy" is a relief. [7] It appears to bolster their own efforts to build open, independent sections, and it appears to be in hard opposition to the majority leadership.

But it is misleading. The reason is that it leaves out the all important question—what sort of sections?

After all, the USFI could easily accommodate the "orthodox" commitment to a revolutionary party (as it did for years under the leadership of Pablo, and later of Mandel and Hansen) while continuing its liquidationist practice. A section of the Fourth International can be built in every country, but in those countries where other forces predominate—the forces of the so called broader "world revolutionary movement"—that section could easily politically subordinate itself to those forces. It would be a section, but not one based on a revolutionary programme, not one fighting for leadership of the working class against nationalist, Stalinist or (as in Brazil) social democratic organisations.

## Key

The key to determining whether or not Socialist Action is a genuinely revolutionary alternative to Ernest Mandel and the USFI leaders does not lie in its ritualistic calls for sections in every country. It lies in its politics. And those politics are every bit as liquidationist as the majority.

Itsvery idea of a party in the States reeks of this liquidationism. The revolutionary party should be a working class party, a party of workers and for workers. This does not exclude members from other classes. But it makes those members subscribe to a working class programme. That programme champions the causes of the workers and the oppressed, but it provides revolutionary working class answers to the oppressed. It does not simply echo the wrong ideologies and programmes that spontaneously arise within the oppressed, such as women or blacks.

The party is not a coalition, it is a combat unit; it has one programme, not a "Pick-and-Mix" selection of programmes designed to appeal to different tastes.

Socialist Action does not share this Leninist conception. It actually advertises itself as a coalition party. In its regular "Who we are" column it declares:

"We are a multiracial party of workers, students, youth, feminists and human rights activists committed to the interests of the working class."

This is a good description of Socialist Action, but not of a revolutionary party.

Feminism is a spontaneous ideology that arises among those fighting against women's oppression under capitalism. Like all such ideologies of resistance it contains progressive elements when measured against those who carry out that oppression. But its insights are one-sided and its proposals for social change are utopian and sometimes reactionary. For a start it sees itself as a classless ideology. At best socialist feminists see the class question as separated from the woman's question. They tend to see a politically autonomous all-class women's movement as an ally of the working class, not as an integral part of it. The revolutionary Comintern insisted that feminism was not to be confused with Marxism and could never liberate women from their oppression. Modern Marxism, Trotskyism, takes all that it is positive from feminism and transcends its weaknesses.

And why do human rights activists get a special mention? Like feminists there are all sorts of human rights activists. Most of them are good, decent people. Marxists will often find themselves fighting shoulder to shoulder with sincere and courageous democrats. But that does not make them revolutionaries. Indeed many of them are bourgeois or petit bourgeois liberals. Again there is nothing inherently revolutionary about being a human rights activist, as any member of Amnesty International will tell you.

In reality Socialist Action is trying to disguise the element that marks out a revolutionary party from all others—its revolutionary working class programme—in order not to offend the rainbow coalitionism that infects US Left politics. Instead its "party" is a coalition of activists assembled from assorted good causes, most of them having little to do with the working class.

## Defect

This core defect in Socialist Action reappears in their attitude towards the black struggle in the United States. Instead of posing an integrated revolutionary party as the central instrument of black liberation in the US, Socialist Action repeats the errors of the SWP under Hansen (and George Breitman who was the party's expert on the black question). It poses the need for a separate black party alongside the revolutionary party. After all, if the revolutionary party is internally a coalition, it is possible that a coalition of parties can bring about the revolution for the benefit of the different social forces within that coalition:

"Therefore, a programme to benefit African Americans must be anti-capitalist and pro-socialist in addition to representing the cultural interests and national self-determination of the masses. A Black political party with a programme representing the interests of the African American masses—which is politically sophisticated enough to form alliances with other oppressed groups locally, nationally and internationally—is the type of organisation that is needed. However, if the working class organises an anti-capitalist party that supports African American self determination, that might negate the need for a separate Black party." [8]

## Panthers

This is sheer sophistry. The Black party must be "pro-socialist". What does this mean? Various black nationalist parties have been "pro-socialist", such as the Panthers, but not revolutionary socialist. Is Socialist Action calling for this sort of party? And what about the fact that the majority of African Americans aspire towards integration? Why support a different party espousing self-determination? Last but not least, why is there a need for a separate black party if the working class, including the millions of black workers, form a revolutionary party?

This isn't just confused thinking on the part of Socialist Action. It is a form of liquidationism. It is a conscious concession to separatism, to black nationalism, to a non-working class "solution" to black liberation.

That is why Socialist Action, while rightly criticising the Nation of Islam for the anti-semitism of some of its leaders, refuses to call on black workers to refuse support to the Nation of Islam and will not counterpose a revolutionary working class party to it. Indeed Socialist Action "reject calling on the Black community and its organisations to disassociate from the Nation of Islam." [9]

What sort of socialist in the black community would flinch from calling for an outright break with the reactionary Nation of Islam (while defending it and its followers from racist attacks) when it spreads an anti-semitic message? How can unity between black and Jewish workers be achieved unless revolutionary socialists refuse to give any legitimacy to the Nation of Islam?

The fact that Socialist Action won't call for such a break disarms its black militants from fighting for a socialist leadership—against the Nation of Islam—in the black community. This again is a form of liquidationism. It liquidates the fight for a revolutionary party in the black community—an in-

7 See E Gallet, "Centrism in its dotage: the USFI 1980-91." *Trotskyist International* 7, September 1991 for a full account of this auto-destruction of the sections.

8 *Socialist Action*, August 1994

9 *Socialist Action*, September 1994




TEAMSTER PICKETS, CALIFORNIA

tegrated party that can fight the US capitalist class and unite the US working class—and helps preserve the standing of arch-reactionaries like Farrakhan.

This method carries over into the women's movement. Socialist Action doesn't call for a women's party (even though this is methodologically inconsistent with their call for a Black party) but it does the next best thing. It obscures the need for a working class solution to women's liberation by promoting the bourgeois led National Organisation of Women (NOW). This is where the concession to feminism, encapsulated in the "Who we are" column, comes to life.

NOW is not what the working class needs. It is explicitly a multi-class movement. Always has been, always will be. That cross class character manifests itself in its strategy—electoralist, aimed at getting "good" Democrats elected—that is, those who have not yet had a chance to wear out their credibility in office .

## Abortion

US women facing the fundamentalist Christian death squads who terrorise abortion clinics, women on welfare struggling to bring up children on their own, women routinely harassed at work by male bosses, women in low paid-no rights, part-time jobs—all these need a working class movement to bring them together so they can be united in defending themselves.

Working class women don't need the patronising leadership of the power dressing Democratic women trying to get into Congress. These ladies oppress their illegal immigrant maids until they get found out by the tax authorities and then do not care a damn if they get shipped back to Mexico. NOW leaders are quite prepared to vote for budget balancing cuts in federal or state spending even if it does hit working class women hard. They are no allies of the working class woman.

Of course Socialist Action rejects such leaders but they do not reject the organisation which produced them. It regards NOW as a "united front" that just needs a new leadership. It argues:

"What is missing [in NOW] are leaders capable of leading. But the organisations are in place—awaiting a leadership equal to the needs of millions." [10]

Wrong. The women who lead NOW are very good at leading it—and it is tailor made for enabling them to do this because it is not a working class organisation.

When it comes to fighting social oppression—of black people and women—Socialist Action prove in practice that its call for a revolutionary party is empty. Its "section" is being built alright. But it is being built on the basis of aiding and abetting separatism. To be a liquidationist you don't have to oppose the building of "sections of the Fourth International". You can be in favour of building them as organisations with the proviso that they renounce the right to challenge for the leadership of the struggles of women and black people; that they in effect become support groups for somebody else's fight. That is the content of Socialist Action's politics.

On occasion, close examination reveals that even the claim to "orthodoxy" on party-building is hollow. They may say they want to a build a section in every country, but in practice they are not always in favour of doing so—not if that country is Cuba or Mexico. Over the last year Socialist Action has devoted acres of space to the crises in both these countries. Not once has there been an elaboration of the need for, the tasks of and the problems of building a revolutionary party or section of the Fourth International.

Things began brightly after the Chiapas rebellion. The Mexican section of the USFI was praised by Socialist Action for organising solidarity with the Chiapas rebels. The February 1994 edition proudly referred to the "sister party" in Mexico, the Revolutionary Workers Party (PRT).

Then the PRT opted to support the electoral challenge of the bourgeois Cardenas opposition to the PRI government. Within a month the "sister party" became "the very small PRT" which "despite its intentions gives credence to the false idea that capitalist politics provide any solution to the ever deepening crisis of Mexican society"[11]. Socialist Action ruefully concludes that this will make building a section difficult. Thereafter the PRT does not receive a single mention in Socialist Action, despite the elections in August. The "sister party" just disappears!

This wouldn't be so bad if Socialist Action had drawn an obvious conclusion from this sorry episode. Namely, that the USFI section had—without the USFI leadership acting to stop it—betrayed the Mexican masses with its support for Cardenas and that a new revolutionary party was needed. But no. Socialist Action maintain a diplomatic silence on the PRT. They vigorously promote the EZLN (Zapatistas) instead.

## Courageous

This movement is engaged in a legitimate and courageous struggle against the Mexican regime. Socialist Action is beyond reproach in offering solidarity with their fight. But there is a world of difference between solidarising with their fight and solidarising with their petty-bourgeois politics and leadership.

Socialist Action refuses to say that an alternative leadership is necessary if the PRI are to be overthrown or even forced to grant meaningful political and, above all, social (land) reforms. Worse, Socialist Action believes that the EZLN will simply transmute into a revolutionary party and save everybody the trouble of building one.

The collapse of Stalinism means that the Zapatistas "have been a little freer to find their way toward a truly revolutionary party"[12]. This is classic USFI stuff: Ernest Mandel would be at home with it. The EZLN are the "blunt instrument" that under the pressure of the masses (and with the bonus of Stalinism being weaker) will simply find their way to revolutionary Marxism with a little friendly advice from north of the Rio Grande.

It does not seem to have occurred to Socialist Action that while Stalin-

10 *Socialist Action*, December 1994

11 *Socialist Action*, March 1994

12 *Socialist Action*, September 1994

ism may be discredited as a model the seductive appeal of the liberal bourgeois opposition to the PRI exists to disorient the EZLN members. And while the EZLN far from wholeheartedly endorsed Cardenas in last year's elections they shared with him an abstract, "non-class" attitude to democracy and political reform. The EZLN, no less than the PRT, "gives credence to the false idea that capitalist politics provide any solution to the ever deepening crisis of Mexican society." More autonomy for Chiapas (including a purge of the PRI machine) and far-reaching land reform—the programme of the EZLN—does not in itself transcend "capitalist politics".

But if, in the absence of Stalinism, people can simply find their way to a revolutionary strategy then there is no real need for revolutionary parties at all. Socialist Action doesn't draw this conclusion. But in Mexico it may as well. For that is what itsposition means in practice. So much for "orthodoxy" on the party question.

With Cuba there is absolutely no mention of the need for a section of the Fourth International. The reason for this is that Castro is a revolutionist, not a Stalinist bureaucrat, according to Socialist Action. His current concessions to capitalism are merely stop gap crisis measures—similar to Lenin's in 1923 in the Soviet republic.

The report on Socialist Action's conference discussion noted:

". . . a few delegates supported the position that Cuba had become 'Stalinist' [sic]. The majority of delegates, however, reaffirmed Socialist Action's position that a hardened, privileged bureaucracy has not gained control of the Cuban Communist Party and government. This has been confirmed in recent years by the Castro leadership's unique resistance to the restoration of capitalism. Socialist Action points out, however, that real workers' democracy has yet to be institutionalised in Cuba—and that it must be to defend the gains of the revolution."[13].

## Tactical

Castro is not engaged in a tactical retreat towards the market. At the very least he is playing the role that Gorbachev played in the USSR between 1985 and 1991; namely, loosening the regulatory mechanisms of planning and introducing more and more financial and trade measures that subject the Cuban masses to the dictates of the market. Foreign investment in tourist enclaves, the dollarisation of the economy, the promotion of private agriculture—all these are preparatory to capitalist restoration.



FIDEL CASTRO

As elsewhere they will fatally undermine the co-ordination of the economy, accelerate the break up of Cuban society into competing strata. Whether Castro oversees much of this process, or like Gorbachev, falls victim to it some way short of completion is the only issue. In the absence of a revolutionary, socialist and democratic (workers' council) alternative—only possible through the overthrow of Castro and his caste—shortages, growing inequality and privately accumulated wealth will grow. Not in the most fevered imagination can this be called a transition to socialism.

Castro and his clique maintain a tight bureaucratic grip on the reins of power. Workers' democracy has never existed in Cuba because it would directly threaten the existence, as well as the privileges, of this clique. And the longer this situation continues then the more certain it is that capitalist restoration will proceed apace in Cuba.

## Revolution

The only way to stop it is precisely not to rely on the "unique" Fidel, but to overthrow him by means of a political revolution, led by a revolutionary party that avenges the destruction of the Cuban Trotskyist movement perpetrated by Castro. The fact that Socialist Action will have none of this is yet another reminder that its "orthodoxy" is not that of a revolutionary tendency or even of a consistent left wing within the USFI. It is simply an outdated variety of the centrism that flourishes in that faction ridden and decaying organisation.

Socialist Action's credentials as a left wing in the USFI are utterly fraudulent. On the domestic front its trade union policy demonstrates that if anything, it is rightist vis-a-vis others on the US left. The US working class has undergone a terrible fifteen years. Wages dropped by 10.5% in real terms from 1977 to 1989. In the same period unionisation has fallen to just 15.8% of the workforce, down to 12% in the private sector. Last May Business Week observed:

"Over the past dozen years, in fact, US industry has conducted one of the most successful anti-union wars ever."[14]

Today the situation may be just beginning to turn around. There have been a series of strikes, particularly in the factories of the mid-west, but also in San Francisco (newspapers), across the airlines and other transport sectors, and by the strategically vital International Brotherhood of Teamsters. The prospects of this revival continuing look good. New layers of militants are emerging. The working class vanguard is finding new rank and file leaders in struggles that are mainly defensive at the moment, but could go onto to the offensive, reversing the years of givebacks and concessions.

## Corrupt

In the Teamsters union the corrupt "old guard" leadership—with its fat salaries, corrupt practices and its links with the mob—has been severely weakened. Years of struggle by the Teamsters for a Democratic Union (TDU) have brought about changes (although the victory was tarnished by direct intervention by the Federal government, which now has a say in union affairs).

A new leader, Ron Carey, called a strike last year at United Parcel Services, in defiance of a court injunction. He called another wider strike against the bosses' attempts to cut wages and replace workers with part timers in large sectors of the industry. The twenty four day strike against Trucking Management Inc. (TMI) could yet prove to be a watershed. It warded off the bosses' "part timer" offensive and their attempt to get givebacks (wage cuts), but it was sold well short by the Carey leadership. Carey settled for a deal that allowed casuals to be employed at a lower rate than full timers and accepted a no strike clause while grievance procedures were underway.

You don't have to regard Carey and the TDU as government finks (as the Spartacists do) to recognise that this was a classic trade union bureaucrat in action. Carey sold short a dispute that could have won a lot more concessions. Yet Socialist Action are not revolutionaries on the trade union front any more than they are on the Cuban front. Socialist Action base its union policy on the need to construct a "class struggle left wing". This sounds fine, linking class struggle and

13 *ibid*

14 *Business Week*, 23 May 1994

15 *Socialist Action*, May 1994

16 *ibid*

17 *Socialist Action*, December 1994

left wing in one phrase. But it avoids the central problem of the trade unions—the divide between the mass of the rank and file and the privileged layer of bureaucratic officials who actually run the unions. This divide is a material one. It is a clash of interests.

At high points of the class struggle it manifests itself in a clash of needs—the need of the rank and file to fight to defend themselves and the need of the bureaucrats to compromise to maintain their privileged position atop the unions. It manifests itself politically in the clash between the tendency of militancy amongst the rank and file to challenge the capitalist order and the tendency of the bureaucracy to restrain that militancy in the defence of an order on which they depend, an order in which they can arbitrate between the working class and the bosses.

The bureaucracy's organic tendency is towards reformism. And while the rank and file are not spontaneously revolutionary, their spontaneous anger and action against capitalism opens them up in a direct way to revolutionary consciousness, provided revolutionaries intervene on their side with a revolutionary programme of action.

## Independent

All of this poses the need for revolutionaries to organise the rank and file, to build a rank and file movement organisationally and politically independent of the bureaucracy. If there are "class struggle" and "left wing" bureaucrats all well and good—they have nothing to lose by placing themselves under the control of the rank and file.

The "class struggle left wing" strategy of Socialist Action obscures this, and in practice it pushes Socialist Action towards reliance on left wing bureaucrats.

Just as it seeks the "blunt instrument" of revolution in Cuba and Nicaragua so it seeks the blunt instrument of militancy in the unions. In the Teamsters this takes the form of acting as Carey's cheerleader. Before the LRCI is accused of sectarianism, let's make it absolutely clear that in the struggle against the "old guard" we would critically support Carey—although we would categorically demand the ending of federal government interference in the union as well. In the UPS strike Carey was right to defy the court injunction and go ahead with the strike. We are not blind to the possibility of a left bureaucrat leading struggles, and we would critically support such a bureaucrat if and when they did lead struggles.

The key word is critical. For we do not lose sight of our goal which is the independent organisation of the rank and file and through that the fight for working class independence (in the US this would also involve the fight to build an independent workers' party based on the unions).

For Socialist Action the strategic goal has been achieved in the Teamsters. Carey is the class struggle left wing. In the TMI strike Socialist Action argued that the Carey leadership "struck with all the force at their disposal". [15] This is not true. The Spartacists rightly pointed out that Carey refused to call out the Master Freight locals, keeping 40,000 potential strikers at work. Socialist Action argued after the strike:

"In summary, Carey was not outsmarted and gave nothing away. What was lost reflected the adverse relationship of forces that the old guard helped create during the past several decades"[16]

## Guard

The old guard didn't try to win this strike. But it was Carey, not them, who negotiated the divisive differential wage rate between casuals and full timers, and it was Carey who agreed to the "no strike" clause during grievance procedures. These were classic examples of how a bureaucrat gives and takes during negotiations. Revolutionaries should point this out, not, as Socialist Action do, peddle excuses for it.

Carey has taken some administrative measures against the old guard, including the abolition of regional conferences (which were bureaucratic jam festivals) and the attempt to direct money towards a strike fund.

During the strike he produced a bulletin and called for "rank and file networks" to distribute the bulletins (the old guard were sitting on them). Good—but this is a long way short of transforming the union into a genuinely democratic organisation.

He has cut his pay, but he does not espouse the demand of paying bureaucrats the average wage of the workers they represent. He fights in elections, but does not demand the recallability of officials. He supports strikes so long as he is in control of them. He does not espouse the running of strikes by democratically elected strike committees. In short, Carey is a left bureaucrat.

For Socialist Action this is enough. In the December issue it printed his speech to the TDU which makes no mention of the need for an independent workers' party.

Fair enough. He isn't calling for such a party or using the might of the Teamsters to build one. We can say this openly and criticise him for it. Socialist Action reacted to the speech slightly differently:

"The first speaker, Ronald Carey, did not go that far [to call for a workers' party—two other bureaucrats did in their speeches]. But the logic of his arguments, it appears to us, pointed in exactly the same direction." [17]

## Deduce

His speech was about Teamster affairs and the fight against the old guard. He didn't deal with the workers' party at all. How can you deduce the "logic" of what he thinks on this question if he makes no mention of it. Well if you think he personifies the "class struggle left wing" then you can decide the logic of what he is saying and paint it as pretty as you like.

This is what centrists do with every substitute for independent working class revolutionary action they manage to find. A rosy optimistic picture can be painted which is very comforting but no use at all as a guide to action.

And maybe that is why people see Socialist Action as a left alternative. They are not so "pessimistic" as the majority leadership of the USFI.

They haven't lost their faith in their revolutionary substitutes yet. But their method has nothing inherently left wing (in USFI terms) in it. It leads them to liquidate the revolutionary programme on every front of the struggle.

Only in this sense is Socialist Action "orthodox". Its leaders are orthodox followers of the SWP of around 1963.

The only problem is that the SWP had ceased to be a revolutionary party at least ten years earlier. That is not the orthodoxy that real left critics of the USFI will need at their forthcoming World Congress. ■



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## NEW ZEALAND

# Labour Party: after neo-liberalism, what's left?

*Eleven years on, after the fourth Labour government first came to power* ***Leo Brown****, of Workers Power New Zealand/ Aotearoa explains the damage Labour did to its own voting base and outlines revolutionary tactics for overcoming its influence today.*

The record of Labour and Social Democratic governments worldwide is one of broken promises and dashed hopes for their working class supporters. To accuse them of treachery has become something of a cliché. Even so, there is no other way to describe the record of the fourth New Zealand Labour Party (NZLP) which held power between 1984 and 1990.

For bare-faced pre-election lies, followed by a rapid 180-degree turn as soon as they got into office, the NZLP would take some beating. As one commentator noted, it was remarkable "even by standards of social democratic revisionism elsewhere".[1] Referring to Labour's record in those years, another has said that the changes must rank as "one of the most comprehensive reorganisations of the public sector initiated anywhere in the west in the post-war period."[2]

During those six years, the NZLP not only demolished the creations of the three previous Labour governments and junked its traditional ideology, but traumatised its own working class supporters in the process. Confused, demoralised and angry, they abandoned the party in droves at the ballot box in 1987 and 1990. Trade unions disaffiliated in disgust. Having carried through the bosses' neo-liberal programme so savagely, it seemed that Labour had ripped up its roots in the class that gave birth to it in 1916—the working class.[3]

The rejection of the party at the polls seemed to confirm not only that the party had destroyed its organic connection with the labour movement, but that the workers themselves had now seen through its deceptions and no longer regarded it in any sense as "their" party.

When it joined the LRCI in 1991, the Communist Left of New Zealand (CLNZ) accepted this development at face value: we considered that the NZLP had become an openly bourgeois party by the time of the 1990 election, no different from the National Party. The conclusion we drew from this was that revolutionaries were no longer confronted with the problem of how to break the mass of workers from their illusions in Labour. We saw no advantages to be gained from a continuation of Labour in government and we opposed any electoral support for the Labour Party.

We were wrong. We allowed our justified anger at Labour's betrayal, which we shared with all the vanguard fighters of the last decade, to cloud our judgement of what was really happening. Aided by discussions within the LRCI, we have now made a thorough review of the whole cycle of the last ten years. We have looked at Labour, both in and out of office, and we have come to the conclusion that we were premature in our judgement. Despite its criminal record in government, and its rejection by thousands of workers, we have to recognise that Labour still retains its grip on the core of the organised working class. Revolutionaries have to understand how it did this, the better to be able to break that grip in the coming years.

### *Labourism before 1984*

As in the United Kingdom, of which New Zealand was then a settler colony, the Labour Party was founded as the political expression of the trade unions and, more particularly, their bureaucratic leaderships. The unions received comprehensive legal recognition in the colony with the passing of the Industrial Conciliation and Arbitration Act of 1894. The colonial bourgeoisie supported and encouraged the growth of a bureaucracy in the unions and this acted as a transmission belt between the state and the workers. In return for a few reforms this bureaucracy ensured the compliance of their members in their own exploitation. This is the typical basis of modern bourgeois democracy where the working class is too strong to be suppressed indefinitely. New Zealand's position as a prosperous agricultural settler colony, with a special role in supplying the tables of the mother country, allowed this to be maintained.

The Labour Party was founded in 1916, in the context of the sacrifices being demanded of the working class for the maintenance of the war effort. The trade union bureaucracy was instrumental in its creation and helped keep it within the bounds of seeking reforms within capitalism. Between 1935 and 1975, the NZLP was the prime architect of a comprehensive "historic compromise" between the state and the working class which was based on a strategy of protecting national manufacturing capital whilst maintaining full employment and social welfare provision.

The New Zealand bourgeoisie's chosen strategy of capitalist development allowed for substantial concessions to workers. So long as the conditions of protected access to British and Commonwealth markets prevailed, the labour movement was relatively passive and the bosses accepted the overhead costs of maintaining their rule.

By the mid-1960s, however, this strategy of economic nationalism was reaching its limits. Local firms were facing market saturation and falling productivity and profits. Local production had to become internationally competitive to survive in capitalist markets. Pressure from the big bourgeoisie to introduce neo-liberal reforms built up during this period, but nei-

1. J Vowles and P Aimer, "Ideological Dealignment Too? The 1987 election in New Zealand", *Conference Paper*, University of Queensland, 1988, p2
2. J Boston, "Transforming New Zealand's Public Sector." *Public Administration* 65-4: 1987,p424
3. So, by the onset of the election campaign in 1990, all of the left, from Stalinist, NLP lefts to the far left, had either rejected Labour as a BW party, or withdrawn critical support because of its right-wing attacks on the working class.

ther the Third Labour Government of 1972-75 nor the Muldoon National government of 1975-84 embarked on a radical deregulation of the economy. This left the incoming Fourth Labour government, which came to office after a snap election in July 1984, facing a major economic crisis.

The economic crisis was compounded by delayed structural adjustment and the accumulated results of two world recessions in the 1970s and early 1980s. Low productivity, declining terms of trade, growing trade imbalances and mounting debt, saw the economy facing a "third world" type crisis of investor confidence. A crisis of such magnitude had faced NZ only once before, during the early 1930s. Then, a Labour Government sought to overcome the problem by state intervention and protectionism. Second time around it sought to overcome problems of a similar magnitude by the opposite course—deregulation.

Why should a Labour government not be up to this task? Why should its role as part of the establishment not be used to demolish the old "historic compromise" in the service of the bosses' export-led strategy of accumulation? There was no reason at all in principle. After all, the Labour Party was always a party *for* the bosses even if it was not the party *of* the bosses. It had a rock solid commitment to capitalism and was always prepared to use the state forces to suppress radical attempts at change by hotheads, syndicalists or communists. Indeed, from the capitalists' point of view, the fact that most workers saw it as their party had considerable advantages.

Its relationship with the working class, its nature as a *bourgeois workers' party*, could be exploited to the full. In particular, its links with the trade union bureaucracy, the leaders of the workers' organisations in the factories, could be used either to persuade workers to accept change or to confuse and derail working class resistance. It would have been far more risky for National, the open bosses' party and recognised as such by most workers, to try such a direct attack on workers' past gains. To force it through might have required far greater repression, with unpredictable results.

## Labour's about turn.

Economic policy was not even at the centre of the NZLP's campaign in 1984, nor the focus of most party activists' concerns. Issues such as Maori and women's rights, relations with South Africa and, in particular, anti-nuclear policy, were the main talking points. As far as economic policy was concerned, the Lange government was committed by its election manifesto to a traditional pattern of intervention and regulation and maintenance of the social welfare system. Its 1984 manifesto included the usual Keynesian calls for "an active role for government in ensuring that investment flows into the areas of economic activity which are of most benefit to all New Zealanders."

In 1984, the Fourth Labour government "inherited one of the most regulated economies in the Western world".[4] Almost immediately, it abandoned its pre-election programme and embarked on a rapid deregulation of the economy which cost massive cuts in jobs and living standards. Labour's reforms began with the deregulation of capital markets. Within seven months, the government had abolished interest rate controls, got rid of foreign exchange controls and soon floated the New Zealand dollar—all as demanded by the Treasury and the big banks.

Subsidies to manufacturing were lifted and the privatisation of state owned enterprises begun, even though the 1984 manifesto had said there were "no plans to sell-off any publicly-owned concerns". Some of the privatisations, such as Post Office Bank and Telecom, were in direct breach of specific commitments. By the end of 1990, 12 of the 14 state owned firms targeted in 1986 for sale were in the private sector. One rationale for this programme was to halt and reverse New Zealand's growing national and foreign debts. By 1984, some 25% of all public expenditure was used to service these debts which stood at 65% of GDP, the highest in the OECD. About half the debt was held abroad, itself an indication of the country's deepening semi-colonial status. Labour aimed to reduce it in the same way as was becoming common in Latin America, by using asset sales to pay it off.

Reversals of electoral promises were made in other spheres too. In education the 1987 manifesto stated that a Labour government would "ensure that tertiary students are not required to pay a higher contribution to their own education than they do at present." This was immediately reneged upon. Spending on industry, transport, energy and communications was halved by the government. Only total social welfare payments increased, but this was a consequence of the high and rising levels of unemployment brought about by the new neo-liberal policies. For each claimant, there was a real cut. For the unemployed, benefits shrunk by 26% between 1985-89, for families by 37% in the same period.

Despite cuts and measures to make health, education and welfare more "cost-efficient", Labour stopped short of a direct attack on compulsory trade unionism and the right to (as opposed to the level of ) social welfare entitlements. Indeed, as S. Walker noted, compulsory trade unionism was reinstated as, "the price demanded for trade union electoral support".[5] This is one of the keys to Labour's survival as a bourgeois workers' party. As long as the trade union leaders' formal power, the source of their dues and high salaries, was left intact, they would allow the government to savage the jobs and living standards of the rank and file trade union members and those without jobs who traditionally looked to the unions for a lead in the fight for social justice.

The package of deregulatory and restrictive monetary measures (known as "Rogernomics" after the finance minister Roger Douglas) created widespread worker hostility towards the Labour Government, despite the best efforts of the union bureaucracy. This was all the more acute because of the hopes that had been attached to its abandoned pre-election programme by organised labour. The bureaucrats contained opposition to the 1981-84 National Party government by promising reforms from an incoming Labour Government. Now, they found themselves squeezed between a restive membership and a Labour Party insensitive to their dilemma.

How then did Labour win the 1987 election and do so with an increase in the percentage share of the vote (up from 39.2% in 1984 to 41.5%)? Unlike the three previous elections, which witnessed a growth in votes and seats for "third parties" (other than National or Labour) the 1987 election saw a marked return to the two party system. In 1987, Labour and National, between them, got 92% of the vote and 100% of the seats.[6]

But what happened to the working class vote in 1987? The evidence suggests that "Labour lost votes in its heartlands, maintained votes in the marginals, and eroded the National Party's formerly safe seats."[7] In other words, many workers, disgusted with Labour's conversion to neo-liberalism, refused to vote for it but many "middle-class" supporters of National switched to Labour. One study of the results noted, " . . the very largest gains of support occurring among upper white-collar echelons."[8]

The recession had not bitten as deep as it did after the election and the privatisation programme had barely shown results.[9] But, by the second half of 1988 and into 1989 Labour support among the working class

4. C Rudd, "The role of the state in the New Zealand Economy", in M Holland and J Boston (ed) *The Fourth Labour Government*, Auckland, 1990, p40.

5. S Walker, "The Politics of Rogernomics", in S Walker (ed) *Rogernomics*, Wellington, 1989, p216.

6. See M Holland, "Engineering Electoral Success" in M Holland and J Boston, *op cit*, p47

7. *ibid* p51. In addition, the right wing NZP "third party" urban middle class vote collapsed in 1987 and went to Labour, while its rural vote went to National.

8. Quoted in *ibid*, p52. The same article notes another study of the 1984 election results which concluded that "manual wage-earners remain Labour's most reliable foundation of support and also the largest occupational group within New Zealand society."

9. The State Sector Act of 1988 was one of the biggest attacks.

started to collapse. Welfare cuts began to bite and unemployment soared. The fact that this had a serious impact within the NZLP again emphasises that its links to the labour movement had not been entirely destroyed. The left and centre of the Government called a halt to the "reforms". The then Prime Minister, David Lange, called for a "tea break" and sacked Roger Douglas and his supporters from cabinet in late 1988. However, the right fought back. Douglas mustered enough support to return to the cabinet, though not as finance minister, and Lange was replaced as leader.

A section of the left reformists drew the conclusion that, after this resurgence of the Right, Labour had ceased to be a workers' party. In April 1989, Jim Anderton, former president of the Labour Party, and centre-left in politics, resigned to form the New Labour Party (NLP). A section of left reformist union officials and labour activists flocked to the NLP with the intention of building it in the image of the Labour Party of the 1930s.[10]

By the time of the 1990 election, Labour's support seemed in ruins.Only 54% of those who voted for it in 1984 voted for it in 1990. Was this not proof that it had broken its historic links with the working class?

We were scarcely surprised by the election results. We had firmly expected that the severity of the attacks would shatter workers' illusions in Labourism. We knew, from our work in the strikes of the period, that many of the vanguard minority had rejected Labour. The wave of union disaffiliations from Labour clinched the argument for us; Labour was no longer any kind of workers' party. But, in jumping to this conclusion, we failed to consider a number of historical and factual points.

## *A bourgeois workers party?*

Election results are an important indicator of the class roots of a party. Proof that most unionised workers, or traditional working class districts, vote Labour is a necessary part of defining it as a bourgeois workers' party. But it is not the only part. On its own it would be vulnerable to the argument, "but what about the USA or Argentina" where such workers vote very loyally for bourgeois parties and where the trade unions regularly support them, give them money or are in some sense linked to them?

The LRCI has always argued that it is not solely the fact that large numbers of workers vote for a Labour or Social Democratic Party which makes it a bourgeois workers' party. If this were so, then we would have to define the US Democrats or the Argentinian Peronists as bourgeois workers' parties

There is, however, a qualitative difference and the core of this lies in the nature of the relationship. As the MRCI wrote in 1982:

"Such parties as Liberals in nineteenth century Britain, or the Democrats in the United States up to the present day, whilst they may include a considerable degree of social reform in their programmes in order to buttress their claim to be 'democratic', are not what we would characterise as 'reformist parties'. Their success in gaining working class electoral support is based precisely upon the limitation of the working class's consciousness of its own interests to the economic level, that is upon its failure to attain political class consciousness. "[11]

A long term alliance is possible between a trade union movement led by non-socialists and outright bourgeois parties. This can even mean the presence of union leaders as leaders of these parties. But this situation can only be maintained on the basis of extended periods of favourable economic conditions for capitalism. The bourgeoisie can hand out reforms or, at least, maintain past ones, and the union leaders can present their strategy as a practical one to the members of their unions. If, in addition, the level of class struggle does not disrupt the bureaucracy's regime in the unions, then it may be able to suppress all elements of independent political class consciousness.

In the USA during the post-war boom, with its increasing living standards, in combination with Cold War witch-hunting and hysteria, it proved possible for the AFL-CIO leaders to preserve the slavish subordination of the unions to the Democrats. Another contributory factor was the exclusion from the unions (by a failure to organise the South and the West) of most of the unskilled black and Chicano workforce. The unions were, as a result, heavily concentrated within the labour aristocracy.

Similar historic factors in advanced semi-colonial countries, like Argentina, help explain the long term maintenance of unions as allies or even organic components of bourgeois parties. There is nothing intrinsic to the nature of the trade union bureaucracy which destines it to create political workers' parties. Quite the opposite. Left to their own devices, the union leaders will get as close to the bourgeoisie as they can, or as close as the bosses allow them.

The creation of organisationally independent parties of the working class is a result of the class struggle. In this sense, it is a "gain", a product of the widespread desire of workers themselves to have their own party, of their distrust of the bourgeois parties. These are parties that were built by the workers and their organisations as *their* parties, rather than bourgeois parties which set out to strengthen themselves by incorporating elements of the working class. These are parties where the workers make up the majority of the membership and electorate. But they are led by petit bourgeois "agents of the bourgeoisie". This is especially the case with the parliamentarians who are largely drawn from the intelligentsia as well as the trade union officials. But they are not in an open bloc with a section of the bourgeoisie itself. A bourgeois workers' party represents one whole step on from such a bloc, what Trotsky termed a "popular front party", and this is an historic step forward in the political development of the working class.

This impetus, this "spontaneous" consciousness, is incomplete, inadequate and can be assimilated by bourgeois society and its agents. In a given country, in a given period, the spontaneous impulse to create a workers' party may be aborted, diverted or contained at various stages or levels. From 1935 onwards, the trends to form a Labor Party in the USA were contained by Roosevelt and by the CIO bureaucracy through incorporation into the Democratic Party. But when it is clearly impossible either to repress or to abort workers' aspirations for their own party, then the battle shifts to what the political character of this party should be. The bourgeoisie, and its agents within the workers' movement, seek to limit independence to the formal organisational level. We can see this in the history of the NZLP.

The bourgeoisie and the working class wage an intermittent battle over the fate of these parties, submitting them to the pressure of their respective class demands. The bourgeoisie's pressure is more constant, organised and has the advantage of being transmitted by its agents, the labour and trade union bureaucracy. There is a historic tendency for long established bourgeois workers' parties to undergo degeneration (bourgeoisification) at the levels of their class base, their structure, their programme and their policies when in government. In addition, long periods of electoral failure may also provoke the leadership to attempt to sever historic organisational or programmatic links.

In the late 1950s, under the impact of two election defeats and at the height of the boom and the Cold War, Hugh Gaitskell tried to abolish Clause Four of the British Labour Party constitution which commits the

party to "common ownership of the means of production, distribution and exchange". He failed, but, at about the same time, the German Social Democrats, after over a decade of marginalisation by Adenauer's Christian Democrats, successfully renounced their (formal) adherence to Marxism at their Bad Godesberg conference. Today, under the impact of sixteen years of opposition and the failure of the "Bennite Left" to take over the British Labour Party in the early 1980s, the new leader, Tony Blair, is once again attempting to ditch Clause Four.

In the 1960s, the old French Socialist party, the SFIO, moved far to the right, lost nearly all its working class base to the Communist Party and, after May 1968, almost collapsed altogether. This was the period in which academics, both Left and Right, revived the theory of the inevitable bourgeoisification of the Social Democracy (and the trade unions too). Yet the end of the post-war boom, and the renewed pressure of class struggle in the 1970s, forced all these parties to the left again and their roots in the working class were strengthened once more. Having regained office, they went through further degeneration as a result of their betrayals when in power.

What this shows is that it is not possible to analyse these parties accurately, not possible to grasp their future direction, by simply taking political and sociological "snapshots" of them at any one time. We need to run the whole film of their history to see if a great qualitative leap has taken place.

Great betrayals, such as that of the NZLP in the later 1980s, do disillusion the working class electoral base or outrage party activists. Each betrayal can, therefore, lead to a collapse in support and present opportunities for a revolutionary alternative. However, history has shown us that working class political consciousness can be highly stratified and that leaderships, especially "renewed" leaderships, can use a period in opposition to rebuild a party's links with the class.

## Back from the brink

In hindsight it is now clear that the Fourth Labour Government's efforts to build a new "historic compromise" satisfied neither the ruling class nor the labour movement. Labour was pulled back from the brink of self-destruction by the fear of a mass defection of its supporters. It failed to "finish off" the rest of the neo-liberal reform agenda, specifically labour market deregulation and the demolition of the welfare state. These were precisely tasks which could only be carried out by a bourgeois *workers'* party if it was willing and able to permanently destroy its working class roots. The self-preservation instincts of the Labour leadership, combined with the lack of any strategic commitment of the bourgeoisie to Labour as "its" party, meant that Labour *as a whole* was not ready to make this leap in the dark. The Roger Douglas wing obviously was, as their subsequent evolution has shown only too clearly.

The National Government (1990-93), swept to power by disillusionment with Labour, carried on with the policies started by the latter. But National immediately tackled the one major thing from which Labour had held back, namely, the accumulated legal rights of the trade union movement. The Employments Contract Act (ECA) of 1991 was the centre piece of National's legislative programme. It abolished the closed shop and weakened the ability of all sectors of workers to fight back effectively. The fact that Labour had held back in this area was important further evidence of its remaining bourgeois worker character.

Bourgeois workers' parties have historically attacked workers again and again, weakening, but not destroying, their roots in the working class. Had we fully understood this we would have more easily recognised that Labour retained a number of influential union affiliates,[12] that its vote in 1990 showed that it held onto its mass of working class supporters. Labour relied upon a 30% core vote of mainly manual, low paid workers who had constantly voted Labour. Moreover, there was no major electoral defection to the alternative "left" candidates, including the NLP, or into permanent abstention.[13]

Crucially, the experience of Labour in opposition between 1990-93 indicated that, despite its treacherous role in 1984-90, it could still revitalise its roots in th e working class *if no real militant class alternative appeared to positively replace it.* All the many struggles between 1991 and 1993 that ran up against the ECA, ended in defeat.

The existing union movement was massively weakened and demoralised by isolation and defections. It was clear that militant workers, despite their respect for the still small revolutionary left's intervention in defensive struggles, were not yet convinced that there was any realistic alternative perspective other than renewed reliance on parliament to repeal the ECA and to stop National's agenda. Far from abandoning reformism, the great bulk of workers, in sheer desperation, began to look once more to a Labour government that would call a halt, even if it would not promise to reverse the new right's reforms.

Given the closeness of the vote in 1993 (1,000 votes), it is even possible that the marginal but energetic campaign *against* a Labour vote by the "left" contributed in a small way to Labour's defeat. With no clear majority party in parliament, Labour proposed a "Five point plan" for immediate action the day after the election. This plan consisted of the repeal of the ECA; the end to privatisation of health and the ACC [Accident Compensation Commission]; the abolition of the 26 week stand-down period of unemployment, when the dole is not paid; and the bringing forward of MMP [proportional representation] to 1995.

This "plan", although thoroughly inadequate, was seen by many workers as meeting their immediate needs. It was not *merely* a cynical deception by the Labour leaders but also a concession to workers' hopes and expectations. As with industrial disputes which break out over very limited goals, it is the duty of socialists to seize on every impulse of workers to satisfy their basic needs against the interests of capitalism.

However, the "Five Point Plan" was rejected by the two minor parties and died stillborn. As a result, illusions amongst the working class that Labour would have represented their interests, had it won the election, were reinforced. Their promises could not be put to the only real test, that of office.

To the extent that revolutionaries contributed to Labour's defeat, they unwittingly contributed to letting them off the hook. Armed with a revolutionary understanding of the tactic of *critical electoral support*, they could have helped to expose Labour to broader layers than their own propaganda reached.

Their call for a vote for Labour, aimed particularly at the militant layers who had few, if any, illusions left, should have been based precisely on the need to put the party to the test in front of those who still believed in it. Their criticism should have been full revolutionary criticism, with not an iota of Labour's weaknesses and treacherous record spared.

On top of that, the call to support Labour at the ballot box should have been combined with the key action demands workers needed and indeed felt they needed. Where Labour promised reforms we should have demanded action to ensure that they carried out their promises.

Such a vigorous campaign might also have created more favourable class struggle conditions for defeating

10. But despite this breakaway, this attempt to replace Labour failed. No unions came out in support of NLP in the 1990 election. The NLP got a 5% protest vote.

11. "MRCI Reformism Theses" in *Permanent Revolution* 1, London 1982, p. 49

12. As of May 1993 the major trade unions affiliated to the Labour Party included the Public Service Association (the biggest public sector union), Engineers Union, Service Workers Federation.

13. The proportion of Labour's vote in the electorate stayed at about 35% with no significant shift in Labour support to the Alliance (specifically the NLP) or into non-voting. The result was a 'hung' parliament with National with 50, and the other parties totalling 49 seats (Labour 45, Alliance 2 and NZ First 2).

National and the other bourgeois parties and at the same time enabled workers themselves to expose Labour and orient towards the building of a revolutionary alternative. By not using the tactic of critical support, the Left was unable to put Labour to the test and to expose it to those workers who still saw it as "their" party. Instead, Labour even had an alibi for its retreat from any attempt to bring down the government. They could say that the left, including the NLP-Alliance, did not support them! What alternative was there but to go into opposition? Labour's new leader, Moore, was sacked, a Labour MP was made Speaker and this allowed the government a working majority to pursue its neo-liberal reforms.

Any Left critic of this further betrayal by Labour would be quite rightly asked by workers; "Hold on, *you* told us not to vote for them! *You* were not in favour of them forming a government. How can you criticise them now for failing to keep out National, for not struggling to take power?" A very good question: indeed, an unanswerable question! Unfortunately, almost the entire New Zealand left, reformist, revolutionary and centrist, made this mistake. Indeed, they may do so again in the unstable political conditions of the next few years.

## *Critical support in future?*

In the next two years there will be a further general election, this time based on proportional representation. The signs are that the broad mass of the working class will stay loyal to Labour.

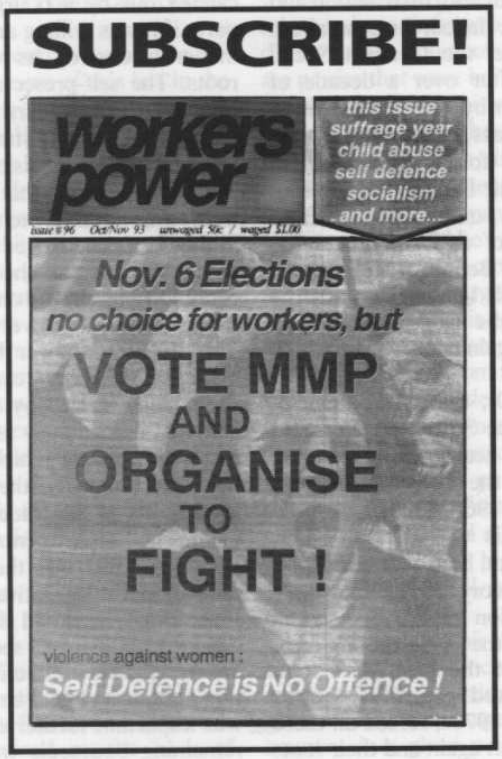
At the time of the election we need a tactic that addresses the whole of the working class and not just the minority of militants. The latter we can and will seek to win directly to revolutionary politics and organisation.

If former Labour voters abstain en masse, or vote for National this proves no advance in their political consciousness.

Actually, it proves the reverse. If it results in more years of National government or a National-led neo-liberal coalition, with Labour in opposition, this will not hasten the process of breaking workers from Labour.

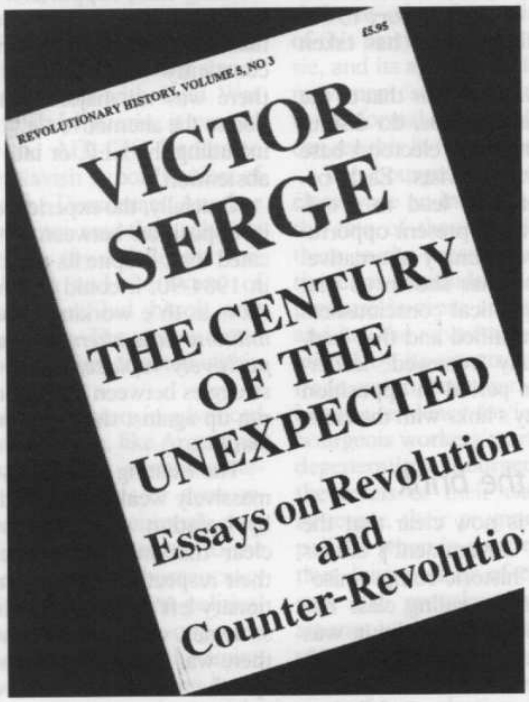
On the contrary, it will strengthen illusions in Labour.

Revolutionaries seek to break workers' illusions in Labour but in a progressive direction, towards greater clarity about working class needs and goals, greater hostility to the boss class and, above all, to the need to organise and take direct action for these goals. In the electoral sphere, the weapon to do this is critical support for Labour.■


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## SOUTH KOREA

# A tiger burning bright?

*Maureen Hartwell reviews*
***The Rush To Development: Economic Change and Political Struggle in South Korea***
*by Martin Hart-Landsberg*
*Monthly Review Press 1994*
*Price £12.95*

The most spectacular experience of semi-colonial economic growth in the 1970s and 1980s was in the newly industrialised countries (NIC's), none more so than South Korea. In this book, Hart-Landsberg analyses South Korea's development from a rural backyard of Japan to a major exporter of hi-tech goods. It was growth achieved at the cost of repression and exploitation and has resulted in serious instability today.

Given the proliferation of literature hailing South Korea as the model for semi-colonial growth this book is a welcome change. However, because he does not explain South Korea's development as a function of imperialism's changing priorities, his analysis of the current economic difficulties is superficial. For similar reasons, he cannot offer a way out from the impending imperialist strangulation of South Korea.

From the 1960s state assistance, in the form of generous financial aid and a well developed state infrastructure, combined with protection from foreign competition via import tariffs and strict limits on Foreign Direct Investment (FDI), transformed the indigenous capitalist class, the Chaebol. Accumulation really took off in the 1970s with the turn to heavy and chemical industries. In time, a significant layer of Korean indigenous capital was built up, especially in autos and electronic consumer goods, with average levels of productivity on a par with international competition.

Hart-Landsberg does not explain how a country like South Korea, which in 1961 was a poor agricultural country with a per capita income below that of Ghana, Senegal, El Salvador, Peru and Nicaragua, was able to leap to the top third of middle income countries by 1990. There is no analysis of South Korea's position in the global divide between imperialist and imperialised countries and why capital accumulation of this magnitude, behind partial protectionist barriers, was tolerated by imperialism. Yet, ultimately, it is this, not the policy of successive governments, that explains why South Korea prospered when other semi-colonies did not.

During the Cold War, in the aftermath of the Korean War and, later, because of the USA's need for troops and materials for its war in Vietnam, South Korea's economic success was a high priority for the US. It was in US capital's interest to tolerate a measure of protectionism while opening up her own markets to South Korean exports. Nonetheless, the relationship was one of domination and subordination and an understanding of this has to be the starting point for any analysis of how and why South Korea developed the way it did over the past 20 years and why it is in trouble now. But Hart-Landsberg does not make this analysis.

This is not to say that he ignores the impact of the imperialist powers. He does tell us how Japan directed a brutal capitalist transformation of Korea in its own interests after colonisation in the early 1920s. The exploitation of Korea, in particular for cheap food to keep wages down, was crucial for Japan's own development and growth in the 1920s and 1930s.

The problem is that, while Hart-Landsberg outlines the form of South Korea's relationship to imperialism, he does not understand its content of subordination and domination. Whilst it was US and Japanese willingness to give access to finance, technology and markets that was the stimulus for South Korea's growth, it is a reversal of policy in these areas that now threatens its continued development.

In the 1970s, Japanese imperialism was able to combine cheap Korean labour and land with duty free imports of Japanese capital equipment and supplies used in the production of goods for export. But Tokyo refused to yield organisational or technological control to South Korean firms. This is one reason South Korea was able to expand its exports yet, simultaneously, suffer from a growing trade deficit. South Korea's positive trade balances with the US were matched by trade deficits with Japan. During the 1980s, South Korea depended on Japan for some 50% of its machines, 60% of its parts and, crucially, one half of all its licensed technology. So, despite spectacular export growth, South Korean trade and foreign debt problems, shooting from 30% of GNP in 1978 to 52% of GNP in 1982, were not solved—there was no trade surplus until 1986.

Today Japanese capitalists are refusing to sell South Korea the latest components and technology necessary to compete in world markets. They see a potential threat to their own market share in the US. A technology gap has arisen to the South Korean's disadvantage and this is restricting them to the low end of the product line. The costs of licensing available technology through royalty payments have risen rapidly, further eroding profit margins.

South Korea's growth was heavily dependent on access to the large and profitable markets in the US which, by 1986, took 40% of exports. However, from the mid 1980s, because of growing trade deficits, the US tightened up her own market and demanded the opening up of South Korean markets and an end to exchange rate manipulation to boost exports.

The higher value of the *won*, rising wages, Japanese reluctance to supply necessary components and technology, US market restrictions and import liberalisation all took their toll on the South Korean economy. The trade surplus was back in deficit by 1990 and the 1991 deficit was the biggest in South Korean history. Profits as a percentage of sales fell to 1.8% in 1991. Investment also fell. In the heavy and chemical industry sector (which grew 29% between 1986 and 1989) growth was less than 1% in 1992.

Hart-Landsberg's account of the difficulties South Korea faces is accurate, and well illustrated. However, because he has no real understanding of the structural relationship between imperialism and a semi-colony like South Korea, he cannot explain the inevitable limits that imperialism always puts on the growth of an imperialised country when it becomes a challenge to its own power or economic well-being. This is so even if such a state is allowed to grow to an advanced stage. When there is a contest the semi-colony has to toe the line. The experience of South Korea is a classic case.

The fact that South Korea is a semi-colony, and not a minor imperialism, is shown by its subordination to both US and Japanese imperialism. It is shown in its exclusion from product technology and design innovation at the frontiers where new world class technologies are decided.

Instead of focusing on this, Hart-Landsberg talks of the greed and corruption of the Chaebol who pour money into speculation for their own enrichment rather than into the Research and Development that might equip South Korea with the latest technological innovation and product designs. He points out that South Korea's spending on Research and Development was less than IBM alone spent in 1991 and one fifteenth of what the Japanese spent.

What this really expresses is the illusion that, if the Chaebol were more abstemious and wiser with their investment decisions, South Korea's problems could be solved. This misses the pivotal point that for a semi-colonial bourgeoisie to "catch up" with imperialism would take more than throwing money into Research and Development. From the beginning of the imperialist epoch, when the countries that had built up powerful independent sectors of industrial and financial capital, became imperialist, and those that lacked these attributes were subordinated, the imperialist countries maintained inherited advantages over the rest of the world in productivity rates, ac-

cess to capital and technological renewal.

South Korea's efforts to break into the next generation of capital goods are doomed to failure. In the aftermath of the collapse of the Soviet Union, the imperialist powers have no reason to assist South Korea and, without assistance, South Korea on her own cannot make the break. It is trapped by its semi-colonial status.

The last section of the book deals with the working class. Here we get a clear picture of how state domination over South Korea's political life was essential to the "success" of its growth strategy. Farm communities were destroyed and basic workplace rights denied in the interests of creating a low-cost and efficient industrial workforce. Hart-Landsberg points to the extremely low wages and the horrendous working conditions inflicted on workers, especially in female-dominated export industries, all of which worsened after the turn to heavy and chemical industries. South Korea has the highest rate in the world for industrial accidents and death at work.

In spite of three decades of industrial growth, exploitation and repression continue. But the masses are now becoming far more militant. The contradictions underlying South Korea's growth matured rapidly during the 1980's, producing organised social movements—farmers, urban poor, environmentalists, women and workers. Rapid growth and oppressive workplace conditions have increased worker militancy and solidarity. The concentration and centralisation of industry have created a more organised working class, despite the wishes of imperialism and the ruling class. Struggle after struggle during the 1970s saw union activists being routinely threatened, beaten, fired and killed. But, by the summer of 1979 student and worker demonstrations were ongoing in most of the major cities, with demands for democracy and better working and living conditions.

The 1980s kicked off with the savage crackdown of the Kwangju uprising after Chun's rise to power. The book details the restrictive union laws that were imposed as a central part of Chun's strategy for restoring South Korea's economic competitiveness by creating forced labour conditions, under which wages fell and productivity soared. There is the build up to the explosive strike wave in July 1987, with the total number of strikes—all illegal—rising from 237 in 1986 to 3,749 in 1987. In July and August of 1987 alone there were 3,200 strikes. While wage increases were wrung from the bosses, company thugs and government forces stepped up their offensive against workers. In September 1987, thousands of combat police raided both the Hyundai shipyard in Ulsan and the Daewoo auto plant in Inchon, arresting hundreds. In a new strike wave in 1988 and 1989, all the major Chaebol were hit—Daewoo and Hyundai groups among the hardest, with their car, shipbuilding and defence units all closed. In April 1990, over 100,000 riot police were sent to the Hyundai shipyard in Ulsan to break another strike and hundreds of workers were arrested.

Today the government is intent on continuing repression to offset the structural squeeze it is suffering at the hands of imperialism; the working class, women's groups, environmentalists and farmers are becoming increasingly militant with each fresh attack.

South Korea is a time bomb waiting to explode. The wealth of detail in this book help us understand why, despite Hart-Landsberg's own flawed analysis.■

## HISTORY

# A Marxist assimilates religion

*Peter Mansson reviews*

***The Marxists and the Jewish Question: The History of a Debate (1843-1943)***

*by Enzo Traverso*

*Humanities Press New Jersey, 1994*

*Price £14.95*

Traverso's book appears in the Revolutionary Studies series published by Humanities Press. The series' editor, Paul Le Blanc, is a well-known figure within the United Secretariat of the Fourth International and this study is symptomatic of the intellectual decay of this brand of counterfeit Trotskyism.

In ten chapters, Traverso takes the reader from the views of Marx and Engels on Jewish emancipation to those of the Belgian Trotskyist, Abram Leon. The most interesting part, is the history of the discussion among Jewish socialists in Eastern Europe and Russia.

Here Traverso raises two important questions: firstly did the Yiddishkeit (the Jewish community in the Tsarist empire) constitute a nation? Secondly, was the Austro-Marxist solution, adopted by the Jewish Bund, of cultural national-autonomy and a workers' party created on national-federal lines, the correct one? Traverso answers yes to both questions. Consequently he is a sharp critic of the Russian Marxists, not only Plekhanov and Lenin, but also those he calls "Jewish Marxists"—Martov, Trotsky and the Polish Marxist, Luxemburg.

Traverso prefers an alternative tradition, what he calls "Judeo-Marxism", that is, Bundism and Left-Zionism. The foremost representatives of this trend were Vladimir Medem and Ber Borokhov. Vladimir Medem, the Bund's central theoretician, made a distinction between the *nation*, in essence a cultural concept, and *nationalism*, a political one. For him the political existence of a nation could be reduced or restricted to "cultural self-management". He had no wish to make any forecasts on the state future of the Jews. He was content to let history decide this.

Traverso is highly critical of the orthodox Marxists because he believes they concentrated exclusively on one solution: assimilation. He stigmatises this viewpoint as a left-over from the Enlightenment, as one of suppressing Jewish "otherness". The French revolution had given civic rights to the Jews (1791) but the revolutionary bourgeoisie could only see Judaism as a social anomaly, a left over from the middle ages that would simply be transformed into a private religion with the abolition of all legal restrictions and social oppression. Traverso accuses Marxists, from Engels through Kautsky to Plekhanov, of just adopting this bourgeois enlighteners' standpoint.

Correctly, he points out that although the process of assimilation flourished in western Europe things were very different in the east. The socio-economic separateness of the *Shtetl* (small towns), where the bulk of the Jewish population was concentrated, was a result of both the economic backwardness of the region and the anti-semitic policies of the Tsarist Empire.

The German and Russian orthodox Marxists certainly saw spontaneous assimilation as progressive and anything which acted to keep the Jews of eastern Europe in their caste-like existence as reactionary. But Traverso seriously misunderstands or misrepresents them. Their principal concern was not to decide whether the Jews of eastern Europe were or were not a nation. After all, it was Lenin who referred to them as the "most oppressed people" of the Tsarist Empire while, ironically, it was the main theoretician of "national-cultural autonomy", Otto Bauer, who denied that the Jews were a nation.

Today, we can well accept that the Jews of eastern Europe had some important features of a national community. They spoke a separate language—Yiddish. Both political oppression and economic developments, (mutually re-enforcing) created a proto-national identity amongst them. The important question was what political demands were appropriate to this identity Here another factor was decisive. The Jewish communities were scattered amongst majorities of Poles, Russians and other nationalities. The Russian Marxists concentrated on the fight against all discrimination which kept the Jews in a caste-like existence and on the struggle against the

economic backwardness of the Tsarist Empire

If all political oppression was removed and economic development speeded up (either on a capitalist or a socialist basis) then they believed the process of spontaneous assimilation would begin to erode the "otherness" of the Yiddishkeit. This might be a tragedy from the point of view of a proponent of Jewish national culture but it would hardly be so to a proponent of the political and social emancipation of the Jewish proletariat.

Traverso sees Lenin as an enemy of Jewish "otherness" because he was opposed to separate Jewish schools to promote Jewish national culture. In fact, Lenin was absolutely opposed to any assimilation "based on fraud or force". He was vigorously in favour of national minorities receiving education in their mother tongues and having access to their own literature. He was no proponent of assimilation of the Jews to Great Russian culture but of the integration of all the progressive, democratic and socialist, elements from the various national or ethnic communities into the international culture of the proletarian movement. He recognised the specifically progressive feature of Jews in their *internationalism*, precisely the feature that made them an abomination to all reactionaries.

Traverso reacts violently to Lenin's famous statement, "Whoever, directly or indirectly, puts forward the slogan of Jewish 'national culture' is . . . an accomplice of the rabbis and the bourgeoisie". Why did Lenin maintain this? Because the ruling ideas within each and every national culture are the ideas of the ruling class. Amongst the Jewish community this would mean spreading the ideology of the bourgeoisie and the rabbis. In Traverso's perspective, Lenin "remained a prisoner of the dogma of assimilation". In our view Traverso is a prisoner of bourgeois nationalism.

Indeed, so much so that Traverso propounds an utterly un-Marxist notion of Marxism itself. He divides it up into equally valid national variants: Russian Marxism, Austro-Marxism, German Marxism, Judeo-Marxism. These categories transcend such questions as revisionism or orthodoxy. So Kautsky and Bernstein are dubbed "German Marxists" and Lenin and Martov "Russian Marxists". All are equal . . . but some are more equal than others. Traverso really values those who recognise their national cultural distinctiveness. In Traverso's warped world it is the "internationalists" who are condemned as economist and vulgar Marxists.

The revolutionary wing of Marxism believed that any attempt to artificially foster and preserve the national culture of the Jews would have to stress its religious and caste-like components. Any attempt to organisationally preserve the separation of the Jewish proletariat from the Polish or Russian working class would entrench the backwardness of the Jewish proletariat within its artisanal nature, and hence cement its "community" with its bosses. Secondly, it would undermine the organisational and ideological internationalism of the Russian, Polish and other proletariats whose unity was essential to overthrow Tsarism (and with it the anti-semitic Black Hundred regime which oppressed the Jews).

It is in the chapter on Walter Benjamin that we come close to the source of all this "new thinking" in the USFI or among intellectuals close to it. In order to make us understand Benjamin's *Theses on the Concept of History*, Traverso proposes a "new methodological approach": namely, that developed by the Liberation Theologians in Latin America. This approach may be many things but it is certainly not at all *new*. Lenin long ago led a fight against just such "God-seekers" among the Bolsheviks (Bogdanov, Lunacharsky) after the aborted revolution of 1905, and even earlier in the 1840s Marx and Engels fought against the followers of Weitling's "True Communism".

The essence of the "new" approach is to write off the crude materialists in favour of the discovery that, after all, "Marxism and religion are not two irreconcilable universes." We must, in Traverso's New Leftspeak, seek a "transcendence of the Marxism/religion antinomy". Religion is both an instrument of rule and "a utopia that expresses the revolt of the oppressed".

It is truly ridiculous to present this as novel. Engels and Kautsky both studied precisely this utopian aspect of Christian currents. But their position was that Christianity, after the birth of Scientific Socialism and the modern proletariat, no longer had any progressive function. Religious beliefs in all their varieties remain superstitious and in contradiction to modern science. The oppressed who rely on them are leaning on a broken reed. Marxism itself starts from the gains of bourgeois science which would be unthinkable without the Enlightenment and the then progressive bourgeoisie's attacks on religion.

In his concluding chapter, Traverso spells out his belief that "religion is a factor as important as the economy to the understanding of the Jewish question". Like his teacher, or forerunner, the Brazilian USFI sociologist Lowy, Traverso hopes to mobilise "the subversive potentialities of faith" and enlists Judaism as "the indispensable ally of materialism in the chess game of history".

In the process, while Traverso tries to rubbish Lenin he tries to rescue Trotsky—as it were at the last minute. Whilst prior to 1917 Trotsky shared Lenin's "unfortunate" position, in his later writings Traverso finds "a fundamentally cultural-historical conception of the nation". But he gets into serious problems when he tries to find anything there to prove his remarkable claim. He simply asserts that in the late 1930's, he changed his mind and thus proposed "a territorial solution to the Jewish problem".

In fact, Trotsky's territorial solution is precisely the one endorsed by Lenin. In Trotsky's last work, the unfinished biography of Stalin, he fully endorses Lenin's rejection of Austro-Marxism:

"Otto Bauer considered nationality independent of territory, economy and class, transforming it into a species of abstraction limited by so-called 'national character' . . . That programme was artificial and utopian insofar as it attempted to separate culture from territory and economy in a society torn apart by social contradictions; it was at the same time reactionary, in so far as it led to a forced disunion into various nationalities of the workers of one and the same state, undermining their class strength."

Lenin himself discussed the idea of an "experiment" in the USSR of creating a Jewish autonomous zone and thus did not rule out a national political entity for those Jews who wished to build one. Trotsky later on endorsed this idea of a voluntary "experiment". They did so, however, in perfect consistency with the Bolshevik and *not* the Austro-Marxist position. For Lenin and Trotsky saw such a possibility as one expression of the right to self-determination of nations, which could lead either to autonomy/federation or complete separation. They only insisted that for it to be realised it had to have a territorial and thus a socio-economic base.

Traverso in his desperation for something in Trotsky's works to cling on to quotes from a letter to Jack and Sara Weber in 1938 where Trotsky refers to "the messianic spirit" of the Jewish proletariat. Traverso's comment is painfully ridiculous:

"The importance of this passage should be stressed because it is the only text of Trotsky's that refers to religion as one of the paths to the liberation of the oppressed".

The only text *indeed*! How many could one quote, up to and including his Testament, in which he rejects totally the fantasy liberation of religion. The author finally reaches the level of risible sentimental romanticism in his summation of Trotsky's life:

"There is something profoundly Jewish in the fate of Trotsky (Lev Davidovitch Bronstein), who wrote all his great works in exile and was condemned to a permanent wandering because of his political stance: but, as Hans Meyer has pointed out, he lived his whole life as 'comrade Shylock' without ever being conscious of it."

The purpose of Traverso and Lowy's revision of Marxism on the Jewish question is perfectly clear. They want to give a "theoretical" foundation to the USFI's capitulation to religiously inspired oppositional forces in Latin America and the regionalist movements in Spain and elsewhere. The book is characterised by an attempt to retrospectively obliterate or undo all the dividing lines between classical Marxist, Leninist and Trotskyist positions and anti-Marxism. This goes on from the attempt to pull down the barriers between

Marxism and nationalism to those between it and religion Those who are looking for a modern elaboration of the Marxist position on the Jewish question, should instead turn to the LRCI document on Zionism, Israel, Palestine and Arab nationalism (reproduced in the pamphlet *The Middle East: Repression and Revolt*).■

## NATURAL SELECTION

# "The property owning ape"

*Quentin Rudland reviews*
***The Descent of the Child: Human Evolution From a New Perspective***
*by Elaine Morgan*
*Souvenir Press 1994*
*Price £13.95*

In "The Part Played By Labour In The Transition From Ape To Man" Engels argued that walking on two legs and upright posture evolved before the major growth of the brain that is so characteristic of our species—Homo Sapiens. Indeed, he insisted that expansion in brain size was caused in part by the former. This view put him in a minority, alongside Ernst Haeckel, in opposition to Darwin who believed that brain growth came first. The discovery during the twentieth century of an African hominid fossil record has since proved Engels correct.

So a new Darwinian orthodoxy arose to explain human origins: that the peculiarities of our evolution are due to the pressures of natural selection that operated on our ancestors in the transition from a forest to a grassland environment, what Elaine Morgan has termed the Savannah Theory.

For almost a quarter of a century she has challenged this view. Together with Alister Hardy she has developed the so-called Aquatic Ape Theory (AAT). Their view is that at the point of branching from our ape ancestry, the first hominids evolved in a semi-aquatic environment, probably a coastal or island habitat, in what is now the Afar Triangle in Ethiopia, before returning again to dry land.

Like Engels, she too has focused on bipedalism and brain growth, among other striking peculiarities and anomalies of human anatomy and physiology. She has brought to our attention such things as the complete transformation that took place in the regulation of our body temperature, involving loss of body hair and the acquisition of a layer of fat just below the skin. She has stressed the unique development of voluntary breath control and a descended larynx.

She has forcefully argued that there is a unified explanation for every one of these, as well as many other characteristics, if we accept that hominid development took place initially as an adaptation to a semi-aquatic environment. By contrast, they all appear as discrete anomalies within the Savannah Theory. Indeed, the fossil record demonstrates that bipedalism was well established over a million years before the development of the savannah environment in Africa.

Marxism, of course, has no axe to grind concerning the original causes of bipedal evolution. We can and must await the course of future research and debate. However, the reasons for the growth of the human brain is another matter. Engels' theory, later endorsed by Stephen Jay Gould, was that with upright posture the hands were freed and co-operative labour emerged as a decisive selective factor favouring brain growth and language development. This contention is central to the historical materialist conception of the species character of humanity.

In the AAT, and long prior to her most recent book, *The Descent of The Child*, Morgan has tended to separate brain growth and language development from the origins of social labour. In this work she argues that these specifically human attributes are the product of the particular evolution of the uniquely undeveloped and helpless human infant, as opposed to the evolution of the adult.

Her long standing case that a semi-aquatic environment could have provided an impulse to initial hominid brain growth, particularly as a consequence of a changed mode of locomotion, is cogent and, in principle, unobjectionable. But, as she is aware, the decisive changes in brain development took place later than her semi-aquatic phase. So in her new book she begins afresh from an impeccably Darwinian axiom: that no structure evolves because of a future function, and applies it to the evolution of the human child.

But here Morgan gets confused. This axiom is true when we consider the development of a species through history (phylogeny). But when we turn to the development of any individual from embryo to adulthood (ontogeny) it is not at all correct; here structure can and must develop to allow a future function. This is almost true by definition. For example, identifiably human lower limbs must begin to develop in the womb long before they be used for walking.

This phylogeny/ontogeny confusion leads her astray when she considers the adaptive pressures leading to brain growth and language development in humans. It leads her to some remarkable conclusions in that third of *The Descent of The Child* devoted to what she herself terms "sociology":

"Many attempts have been made over the years to distil into one phrase the essence of what makes humans different—do they represent the hunting ape? the naked ape? the tool-making ape? In view of the very early ontogenetic development of the sense of being in possession of material objects, and the overwhelming part it has played in our economic history, it is mildly surprising that no one has suggested the property owning ape. In the infant's vocabulary, 'mine' is a word that is acquired early and employed loudly and often." (p 150).

Morgan's "mild surprise" is misplaced. In contradistinction to Benjamin Franklin, who first advanced the view that humanity is a tool-making species, Adam Smith in the eighteenth century argued that it is in the very nature of "man" to truck, barter, and exchange, that is, to relate to objects as absolute private property. Hence the school of classical political economy which he founded considered the most historically developed form of private property as a "natural" institution.

Morgan unwittingly rediscovers this quintessentially bourgeois and a-historical conception of the species character of humanity. Herein lies the unbridgeable gulf between her "sociology" and Marxism.

But Morgan's "sociology" is totally unnecessary as well as bourgeois. The theory of natural selection comfortably accounts for the role played by labour in the development of brain size and language. Adaptive pressures can act directly on an adult and indirectly favour infantile characteristics which will be precursors of adaptive structure and function in the adult. So the better adapted adult had unique characters as an infant which can be inherited by its offspring. Morgan fails to advance a single argument why this cannot be the case in general, or why adult labour cannot be the particular factor involved in brain growth and language development in the evolution of the human infant.

Having chosen to embrace a vulgar bourgeois view of a child's language development Morgan's entire analysis of the nuclear family, of parenting and child rearing, remains suck within the framework of 1950s conservative sociology. The nuclear family purportedly has a biological basis, not only in the requirements of prolonged childcare, but also in a genetic predisposition to fall in love.

But feeling the latter to be a shaky and internally contradictory foundation for stable monogamy Morgan has resort to "economic considerations". The division of labour between women (child bearing and rearing) and men (work outside the do-

mestic economy), which she superimposes on the whole of human history to date, is considered as one-sidedly "rational" as well as in the best interests of mother and child, at least in the past. This sociology is hardly original!

Ironically, if typically, private property and its relation to the oppression of women and children in the patriarchal family is absent from Morgan's conception. Here again she could take a leaf out of a book by Engels, *The Origin of Private Property the Family and the State*.

On the other hand, there is a missing link between Engels' two works: the part played by the labour devoted to childrearing in the development of the family. Here Morgan's discussion of the evolutionary benefits and costs of prolonged infant development and dependence is a mine of insights.

But, with her, historical change within the family only really begins with developed capitalism as women's relationship to paid labour, and hence to childcare, alters radically. As a result she views the nuclear family as in terminal and irreversible crisis. In line with her liberal feminist perspective she advocates nursery provision for all three year olds, a paltry enough measure considering the scale and scope of the problem.

This is to be "paid for" by reducing the school leaving age: the capitalist distribution of social wealth is to be left completely untouched! Like it or not, Morgan's genuine concern for the needs and interests of the young child are subordinated to the preservation of capitalist private property.

Marx quipped that Adam Smith's brain, like another part of his anatomy, was capable of both procreation and excretion, although he put it more pithily. The same goes for Elaine Morgan. In her attempt to overthrow the paradigm of the Savannah Theory, while remaining on the terrain of Darwinism, Morgan is a revolutionary thinker.

She has pointed out that, like many scientific advances, she began her attempt at intellectual insurrection by abandoning an axiom: that the transition from an arboreal to a savannah environment was direct.

Paradoxically enough, this combination of critical and scientific thought is rare, not least unfortunately, among Marxists. It is easier to assimilate the results of scientific development, as an orthodoxy, than it is to apply the scientific method afresh to old or new problems. Every significant development of Marxist theory after the deaths of Marx and Engels involved this combination and a break with an ossified "orthodoxy".

*The Descent of The Child* is far from her best book even if there remains much that is innovative and profound in it for those who read it critically. *The Aquatic Ape*, meanwhile, is a rounded exposition of the AAT, while *The Scars of Evolution* is full of scientific argumentation and polemic. New readers should begin here.■

TROTSKYISM

# An American odyssey

*G R McColl reviews*

***The Prophet's Children: Travels on the American Left***

*by Tim Wohlforth*

*Humanities Press 1994*

*Price £14.95*

In contrast to some of his more flamboyant contemporaries on the post-war US left, Tim Wohlforth has neither renounced socialism like countless campus Maoists, joined the Democratic Party nor become the guru of a crazed sect. He has, however, said his final farewells to Trotskyism, a fact amply demonstrated in his autobiography.

There is much to commend this book as a sometimes insightful history of the US left and of the youth, anti-Vietnam War and black liberation movements of the 1960s. Yet Wohlforth's odyssey has worn him out and at the end of his journey he rejects the very idea of a revolutionary party, offering little in the way of a serious alternative.

A sub-theme of the book is the constant and detailed surveillance of the US left. This is dealt with both by inserts as the story progresses and in an addendum. This obsession is typical Healyism but the sheer scale of it, revealed under the US "Freedom of Information Act", is at times remarkable. Wohlforth explains how a brief meeting with Cannon at the SWP's conference in 1957 led to him being photographed both entering and leaving the building. In fact the FBI shot 52 rolls of film at this conference alone from three different locations, backed up by five rolls of film from a movie camera!

Wohlforth's political memoirs, while often amusing and sometimes poignant, are ultimately a sad tale of nearly 30 years spent on the far left in the world's dominant imperialist power. For two periods, he was a member of the US Socialist Workers Party (SWP). In the late 1950s/early 1960s he was in its leadership. But sandwiched between his SWP years, from 1961 until 1974, he was Gerry Healy's man in the USA. Helping first to build a faction in the SWP, Wohlforth went on to found the Workers League in 1964, the US section of Healy's International Committee.

By his own account, Wohlforth emerged an exhausted, broken man after his expulsion from what was by then a deeply degenerate organisation.

The spectre of Healy haunted him for many years, and on hearing of the old tyrant's death in 1989, he writes that "an ancient feeling, deeply buried in my subconscious, of respect, even affection, arose within me". Wohlforth portrays himself as an innocent victim of Healy and his internal regime of terror. His own deep complicity in enforcing this regime, based as it was on an ever more crazed set of catastrophist perspectives, on the membership in the US section, receives scant attention.

His claim of ignorance, as a leading member of Healy's International Committee, of the pervasive physical and sexual abuse rife in the British section (which he often visited) is also less than credible.

Though he rejoined the SWP for a time, his capacity for ideological combat had withered and, by 1979, he had left voluntarily "more out of ennui and weariness" than political principle.

Ironically, Wohlforth's final departure from the SWP came as Jack Barnes consolidated his grip over the organisation, leading it to embrace the Castroite version of Stalinism as the new path of revolution, though this time he was little more than a spectator.

Nearly 20 years before, Wohlforth had joined Shane Mage and James Robertson (his collaborators in the Shachtmanite Young Socialist League of the mid-1950s and then in the SWP's fledgling Young Socialist Alliance) in a bruising faction fight in the SWP over the question of its characterisation of the Cuban revolution and the state which emerged from it.

Out of this bitter debate came Wohlforth's most significant intellectual contribution, "The Theory of Structural Assimilation", a fundamentally flawed but serious and thought provoking attempt to re-analyse the expansion of Stalinism in the



TIM WOHLFORTH

post-war period.

Remarkably, Wohlforth affords readers little insight into the development of his views in this key period or his subsequent acceptance of a more "orthodox" label of Cuba as a "deformed" workers' state. He does, however, write frankly, and at great length, about his increasingly unhappy personal life and the painful healing of the psychological injuries inflicted on him by Healyism.

While his account of life under Healy adds little new to the documentation of western "Trotskyism's" most diseased personality cult, Wohlforth draws the conclusion, similar to that of his British ex-comrades, Robin Blick and Adam Westoby, that the roots of Healyite bureaucratism lie deep within the Leninist model of the vanguard party. Though he never adopts the fanatically anti-communist tone of Blick's later writings, Wohlforth seeks to separate the "good" Trotsky, the left Menshevik critic of Bolshevism, the champion of workers' democracy and steadfast opponent of Stalinist bureaucratic terror, from the "bad" Trotsky, the defender of Bolshevism.

In his conclusions, Wohlforth breaks with anything approaching a materialist analysis of the degeneration of the Bolshevik Party.

Instead, he ridiculously blames Lenin and Leninism for everything from "the factionalism and splits that have plagued the Trotskyist movement since its origin" through to the suppression of internal democratic practice and the rise of personality cults, comparing the "vanguard notion" to "religious doctrine in churches".

While those who claim to stand in the Bolshevik tradition should never shrink from a critical re-examination of it, what Wohlforth presents is a caricature shaped by the propaganda of bourgeois historians and the practice of Gerry Healy, rather than by the strengths and defects of the party which was indispensable to realising the world's first and still lone workers' revolution against the background of gravely disadvantageous objective circumstances.

Despite Wohlforth's current rosy view of the 1960s New Left in the US, its failure to leave any lasting structure for a future generation to build on stemmed from its refusal to develop a clear programme and perspectives to be tested in practice by a *democratic centralist* organisation.

The premium placed on pluralism and consensus decisions within organisations such as Students for a Democratic Society actually left them open to bureaucratic centralist manipulation and control by "vanguardist" Maoist sects, which sprang up as the opposition to the US war in Vietnam grew, along with campus and black urban militancy.

The Healyite caricature of democratic centralism which so scarred Wohlforth owed nothing to Lenin and everything to Stalin. No doubt Healy's early (1930s) training in the Stalinist YCL and his later intrigues and factionalism in the British WIL in the early 1940s was the origin of this bureaucratism.

For all the necessary criticism of Wohlforth's political trajectory, there are also positive lessons to be learned from his experience, especially in the context of the Workers League's efforts to recruit black and Latino youth to its ranks in the early 1970s. The book devotes nearly a chapter to anecdotal history and serious analysis of this work. Here, Wohlforth suddenly takes fire. If his account is at all accurate, the Workers League, at the time an organisation of no more than 100 cadre, built a youth organisation of up to 750, composed mainly of black and Hispanic youth in New York City, many from the worst slum neighbourhoods in the western world.

Wohlforth maintains that the organisation was neither simply nor primarily about providing an alternative social life through dances and sporting events. What the Workers League did was to directly challenge the ideological appeal of black nationalism in the very ghetto areas where its influence had grown in the wake of the urban uprisings and the efforts of the Black Panther Party to relate to the most alienated, dispossessed youth.

In so doing, the much smaller Workers League built a much larger periphery of black proletarian youth than the SWP ever did with its capitulation to black nationalism from the mid-1960s onwards. As Wohlforth puts it: "If black nationalism was as progressive as the SWP said it was, then why not, the potential recruit would reason, remain in one's black nationalist organisation?"

On its own, the account of the New York City youth work makes Wohlforth's volume worthwhile reading for revolutionaries a generation later.

He illustrates the real potential of a turn towards young, working class people oppressed and radicalised by the injustices of imperialist capitalism. Wohlforth reminds us that: "A comrade had to be able to make our ideas live, to make them seem real to a young teenager without much education but with plenty of street knowledge of the ills of capitalism".

Wohlforth's subordination to the sectarian world of Healyism finished off anything of value in the work among the youth. Healy personally supervised the witch-hunt against Wohlforth at a WL summer camp. Wohlforth was denounced for the failure to take advantage of the supposed revolutionary situation in the USA.

For Healy this could only be because the middle class leaders of the League were failing to reach the working class youth. This must naturally be the work of agents of the FBI. Wohlforth's companion was duly denounced as one such agent.

After an attempt to swallow even this "for the good of the party" Wohlforth finally cracked up and left. An attempt to revitalise himself inside the SWP (US) at a time when it was in headlong flight from Trotskyism towards Castro and Malcolm X only served to deepen his gloom. Wohlforth groped for an explanation but reached absolutely the wrong conclusions. Having accepted Healyism for so long as the good coin of Leninism and Trotskyism he rejected both.

It is thus no surprise that, in the absence of a revolutionary critique of degenerate "Trotskyism", he threw out the baby with the very dirty bathwater. However there is something to be learned from these memoirs which cover an entire period of the American left, even if the lessons are largely negative ones.■

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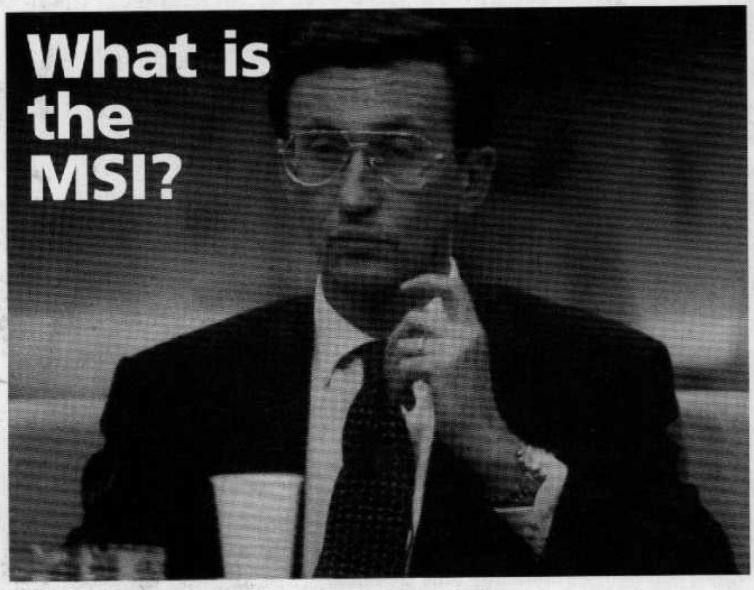
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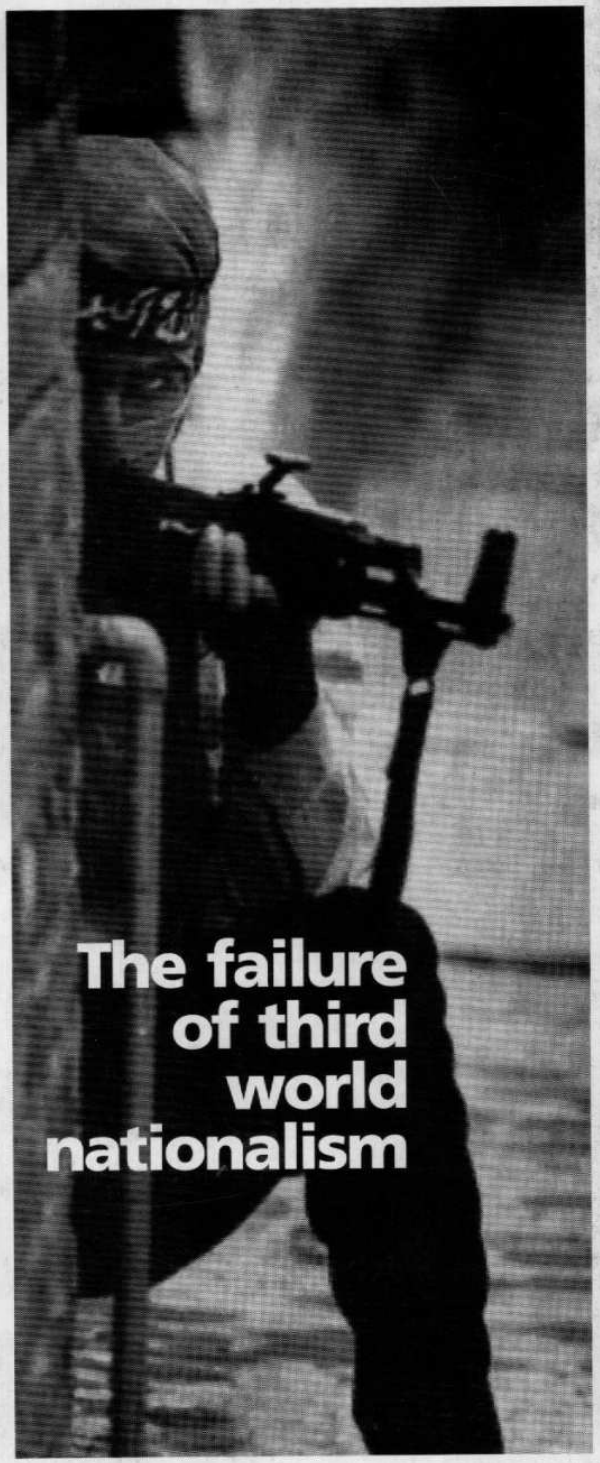
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