

WORKERS POWER DISCUSSION OF THE CLASS NATURE OF THE STALINIST STATES

Discussion Document on:

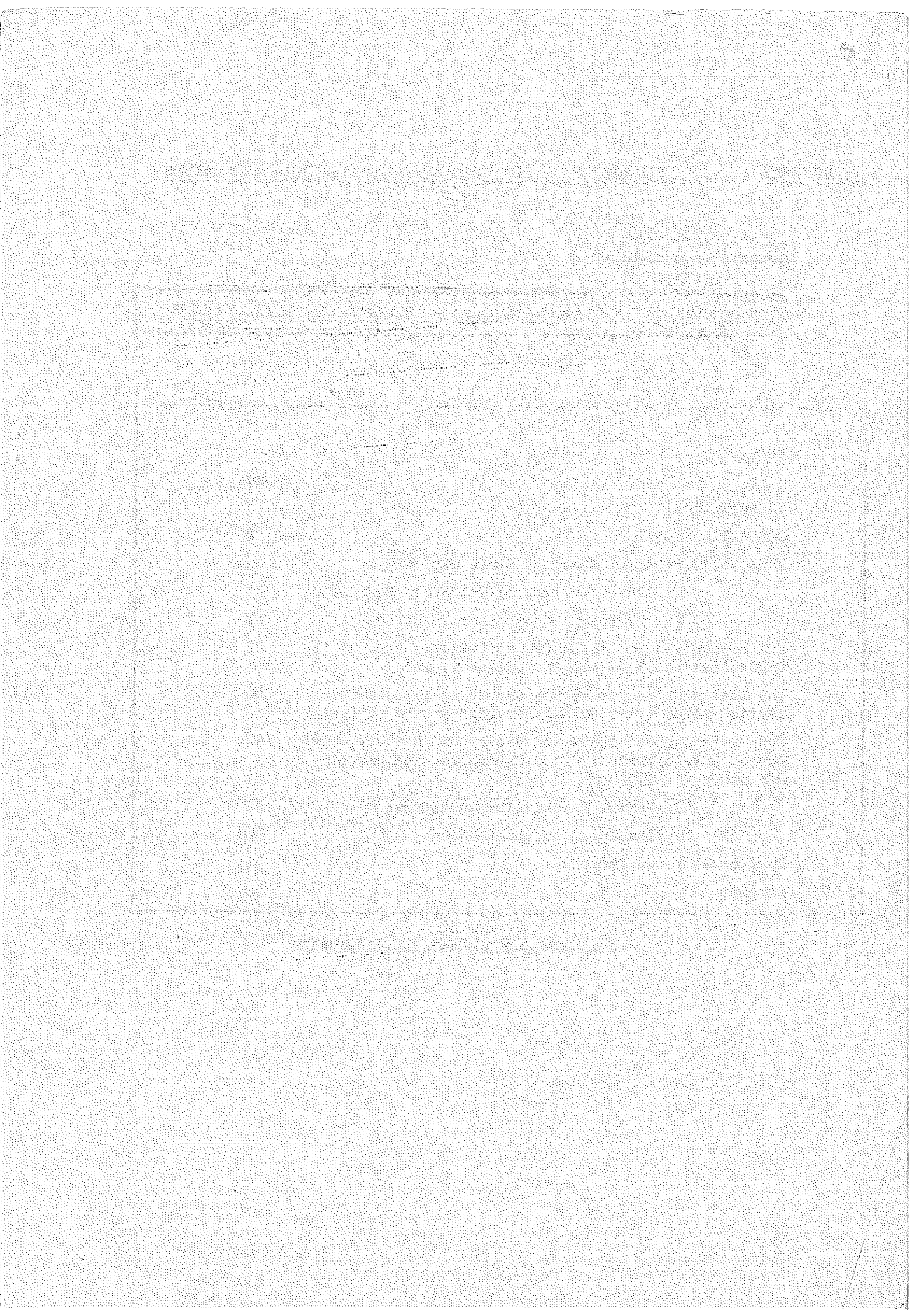
"Capitalism - State Capitalism - Bureaucratic Collectivism!"

By Q. R.

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The Laws of Motion of State Capitalism - From State Capitalism to 'Bureaucratic
Collectivism'

In his 'Imperialism and World Economy' (1915) and 'Economics of the Transition Period' (1921), Bukharin had formulated an extensive theory of state capitalism. As a consequence of his formalist 'scholastic' method, which Lenin had occasion to sharply criticise, he fails to theoretically distinguish between developed forms of state monopoly capitalism and state capitalism. In the former work, in reference to war economies, he argues:

'Finance capital seizes the entire country in an iron grip. 'National economy' TURNS INTO ONE GIANTIC COMBINED TRUST whose partners are the financial groups and the state. SUCH FORMATIONS WE CALL STATE CAPITALIST TRUSTS. OF COURSE THE LATTER FORMATIONS CANNOT BE IDENTIFIED WITH THE STRUCTURE OF A TRUST IN THE PROPER SENSE OF THE WORD; A TRUST IS A MUCH MORE CENTRALISED AND LESS ANARCHIC ORGANISATION. To a certain degree, however, particularly in comparison with the preceding phase of capitalism, THE ECONOMICALLY DEVELOPED STATES HAVE ALREADY ADVANCED FAR TOWARDS A SITUATION WHERE THEY CAN BE LOOKED UPON AS A BIG TRUST-LIKE ORGANISATION OR, AS WE HAVE TERMED THEM, STATE CAPITALIST TRUSTS. We may therefore speak at present about the concentration of capital in state capitalist trusts as component parts of a much larger socio-economic entity, world economy.' (28)

Although Bukharin makes a quantitative, empirical distinction between a 'state capitalist trust' and a 'trust proper' according to the degree of centralisation and abolition of internal 'anarchy', he argues, in effect, that the imperialist war economies of the First World War formed concrete historical approximations to single state capitalist trusts and that consequently they could be theoretically 'looked upon' as such. He elaborates this conception in the 'Economics of the Transition Period':

'STATE CAPITALISM is a completely specific and purely historical category, in spite of the fact that it exhibits a 'SOCIAL RATIONALITY' as well as an 'ANTI-CHREMATISTIC (ie. literally anti-money making and thus commodity producing) tendency'. For it constitutes at the same time a species, THE 'MOST PERFECT' SPECIES, OF CAPITALISM. The basic relation of production in the capitalist order is the relation between the capitalist who owns the means of production and the worker who sells his labour power to the capitalist. IT IS IMPOSSIBLE, INDEED ABSURD, TO IGNORE THIS BASIC CLASS CHARACTERISTIC IN A CONSIDERATION OF STATE CAPITALIST STRUCTURE.' (29)

Lenin makes an important observation on this passage in his notes on Bukharin's work. Commenting on the last point concerning the essential class relation of state capitalism, Lenin remarks 'completely true', but adds that:

'Perhaps a definition of state capitalism would be in order. A CAPITALISM WITHOUT STOCKS AND TRUSTS (AND PERHAPS WITHOUT MONOPOLIES). The author gives neither a concrete nor an economic judgement' (30)

Lenin notes the same problem as Trotsky: nobody knows what the term 'state capitalism' means. He is quite correct in his tentative proposal that state capitalism, correctly defined, involves the absence of the capitalist monopolies, which point Bukharin does not specifically deal with in any depth; he does not deal with the question of nationalisation at all. But he does discuss the formation of state, as opposed to private, monopolies, and consequently conceptualises completed state capitalism as one giant state monopoly.

Bukharin also provides, for what it is worth, a concrete POLITICAL judgement:

'there arises a new model of state power, the CLASSICAL MODEL OF THE IMPERIALIST STATE, which relies on state capitalist relations of production. HERE 'ECONOMICS' IS ORGANISATIONALLY FUSED WITH 'POLITICS';

THE ECONOMIC POWER OF THE BOURGEOISIE UNITES ITSELF DIRECTLY WITH ITS POLITICAL POWER; the state ceases to be a simple protection of the process of exploitation and becomes A DIRECT CAPITALIST COLLECTIVE EXPLOITER, OPENLY OPPOSED TO THE PROLETARIAT' (31)

He therefore characterises the imperialist form of the state in general by the COMPLETION of its FUSION with the capitalist class and not by the PROCESS of such a fusion.

Further, Bukharin does, in fact, provide an ECONOMIC judgement, hinted at above in his remarks concerning the anti 'anarchic' and 'anti-chrematistic' nature of state capitalism, themes he expands upon. He argues that state capitalism involves the abolition of NATIONAL commodity production, exchange and competition. Instead these features of the epoch of free competition reappear in heightened form INTERNATIONALLY, in WORLD ECONOMY. He proceeds to draw a conclusion which at first sight appears strange, but which is in fact both explicable and common to many theories of state capitalism: that the law of value no longer operates in this regime. From this he draws the theoretical inference that the categories of Marxist political economy no longer apply to, become redundant for, the scientific analysis of state capitalism.

This is a very peculiar argument indeed, for Marxist political economy is nothing but the science of commodity production in general, and capitalism in its most concentrated 'generalised' form, in particular. Bukharin asserts that state capitalism is the 'most perfect' form of capitalism in general. Clearly, there is either something very wrong with the Marxist science of political economy, or with this, the 'most perfect' form of capitalism itself.

Marx's definition of capitalism included its nature as generalised commodity production and exchange, the laws of which are mediated through competition. Compared with this, Bukharin's argument, despite the saving clause concerning competition at the level of world economy, reduces itself, in fact, to the assertion that 'state capitalism' is not capitalism. Consequently, his 'theory' jumbles together in an untidy melange, three quite distinct historical and conceptual stages: state monopoly capitalism, state capitalism, and non-capitalism.

Essentially, Bukharin's concept of state capitalism already contains all the elements present in that of Tony Cliff and the SWP(GB), and indeed, ultimately, of state capitalist theories of the Stalinist states in general. Bukharin even includes the conception that competition in the imperialist epoch is transformed into military competition pure and simple, and thus, as a consequence, provides the essential elements of the so-called 'permanent arms economy'. In 'State Capitalism in Russia' Cliff relies explicitly on Bukharin's arguments. Indeed, it will become clear, superficial appearances notwithstanding, that Cliff arrives at the same judgement concerning the usefulness of Marxist political economy in the analysis of state capitalism.

Of course, Cliff and other such 'theoreticians' approach the distinction between state monopoly capitalism and state capitalism more concretely than Bukharin, although the SWP seem increasingly inclined to define the imperialist regimes as state capitalist, once again following in his footsteps. But Bukharin has one distinct advantage (and one might add, many partially valid excuses) in comparison with his conscious and unconscious epigons: he at least attempted a theoretically consistent demonstration of the development of state capitalism, from the inner tendencies of capitalism in general and the imperialist war economies in particular.

It is here, with the imperialist war economies, the culminating moment of capitalist crisis in the imperialist epoch, that we confront the theoretical possibility of the evolution of a completed state capitalism, and concretely, its relation to and place in world economy. The imperialist crisis necessarily develops through a precipitate slump in world production and trade, with a concomitant intensification of international capitalist competition. We know both theoretically and as a consequence of the experience of the imperialist crisis of 1930s that this inevitably leads to world-wide erection of tariff barriers and intensified preparation for war, expanded arms production. In short, the creation of autarchic national capitalist units geared towards the attempt to redivide the world on a new basis, or the attempt to defend the existing imperialist divisions. Therefore, the imperialist crisis inevitably involves the fracturing and disintegration of capitalist world

economy, the tendential undermining of the world division of labour and market.

But the creation of this completely inter-dependent world economy awns the great progressive historic mission of the capitalist mode of production arising out of, and being a decisive element in, the capitalistic development of the productive forces on a world scale. A national state capitalist regime would complete the autarchic isolation of national from world economy, it would be 'capitalism in one country'. *Why?*

This alone signifies that state capitalism marks a gigantic historical regression, a crippling and outright destruction of world productive forces. For not only is socialism not possible in one country, or in one part of the globe, neither is capitalism which emerged historically on the basis of an already developed world division of labour and market which it proceeded to revolutionise in its own image. Marx remarked that 'capitalist production never exists without foreign trade'(32). This is another decisive aspect in which state capitalism in in the process of ceasing to be capitalism.

It is therefore a theoretical absurdity to define the capitalist nature of state capitalism from the point of view of its relation to world economy, to a world commodity production, circulation and capitalist competition which must be in an advanced stage of disintegration as, for example, in Bukharin's conception. This is not to suggest that the completion of state capitalist regimes would occur simultaneously throughout the world. On the contrary, the process would inevitably be uneven, its primary developments would occur in the weakest links in the capitalist chain, Britain for example. If other imperialist powers still maintained relatively healthy private capital accumulation, in say a re-unified German imperialism, then the possibility exists that this power's economic and/or military competition might undermine the development or existence of the British state capitalist regime. Under these conditions the holdings of the British capitalist class, instead of remaining in the hands of its own state, would be swallowed whole by another section of world monopoly capital. Here, the state capitalist regime would prove, for a while, to be a merely conjunctural passing phenomena. The theoretical possibility of such a conjunctural state capitalist regime is important in two ways. First, it demonstrates a supplementary reason why the particular capitalist class might voluntarily go over to a state capitalist regime in order to attempt to avoid expropriation by another section of the world capitalist class. Second, because conjunctural regimes of this nature have existed, as we shall see in the last sections of this document, which tended under imperialist pressure to collapse back into private capitalism.

However, this concrete eventuality is theoretically excluded, in general, by the assured severity of the world-wide capitalist crisis. Although one imperialist nation, here Britain, completes the state capitalist evolution first, this very fact presupposes the advanced state of economic decay of the other state monopoly capitalist regimes. This would signify the latter's inability to ECONOMICALLY undermine the British state capital and that the effort of a military intervention would lead to an 'organised Europe', a limited 'multi-national' state capital of short historical duration.

Bukharin is left with no consistent grounds for defining the capitalist nature of state capitalism, for he has asserted that in national economy the law of value ceases to operate, but it also clearly ceases to operate internationally. Yet we wish to establish here the still capitalist nature (albeit in the process of destruction) of such a regime in just such a world economic conjuncture. There remains only one possibility, the law of value does not cease to operate at the level of national economy.

Indeed, it is precisely here that Bukharin falls into a major contradiction, a theoretical error repeated in most state capitalist accounts of the stalinist states. His assertion that the law of value ceases to operate in national state capitalist economy completely undermines his own argument, which Lenin agreed with, and which corresponds to Engels' definition of a theoretically possible state capitalism, that the direct producers remain WAGE-LABOURERS, proletarians, who SELL the COMMODITY labour-power to the (state) capitalist class and consequently produce a surplus product in the form of a COMMODITY, of SURPLUS-VALUE. As Bukharin himself said: 'it is impossible, indeed absurd, to ignore this basic class characteristic in a consideration of state capitalist structure'. Yet it is equally absurd to ignore the specific

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historical form of the capital relation; which is exactly what he does.

As Marx argued in his definition of capitalism, it is precisely this determinate form of surplus labour appropriation, the exploitation of a class of direct producers in the form of wage-labour, that determines the entire character of the mode of production. The determinant of the specific form of wage-labour is the 'free' character of the exploited class. 'Free' in a double sense: free from all means of production and means of subsistence, and consequently 'free' to sell their labour-power as a commodity. In other words, as we have clearly seen, the production, scale and purchase of this commodity is itself governed by the law of value, as is the resultant process of exploitation.

To argue that the law of value is abolished in the sphere of capital relation and to combine this with the assertion that there continues to exist a class of exploited direct producers, is, in effect, to argue that this class is not a class of wage-labourers but a class of slaves, the property of the ruling class. The relation of appropriation of surplus-value is thus considered merely as the appropriation of surplus labour and the resultant surplus product.

Consequently, the retention of the capital relation, of a class of wage-labourers engaged in capitalist commodity production, the production of surplus value, forms the theoretical point of departure for establishing the laws of motion of a national state regime.

Here, it is necessary to deal with a fundamental element of Marx's definition of capitalism in general in more detail. He states that commodity production presupposes commodity exchange, or rather, the interdependent process of individual exchanges which in turn involves the development of the universal commodity, money; in sum, the circulation process. Although commodity production, and thus the single commodity, the commodity product, can and must be considered in abstraction from circulation relations in the analysis of capital in general, this does not signify that commodity production, or capitalist commodity production, can ever actually EXIST in the absence of commodity circulation. On the contrary, this abstraction, the single commodity, remains a commodity only because it is a use-value purposely produced for exchange, for the market. The production of a single commodity involves the production of VALUE, but this does not appear immediately in this single use-value but only in its relation to another commodity, in exchange. This EXCHANGE VALUE is the necessary form of appearance of VALUE. Marx noted in his definition that:

'The characteristic 1) of the PRODUCT AS A COMMODITY, and 2) of the COMMODITY as a PRODUCT OF CAPITAL, ALREADY IMPLIES ALL CIRCULATION RELATIONS, ie. a definite social process through which the products MUST PASS and in which they assume definite social characteristics; it likewise implies definite relations of production agents, by which THE VALUE?EXPANSION OF THEIR PRODUCT AND ITS RECONVERSION, EITHER INTO MEANS OF SUBSISTENCE OR INTO MEANS OF PRODUCTION, are determined.' (33)

In the last sentence Marx intimates that to analyse 'all circulation relations' based on capitalist commodity production, it is necessary to deal with the capitalist reproduction process as a whole. These two combined elements form none other than the subject matter of 'Capital' Volume Two, part three, of which deals with the problem in its concentrated, most developed form. Here, Marx expands the idea presented in the definition:

'The circulation of the commodity capital involves the circulation of surplus-value, AND THEREFORE THE PURCHASES AND SALES BY WAY OF WHICH THE CAPITALISTS MEDIATE THEIR INDIVIDUAL CONSUMPTION, the consumption of surplus value.

The circuits of the individual capital, therefore, when considered as combined into the total social capital, ie. considered in their totality, do not encompass just the circulation of capital, BUT ALSO COMMODITY CIRCULATION IN GENERAL. In its fundamentals, the latter can consist of only two components: 1) the specific circuit of capital, and 2) the circuit of those commodities that go into INDIVIDUAL CONSUMPTION, I.E. THE COMMODITIES ON WHICH THE WORKERS SPEND THEIR WAGES AND THE CAPITALISTS THEIR SURPLUS-VALUE (OR PART OF IT). The circuit of capital, in fact, itself comprises the circulation of surplus-value, in as much as this forms part of the commodity capital and it

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similarly includes the transformation of variable capital into labour power, the payment of wages. But the expenditure of this surplus-value and wages on commodities does not form any part of the circulation of capital, even though the spending of wages, at least, depends on this circulation.' (34)

We must now examine the national state capitalist regime from the point of view of capitalist production as generalised commodity production, and consequently, as Marx notes as GENERALISED COMMODITY CIRCULATION. I assume here the theoretically pure completion of this regime; the national capital is literally that, one unified state enterprise exploiting a wage-labouring class. To this degree at least it is a conception also common to both Bukharin and those who hold the Soviet Union, etc to be, fundamentally, individual state capitals.

First, it is necessary to examine the specific circuit of capital in such a regime. With this goal in mind it is useful to adduce a further passage from Marx which both defines this circuit more closely and draws an important conclusion upon which it is necessary to elaborate:

'Commodity production presupposes commodity circulation and commodity circulation presupposes the representation of commodities in money, monetary circulation; THE DUPLICATION OF COMMODITIES INTO COMMODITIES INTO MONEY IS THE LAW OF THE EMERGENCE OF THE PRODUCT AS A COMMODITY. Capitalist commodity production, for its part, whether we consider it socially or individually, similarly presupposes CAPITAL IN THE MONEY FORM, OR MONEY CAPITAL, both as the PRIME MOVER for each business when it first begins, and as a PERMANENT DRIVING FORCE. CIRCULATING CAPITAL, ESPECIALLY, presupposes the constantly repeated appearance, at short intervals, of the motion of money capital. THE ENTIRE CAPITAL VALUE ADVANCED, I.E. ALL COMPONENTS OF THE CAPITAL THAT CONSISTS OF COMMODITIES - LABOUR-POWER, MEANS OF LABOUR AND MATERIALS OF PRODUCTION - MUST ALWAYS FIRST BE BOUGHT WITH MONEY AND LATER ON PURCHASED AGAIN. What holds here for the individual capital, holds also for the social capital, WHICH OPERATES ONLY, IN THE FORM OF MANY INDIVIDUAL CAPITALS.' (35)

We have established that there is no, or in a historical approximation, negligible, international commodity, or more particularly, capital circulation in the state capitalist regime. But because there is only one national state capital there are no circulation relations between individual capitals in national economy either. However, Marx has just informed us that the total social capital 'operates ONLY in the form of many individual capitals'. This is the point which must be elaborated, and its theoretical and historical significance grasped.

Because the state capital is an isolated individual capital which confronts only the working class and itself, it cannot either purchase or sell 'means of labour and materials of production', in sum, the OBJECTIVE elements of the means of production. As a consequence, constant capital cannot exist in the form of MONEY CAPITAL, the purpose of which is to purchase such means of production, IT DOES NOT CIRCULATE. Thus the objective elements of the means of production are produced and reproduced within the sphere of production of the individual state capital, and thus, in turn, reappear in the realm of circulation as COMMODITY CAPITAL. Obviously, this is a severe curtailment of generalised commodity circulation.

This does not mean, however, that capital does not circulate at all. The state capital must still purchase the SUBJECTIVE element of the means of production, the commodity labour-power. It must therefore still advance variable capital as MONEY CAPITAL, or money wages. This money capital continues to circulate in the exchange between capital and labour. At this point we pass naturally to what Marx refers to above as the second aspect of generalised commodity circulation: 'the circuit of those commodities that go into individual consumption, i.e. the commodities on which the workers spend their wages and the capitalists their surplus-value (OR PART OF IT)'. (36)

The working class receives a wage, money, with which it purchases means of subsistence, produced by itself, from the capitalist class, in this case from the state capital. Through the consumption of these means of subsistence the commodity labour-power is produced and reproduced. Consequently, the means of subsistence are originally in

the hands of the state capital as commodities, as commodity capital which is exchanged against the money in the hands of the working class, the means of subsistence circulate as commodity capital.

Similarly with the capitalist class. In its historical evolution state capital has 'compensated', in money form, the old private capitalist class and assimilated it to the state bureaucracy. This bureaucracy, in turn, historically received its consumption fund in the form of money, as a salary. Thus the consumption funds of the capitalist class and the state bureaucracy are fused in the consumption fund of the capitalist class/bureaucracy.

This stock of money in the hands of the exploiting class cannot take the form of money capital, for it cannot be used to purchase the objective elements of the means of production which are in the hands of the state, nor to purchase labour-power, at least, not for the purpose of producing surplus-value. It can only be utilised to purchase means of subsistence and luxuries, produced by the working class, from state capital. Again, these products, means of subsistence and luxuries, destined for the individual consumption of the capitalist class, circulate in the form of commodity capital exchanged against money. This consumption fund of the capitalist class, Marx notes, represents that class's surplus-value 'or part of it'. As we shall discover, under state capitalism it represents ALL OF IT; a decisive change from the situation under private capitalism.

The result of the still extensive relations of capital and commodity circulation is such that although the objective elements of the means of production do not directly circulate as capital, their value, on the other hand, ultimately does. The value of constant capital is transferred in the process of capitalist PRODUCTION to the product; in the total process of social reproduction all means of production produce means of subsistence and luxuries or produce means of production which, in turn, produce means of subsistence and luxuries, and so on. The commodity product thus necessarily embodies a portion of value which represents the transferred value of the constant capital, plus portions representing the replacement of the value of the variable capital and a surplus-value (C+V+S). Consequently, the total capital value ultimately circulates even though there is only one individual state capital. This generalised commodity circulation is maintained in a one-sided form.

Nonetheless, it must not be forgotten that Marx did say that the total social capital proper can only exist in the form of many individual capitals. To plumb the depths of this real contradiction it is necessary to subject the implications of a passage in the 'Grundrisse', where Marx expands on this point to a close scrutiny:

'Since value forms the foundation of capital, and since it necessarily exists only through exchange for COUNTER-VALUE, it thus necessarily repels itself from itself. A UNIVERSAL CAPITAL, one without alien capitals confronting it, with which it exchanges - AND FROM THE PRESENT STANDPOINT NOTHING CONFRONTS IT BUT WAGE LABOURERS OR ITSELF - IS THEREFORE A NON-THING. The reciprocal repulsion between capitals is already contained in capital as REALISED EXCHANGE VALUE.' (37)

The decisive point here concerns REALISED exchange value. Before turning to it, however, it is useful to examine a comment made by Rosdolsky in 'The Making of Marx's Capital' on this passage:

'Hence 'state capitalism' would only be possible with SEVERAL CAPITALS ORGANISED BY THE STATE, confronting each other.' (38)

Rosdolsky suggests that we must conclude from Marx's formulation the idea that a single state capital is THEORETICALLY IMPOSSIBLE. In essence this objection is very similar to Trotsky's objection to state capitalism's PRACTICAL POSSIBILITY. Indeed, it is more than likely that this was what Rosdolsky had in mind when he formulated this conception.

What, exactly, is Marx saying? He remarks that, 'from the present standpoint' nothing confronts social capital but itself and the working class. But, of course, this is none other than the 'standpoint' presented here. This is no accident. Marx is referring to a definite stage in the analysis of the capitalist mode of production. It is the first stage in the analysis of 'capital in general' as opposed to 'many

capitals', a logical stage which abstracts from all circulation relations and competition between individual capitals; it considers capital simply from the point of view of its relation to the working class. It is a paradox that Rosdolsky, whose main concern was to explain and develop the vital methodological significance of the stages of analysis of 'capital in general' for Marx, should here actually undermine it.

For Marx's simplest concept of 'capital in general' is not simply a 'logical' stage of analysis, the FIRST; it is also simultaneously, a historical concept, a historical stage towards which capital tends to approximate in its actual development, in the LAST stage of its history. As we have seen, it tends towards this point in an extremely contradictory and antagonistic fashion. Its REALISATION, its approximate creation, is simultaneously the point at which it ceases to be, at which it becomes a non-capitalist, non-thing. This may be either in the form of barbarism or socialism. It is the process of transition to barbarism we are interested in here and which Rosdolsky's argument proscribes us from theoretically approaching.

Indeed, his argument tends to imply that the whole of Marx's analysis, summed up in the initial concept of 'capital in general', is itself a 'non-thing', or in this case a 'non-concept'. Clearly, this cannot be Rosdolsky's intention for it undermines his own correct analysis of Marx's method. However, despite this flaw, his brief comments contain important ideas. The regime which he conceives, consisting of several state capitals within a given nation, is quite compatible with the conception of state capitalism presented here. It would be a concrete historical approximation to such a regime and, as such, would manifest all its laws of motion and arrive at the same historical result. For the historical relations of the FORMS of capital circulation, and further, the FORMS of competition in the relations between state enterprises, would not at all signify the existence of private capitalist monopolies under a state monopoly capitalist regime. Rosdolsky already, in effect, argues this when he notes that state ownership of ALL the individual capitals signifies that their mutual relations are 'organised' by the state. In other words, these forms are remnants of monopoly capitalism, subordinated to the state, which intervenes directly in production as a whole and effectively 'organises', that is, plans it. The obvious analogy here is with the degenerated workers' state, where the existence of capitalist categories like circulation, price, competition and profit, in the relations between state-owned enterprises, do not at all, as yet, signify a return to capitalism. Indeed, it is highly unlikely, to say the least, that state capitalism could even be realised in the 'pure' form presented here, but that it would precisely retain certain categories of capital circulation and competition. This in no way detracts from the correctness of analysing it in its 'pure' form, any more than it detracts from Marx's analysis of 'capital in general' in its pure form.

After this necessary detour, let us return to the problem of 'realised exchange value' of capital and commodity circulation, where a state capital confronts only itself and the working class. First, the circulation of variable capital, money capital, as wages, and the resultant purchase of means of subsistence, as commodity capital, with this money by the working class. On the one hand, the realised exchange value of these commodities embodies a total value representing $C+V+S$; on the other, it is clear that the capitalist class never receives from the working class more money, more exchange value, than it itself first laid out in the form of wages as variable capital. The money capital in the hands of the state capital is the same quantity after it has bought labour-power and put it to use as before. The reflux of this money capital, therefore, merely allows the laying out of variable capital once again. Consequently, even though surplus-value is realised through the sale of the individual commodities in which it is embodied to the working class, in total no surplus-value, no exchange value, in excess of the quantity of the original variable capital, can be so realised. In criticising D T for arguing that it could, Marx commented critically; 'How the capitalists are supposed to get rich in this way is anybody's guess'(39). The capitalist class does not 'get rich', appropriate surplus-value, through the sale of the means of subsistence to the working class, but by forcing it to produce a commodity product of greater value and use-value than enters into those commodities destined for the individual consumption of the working class.

Second, it is therefore clear that the portion of the total commodity product which enters into the necessary and luxury consumption of the capitalist class is, as Marx noted above, all surplus-value and is realised as such in its sale to that class. Once again, of course, the individual commodity's exchange value represents the

values of C+V+S embodied in them. This is merely to say that the consumption fund of the capitalist is surplus product in the specifically capitalist form of surplus value.

What is striking in this case of the single state capital is the fact that the surplus-value REALISED through the sale of necessaries and luxuries to the capitalist class / bureaucracy, forms not a PART of the total REALISED surplus-value, but all of it. There exists no other sphere of circulation than those examined here. In order that more surplus-value should be REALISED than the total exchange value of the commodities destined for the individual consumption of the ruling class, there would have to exist relations of exchange, capital circulation, between privately owned individual capitals. Means of labour and materials of production would have to be produced by these individual capitals as commodities embodying surplus-value which could be realised in exchange with other individual capitals. This, we know presupposes the advancement of constant capital in the form of money capital to purchase these objective elements of the means of production. But this is precisely what cannot take place where there is a single state capital. This decisive argument forms the point of departure for grasping how the non-existence of many individual private capitals already signifies that capital itself is, as Marx put it, a 'non-thing', is in the process of ceasing to be. For established here, in the form of a single state capital in its circulation and reproduction process, is the formula of capitalist SIMPLE REPRODUCTION as analysed by Marx in 'Capital' Volumes One, Two and Three. Thus:

'As a periodic increment of the value of capital, or a periodic fruit borne by capital-in-process, surplus-value acquires the form of a REVENUE arising out of capital. If this revenue serves the capitalist ONLY AS A FUND TO PROVIDE FOR HIS CONSUMPTION, AND IF IT IS CONSUMED AS PERIODICALLY AS IT IS GAINED, then, other things being equal, SIMPLE REPRODUCTION takes place.' (40)

But in Volume Two Marx emphasises that there is something peculiar about simple reproduction in regard to the nature and analysis of capitalist accumulation which is defined historically by EXPANDED REPRODUCTION, and more, EXPANDED REPRODUCTION AT AN INCREASING VELOCITY as has been emphasised in this document. Consequently :

'Simple reproduction on the same scale seems to be an abstraction, in the sense that the ABSENCE OF ANY ACCUMULATION OR REPRODUCTION ON AN EXPANDED SCALE IS AN ASSUMPTION FOREIGN TO THE CAPITALIST BASIS,..... The supposition is that a social capital of a given value supplies the same mass of commodity values and satisfies the same quantity of needs in both the current year and the previous years, even if the forms of the commodities may change in the reproduction process. But since, when accumulation takes place, simple reproduction still remains a part of this, and as a real factor in accumulation this can also be considered by itself.' (41)

A few pages later Marx clarifies the 'foreignness' of simple reproduction to capitalist accumulation:

'SIMPLE REPRODUCTION IS ORIENTED BY NATURE TO CONSUMPTION AS ITS AIM. Even though the squeezing out of surplus-value appears as the driving motive of the individual capitalists, this surplus-value - no matter its proportionate size - can be used here, in the last analysis, ONLY FOR ... INDIVIDUAL CONSUMPTION.' (42)

As a consequence, it is clear that the driving aim and motive of production in the national state capitalist regime remains the appropriation of surplus-value IN FORM, based as it is on the exploitation of a wage-labouring class. But, IN CONTENT, the aim and motive of the exploiting class is no longer the production of surplus-value for its own sake, accumulation for the sake of accumulation, but is production for the sake of CONSUMPTION - the luxury consumption of the ruling class and, its necessary basis, the subsistence consumption of the exploited class. This is, therefore, exactly the opposite aim and driving motive to that of 'normal' capitalism and the 'normal' individual capitalist, who:

'in so far as he is capital personified, HIS MOTIVATING FORCE IS NOT THE ACQUISITION AND ENJOYMENT OF USE-VALUES, BUT THE ACQUISITION AND AUGMENTATION OF EXCHANGE VALUES. He is fanatically intent on the

valorisation of value; CONSEQUENTLY HE RUTHLESSLY FORCES THE HUMAN RACE TO PRODUCE FOR PRODUCTION'S SAKE. IN THIS WAY HE SPURS ON THE DEVELOPMENT OF SOCIETY'S PRODUCTIVE FORCES, AND THE CREATION OF THOSE MATERIAL CONDITIONS OF PRODUCTION WHICH ALONE CAN FORM THE REAL BASIS OF A HIGHER FORM OF SOCIETY...' (43)

has this Capitalist
The state capitalist class / bureaucracy is therefore characterised by a feature common to all NON-CAPITALIST exploiting classes; its aim and motive is not surplus-value production and realisation as such, but the appropriation of a surplus product serving for ruling class consumption. But, as Marx notes, it is precisely this ruthless appropriation of surplus-value for its own sake which determines the decisive progressive and revolutionary role of capitalism in developing the productive forces as compared with all previous modes of production.

Capital accumulation has a dual character: on the one hand it is valorisation of value for its own sake, which inevitably involves, on the other hand, production for production's sake. The development of the productive forces this gives rise to forms the material basis for a higher form of society; communism, which, in its highest stage is characterised not by production for production's sake but by production for the sake of consumption. Not, of course, production for the luxury consumption of a minority and subsistence consumption for the majority, as with state capitalism, but for the development and satisfaction of all human needs. State capitalism is the reactionary opposite of the lower stage of communism, socialism, for it inevitably involves a decline in the productive forces and all human culture, as compared with capitalism in its phase of economic upturn. It forms a transitional stage on the road to 'bureaucratic collectivism'. *what is that*

The theoretical route by which this conclusion has been reached does not involve an underconsumptionist argument, superficial appearances notwithstanding. I have established that a national state capitalism and its SPECIFIC FORM, which excludes the REALISATION of surplus-value over and above the value of the consumption fund of the ruling class, arises HISTORICALLY on the basis of the crisis of state monopoly capitalism. This, the imperialist crisis, involves the destruction of surplus-value PRODUCTION through the destruction of capital values. State capitalism arises on this basis as an EFFECT, and only then as a new cause of further decline.

The imperialist form of capitalist crisis, especially in its most developed stage, as war economy, signifies not expanded reproduction, not even simple reproduction, but contracted reproduction: the absolute destruction of capital values and productive forces. Reproduction contracts the more arms production expands, for arms production is analogous to luxury production. Arms neither enter into the means of subsistence, and thus production and reproduction, of the working class, nor into the production of new means of production. Rather, arms are unproductively (more exactly, destructively) 'consumed', used by the capitalist state.

That the FORM of total capital and commodity circulation in state capitalism is the form of simple reproduction, consequently does not signify that a static, no-growth economy is the real CONTENT of this form. It merely signifies that state capitalism is, in its very form, a BARRIER to the re-establishment of expanded capitalist reproduction, which can only occur on the basis of the existence of many individual capitals, of private monopoly capitalism. This is another expression of the fact that state capitalism is a transitional stage to a new regressive mode of production.

This demonstration that the content of state capitalism is the appropriation of surplus product geared to consumption still existing in the old, fundamentally out-lived, form of surplus-value appropriation, literally invites a striking historical analogy which, in turn, is a validation of this conception: an analogy with the transition from feudalism to capitalism. There are two fundamental aspects which correspond to the division of labour between town and country under feudalism. First, feudal ground-rent, the feudal form of appropriation of surplus-labour and surplus-product which developed, as Marx demonstrated through three historical forms: labour rent, rent in kind, and money rent. The latter, most historically developed form, presupposes an already developed sphere of commodity production, circulation and underdeveloped forms of capital (merchant and usurious capital). It forms, as Marx argues, the 'final form, and simultaneously, the form of dissolution' (44) of feudal ground rent; it is a transitional form to capitalist ground rent, the form of appropriation of

surplus-value for its own sake in capitalist agriculture proper. In as much as the feudal surplus product appears in the form of money, as money rent, it thus appears in the form of exchange value. But surplus product in the form of exchange value is nothing other than surplus product in the form of SURPLUS-VALUE. This does not signify that the feudal landowner becomes a fully-fledged capitalist landlord, for his determining aim remains the gratification of his own needs, his own consumption, (expanded as this may be in the circumstances). The content of the feudal relation remains the appropriation of a surplus product orientated to the consumption of the feudal ruling class. It is a transitional form of appropriation in which the OLD content, surplus production for consumption, appears in a NEW form, that of surplus value. The distinction from the transitional form of state capitalism is that these the OLD form is filled with a NEW content. Nonetheless, state capitalism is a 'FINAL form', and SIMULTANEOUSLY the form of dissolution of capitalist production.

Second, in the feudal town a new form of production developed out of the growth in division of labour in the feudal countryside, guild production. Guild production was the feudal form of urban industry which presupposed highly developed feudalism as its basis. Guild production was largely orientated, from its origins to the market, to commodity production. Despite the ownership by the individual journeymen/handicraft workers of the tools of their trade, they may, and must eventually, become wage-labourers in the pay of the guild master, originally one journeyman among many, who therefore stands in an embryonic form of capital relation to the guild workers. Marx comments that:

'In this case THE MERE MAINTENANCE OF LIFE WOULD BE THE PURPOSE OF ITS PRODUCTION, NOT THE INCREASE OF WEALTH. But capitalist production presupposes the increase of wealth..... A certain stage of capitalist production necessitates that the capitalist be able to devote the whole of the time during which he functions as a capitalist, i.e. as capital personified, to the appropriation and therefore the control of the labour of others, and to the sale of the products of that labour. The guild system of the Middle Ages, therefore, tried forcibly to prevent the transformation of the master of a craft into a capitalist by limiting the number of workers a single master could employ to a very low minimum. Hence the possession of money or commodities actually turns into a capitalist only where the minimum sum advanced for production greatly exceeds the known medieval maximum. Here, as in natural science, is shown the correctness of the law discovered by Hegel, in his 'Logic', DIFFERENCES PASS OVER BY A DIALECTICAL INVERSION INTO QUALITATIVE DISTINCTIONS.' (45)

Marx refers here to the necessity of the guild master freeing himself from productive labour in order to become a fully fledged capitalist. For this the quantity of surplus-value produced must be sufficient to provide the means of subsistence for the master. Only beyond this point may he act as capital personified. The correction with the formula for simple capitalist reproduction is obvious here. Once again, the form of surplus value appropriation evolves before its content, on the basis of the appropriation of surplus product for consumption. It is no accident that Marx should have chosen this particular passage to emphasise the importance of the dialectical transformation of quantitative into qualitative change discovered by Hegel, for here he deals with the decisive moment in the economic transition from feudalism to capitalism. Similarly, the state capitalist regime destroys and restricts the QUANTITY of surplus-value appropriated, destroys capital, to a point where it gives rise to a QUALITATIVE transition to a new class mode of production.

Of course, this does not signify that feudalism develops out of the decay of capitalism. Although there is a real historical reversal involved in the development of state capitalism which forms the material basis for an accurate historical analogy amenable to extension, it does not imply a parallel, if reversed, re-run of past historical stages. The latter would involve the transition from monopoly capitalism through free competition capitalism into feudalism. This is impossible. The transition from feudalism to capitalism, considered in reverse, and the transition from state capitalism to a new class mode of production have directly opposed historical points of departure: infant, progressive, capitalism on the one hand and senile, decaying capitalism on the other. Opposed historical points of departure

must, within limits, give rise to opposed historical results.

It is now necessary to consider how the state capitalist regime inevitably becomes a new classmode of production. First, in the relation between the individual capitalist/bureaucrat and his own collective self, his own state. In accordance with the most likely course of events I assumed that the state capitalist class/bureaucracy possesses a definite quantity of money with which it purchases its means of subsistence and luxuries from the state capital. This quantity of money is finite, consequently in its expenditure it must all eventually end up in the hands of the state capital. Approximately simultaneously the ruling class will have consumed all its purchases. In order that this necessary process of consumption may be repeated the state capital must give the individual members of the ruling class this "money" back, i.e. in exchange for nothing. The money thereby ceases to be money in either form or function. It becomes, if retained, merely state issued tokens by means of which the members of the ruling class draw their share of the product from the class's total consumption fund. This portion of the social product is therefore no longer distributed according to the law of value in any shape or form, i.e. as commodities, but via a state plan. Thus through the simple, quantitative, repetition of this particular process of circulation a qualitative change takes place.

Second, and decisively, in the transformation of the relation between the state capital and the wage-labouring class. Again it is necessary to return to the historical origins of state capitalism, here to the fascist counter-revolution which forms its political point of departure.

In The New Economics ^{Predbrizhensky} on the basis of the limited experience of Italian fascism at his time of writing, grasped with true prescience the historical tendency of fascist dictatorship in relation to the economic and social position of the working class:

"as an indication of the degeneration of the law of value as regulator of economic life, attention must be drawn to the consequences in the economic sphere of the degeneration of the bourgeois-parliamentary type of capitalist state into the state of the fascist dictatorship. This degeneration affects one of the most important points - or rather the most important point - of market relations, the relation between the sellers of the commodity labour-power and its buyers. In the period when free competition reigned in the sphere of economic relations, the period when capitalism was describing an upward curve, it could permit itself the luxury of buying organised labour-power on the basis of the value of this labour-power. In the period of capitalist decline, however, with reduced reproduction and the growth of unproductive demand, it is obliged to introduce a new type of labour discipline, compulsorily organised and subjected to the fascist state through the fascist unions. And this means restricting the operation of the law of value on the labour market, to the advantage of the exploiting classes. From this direction, therefore, the law of value undergoes a considerable change and distortion as compared with epoch of classical capitalism." (46)

But to restrict the operation of the law of value in the relation between state capital and wage labour is to restrict the 'free' character of this wage labour, is to tend towards its direct enslavement, to 'compulsorily organise' and 'subject' it to the fascist state. We shall see how far and in what combined forms this tendency appeared in the Nazi war economy in the final section of this document.

In connection with this tendency emerges the importance of the retention of elements of competition, not circulation as such, between individual state enterprises as in Rosdolsky's formulation of the problem. Only if the individual enterprises compete for the commodity labour-power on the market which is necessarily combined with competition between the sellers of this commodity can the individual worker be 'free' to move from enterprise to enterprise under compulsion from the law of value as opposed to a state plan. Only under such conditions can the price of labour-power fluctuate around its value thus effecting the distribution of the total social labour-power between the different branches of production.

But this specific form of the distribution of labour-power stands in contradiction to the planned character of production in the completed state capitalist regime. State

capital must by nature attempt to distribute labour-power compulsorily, according to a state plan. This would already be fundamentally the case even with 'competition' between state enterprises. The wage-form could be retained but once again the 'money' changing hands would cease to be money in either form or function as labour-power would no longer be a commodity. The state would planfully distribute the means of subsistence to the direct producers. State capitalism would be simultaneously the final form and form of dissolution of capitalism, of the capital relation, which passes over into a form of slave production and exploitation organised by a new state ruling class. Here content would no longer be in contradiction with form; the form of surplus-value production disappears along with all its corresponding circulation and distribution relations.

Here the significance and validity of a passage in the Grundrisse concerning capitalist competition becomes particularly clear and relevant:

"Conceptually, competition is nothing other than the inner nature of capital its essential character, appearing in and realised as the reciprocal action of many capitals with one another, the inner tendency as external necessity. (Capital exists and can only exist as many capitals and its self-determination therefore appears as their reciprocal interaction with one another.)" (47)

Again we confront the concrete methodological reasons why such a conception should not be understood to exclude the analysis of a realised state capitalist regime, a regime in the process of ceasing to be capitalist.

The decisive point made by Marx is that competition always remains merely an external appearance of the inner nature of capitalist commodity production. It is which has never been understood or accurately formulated in state capitalist theories of the Stalinist states. Thus Cliff can argue:

"if one examines the relations within the Russian economy, abstracting them from their relations with the world economy, one is bound to conclude that the source of the law of value, as the motor and regulator of production, is not to be found in it. In essence the laws prevailing in the relations between the enterprises and between the laborers and the employer-state would be no different if Russia were one big factory managed directly from one centre, and if all the labourers received the goods they consumed directly, in kind." (48)

This is an acute, if unconscious, self-refutation. Cliff is arguing that the USSR can be conceptualised as a single state capitalist enterprise. Furthermore, when this enterprise is considered in abstraction from world economy then the source of the law of value is not to be found in it. Therefore, according to him, the theoretical abstraction from the world market, circulation and competition does not leave a conceptual residue in the form of capitalist commodity production, and after all where else is the 'source' of the law of value to be sought, but rather a system of use-value production. He himself explicitly admits this a few pages on.

But Marx abstracted from exchange and competition in Capital both in the analysis of the single commodity, the point of departure of his exposition, and in the whole of Volume One, excluding the sale and purchase of labour-power, where he deals with 'capital in general' independent of circulation and competitive relations between individual capitals. In this way Marx considered the total social capital as one integrated process of capitalist production, as, if you like, a single capitalist enterprise. He did not make such an abstraction in order not to find and conceptually elaborate the source of the law of value or its operation within this 'enterprise' but precisely in order to uncover and conceptualise in detail this law's most fundamental inner nature. Essentially, Marx abstracts from the whole process of the realisation of exchange value, and surplus value, in order to arrive at the determinants of value, that is value producing labour, commodity production, and not simply the common material substratum of all human production, use value production.

What does determine the 'capitalist' character of the 'USSR Ltd.' for our 'theoret-

ician once he poses the problem in this peculiar manner. His own admission that the Soviet economy produces use-values but not commodities signifies that he has not the temerity to suggest that it is capitalist commodity circulation, i.e. exchange on the world market which forms the decisive determinant. He is uneasily aware that the Soviet economy does not produce, in the main, for export, for the capitalist world market, and that nor does it, in the main, purchase its means of labour and materials of production on it. Isn't this a very strange capitalist enterprise? Here, as everywhere, the analogy with capitalist production speaks against the state capitalist theory itself.

As a consequence Cliff is left with only one avenue by which to explain the 'capitalist' character of the USSR: competition or more precisely, military competition at an international level. He fails to notice that this military competition, which of course nobody can deny, is not, in itself, a specifically capitalist form of competition. In order to prove that in this case it is Cliff would first have to demonstrate that the social formation engaged in the arms race is capitalist. Of course he argues in exactly the opposite direction, he tries to demonstrate that the USSR is capitalist forms its military competition with imperialism. Let us remind ourselves what Marx said about those political economists, who had an advantage over Cliff in that they, at least, were analysing capitalism, who attempted to explain its laws from the point of view of competition:

"Competition executes the inner laws of capital; makes them into compulsory laws toward the individual capital BUT IT DOES NOT INVENT THEM. It realises them. To try to explain them simply as the results of competition therefore means to concede that one does not understand them" (49)

Cliff's complete lack of understanding comes to a head in his analysis of the relation between the exploiting and exploited class, the 'capital' relation in the Soviet Union. Consistent with his argument that the law of value is not to be discovered internal to the Soviet Union, he explicitly argues that labour-power is not a commodity and that as a consequence, in effect, the workers receive their means of subsistence 'IN KIND' ! Cliff has clearly never noticed that proletarians do not receive their means of subsistence in kind. All of which can only signify, if the direct producers remain an exploited class, that there is no class of 'free' wage-labourers in the Soviet Union, but a class of slaves, the property of the state enterprise. This becomes crystal clear in a consideration of capitalist competition and the 'free' movement of labour between individual capitals. If the Soviet Union, or any Stalinist State, was really comparable with an individual capital, then the labour force would be free, under compulsion from the world law of value, to move from it to other individual capitals in the world economy. Nobody, I think, would venture to suggest that this, in general, is the case.

In 1960 the Stalinists completed a 'wall', cutting Europe in half, consisting of machine gun nests, minefields, electrified and barbed wire, etc, etc, in order precisely to stem the flood of labour, particularly East German labour, to the booming, relatively high waged, capitalist economy of West Germany. The same phenomena is to be observed in Cuba which, of course, has a natural barrier between itself and imperialism, and also on the border between China and Hong Kong, in fact everywhere where Stalinist states front directly onto World capitalism.

If a capitalist enterprise in Britain built a compound within its walls for its workforce which it kept inside by forcible methods such as those outlined, there would not every thinking person conclude that the direct producers had ceased to be wage-labourers and become slaves? Yet this is precisely the situation with the Stalinist 'state capitalist' enterprises. How then is it possible to theoretically justify the argument that there remains a PROLETARIAN class in the Stalinist states? On one condition only: that this class has ceased to be an EXPLOITED class, in the strict scientific sense, but has not thereby yet ceased to be a class. In other words, that the working class in the Stalinist states is a historical product of capitalism which is in transition to socialism, a class whose class character is in the process of withering away. Here its exploited character has disappeared, but its character as a politically dominated class has not, on the contrary, the latter aspect grows and threatens the reintroduction of capitalist exploitation.

It is, of course, precisely this transitional, and highly contradictory, position of the working class in the Stalinist states which Cliss and all state capitalist theories reject. If one thing is clear to them all, it is that the Stalinist regime remains a regime of CLASS EXPLOITATION. This point of departure inevitably signifies that unconsciously state capitalist theories lead to the conclusion that this form of exploitation is NON-CAPITALIST. State capitalist theory necessarily topples over into new class theory just as state capitalism in reality would necessarily topple over into a new class mode of production. The label 'capitalism' remains an empty form in which a directly opposed content secretly lurks.

It is not obvious why all the state capitalist theories must be mere epigones of Bukharin. Although Cliff argues that the law of value in world economy determines the development of Soviet economy, he in fact proves exactly the opposite (which is incidentally equally false and one-sided). This is exactly Bukharin's explicit argument. Consequently Cliff can cite approvingly a passage from the Bukharin's "Imperialism and World Economy":

"The capitalist mode of production is based on a monopoly of the means of production in the hands of the class of capitalists within the general framework of commodity exchange, THERE IS NO DIFFERENCE IN PRINCIPLE WHATSOEVER WHETHER THE STATE POWER IS A DIRECT EXPRESSION OF THIS MONOPOLY OR WHETHER THE MONOPOLY IS 'PRIVATELY' ORGANISED. (!! at least this absurd argument is peculiarly Bukharin's - Q.R.). In either case there remains COMMODITY ECONOMY (IN THE FIRST PLACE THE WORLD MARKET (-!)) and, what is more important, THE CLASS RELATIONS BETWEEN THE PROLETARIAT AND THE BOURGEOISIE. (Here there follows a footnote which is what Cliff actually cited:)

Were the COMMODITY CHARACTER OF PRODUCTION TO DISAPPEAR (FOR INSTANCE THROUGH THE ORGANISATION OF ALL WORLD ECONOMY AS ONE GIGANTIC STATE TRUST, THE IMPOSSIBILITY OF WHICH WE HAVE TRIED TO PROVE, IN OUR CHAPTER ON ULTRA-IMPERIALISM, WE WOULD HAVE AN ENTIRELY NEW ECONOMIC FORM. This would be CAPITALISM NO MORE, for the PRODUCTION OF COMMODITIES WOULD HAVE DISAPPEARED; still less would it be socialism, for the power of one class over the other would have remained (AND EVEN GROWN STRONGER (N.B. !)). SUCH AN ECONOMIC STRUCTURE WOULD MOST OF ALL, RESEMBLE A SLAVE? OWNING ECONOMY WHERE THE SLAVE MARKET IS ABSENT" (50).

Cliss argues with Bukharin that only in its relation to world capitalist economy does 'state capitalism' remain capitalist. 'abstract' it from the world capitalist economy, or in this case, imagine it is one unified world regime, and it suddenly becomes what it conceptually always was - slave production. But both also agree that such a regime is either impossible (Bukharin) or at least highly unlikely (Cliff). Why? Because of the disruptive consequences of national and social conflict. This answer is a sure indication of the theoretical light-mindedness with which both authors approach the problem.

We know that state capitalism would involve the decisive fracturing of the unified world capitalist economy due to the destruction of and decline in the level of development of world productive forces. This forms both the ultimate historical cause and effect of state capitalism. Consequently a new slave mode of production arising out of the collapse of state capitalism could not possibly 'organise' world economy in the form of a single trust precisely because it is the result of this effect, the further decline of productive forces, a high level of development of which is the essential historical premise for planification (?? - typist) of national, let alone world, economy. This does not signify that this new class mode of production is impossible on a world scale, far from it, but only that it would not, could not, form a 'world economy', a world division of labour, of interdependent parts.

Further, the abolition of capitalist competition would not involve the abolition of competition as such between members of the new exploiting class. On the contrary, the precipitate decline in productive forces and human culture in general would necessarily signify heightened competition for a declining total surplus product. The combination of declining productive forces and heightened competition would in turn inevitably lead to the fracturing of national economy and the centralised national state founded upon it. The national economy would thereby come to be planned, and thus, ultimately, to be 'collectivist'.

For with the near total destruction of commodity production, and hence the law of value, in any sphere, the ruling class ceases to be, in any sense, capitalist, but it also thereby ceases to be bureaucratic in any sense. The relation between the new exploiting class and its slaves would be analogous to that of the mature feudal state: on

centralised state apparatus. Out of state property, the collective private property of the ruling class, would grow a new form of private property, new property relations. In sum, a new class mode of production growing out of the decay of capitalism would be neither 'bureaucratic' nor 'collectivist'.

The TERM 'bureaucratic collectivism' in so far as it is not, in itself, a class characterisation, is thus merely an accurate (if superficial) empirical description of the planned system of economy in the Stalinist states. The very fact that they are indeed both bureaucratic and collectivist precludes them from being new class modes of production. The summation of this theoretically possible course of historical development present us with a double-edged analogy. This historical process of BOURGEOIS COUNTER-REVOLUTION carried through to the end is a SOCIAL COUNTER-REVOLUTION which necessarily combines two opposed elements. It is simultaneously the INVERSION of the proletarian revolution and the REVERSAL of the bourgeois revolution. It combines the destruction of the proletarian revolution with the destruction of all social and political gains of the bourgeois revolution, and is thus, in toto, the permanent revolution stood on its head, a process of uninterrupted PERMANENT COUNTER-REVOLUTION.

It might be objected that this theory of SOCIAL COUNTER-REVOLUTION contradicts the Marxist theory of the state, for it does not involve the smashing of the capitalist state, but rather its transformation inline with the transformed nature of the ruling class. But not every social revolution involves the smashing of the old form of state, far from it. As Marx and Engels pointed out many times, the bourgeois social revolution did not have to smash the old bureaucratic absolutist state, but instead the bourgeoisie laid hold of it, purging and transforming it, as Marx noted in the "Civil War in France"

"But the WORKING CLASS cannot simply lay hold of the ready-made state machinery, and wield it for its own purpose. The centralised state power, with its ubiquitous organs of standing army, police, bureaucracy, clergy and judicature - organs wrought after the plan of a systematic and hierarchical division of labour - ORIGINATES FROM THE DAYS OF ABSOLUTE MONARCHY, SERVING NASCENT MIDDLE CLASS SOCIETY AS A MIGHTY WEAPON IN ITS STRUGGLE AGAINST FEUDALISM. Still its development remained dogged by all manner of medieval rubbish, seigniorial rights, local privileges, municipal and guild monopolies and provincial constitutions. The gigantic broom of the French revolution of the 18th century swept away all these relics of bygone times, THUS CLEARING SIMULTANEOUSLY THE SOCIAL SOIL OF ITS LAST HINDRANCES TO THE SUPERSTRUCTURE OF THE MODERN STATE EDIFICE raised under the First Empire, itself the offspring of the condition wars of old semi-feudal Europe against modern France... At the same pace at which the progress of modern industry developed, widened, intensified the class antagonism between capital and labour, the state power assumed more and more the character of the rational power of capital over labour, of a public force organised for social enslavement, of an engine of class despotism... The direct antithesis to the Empire was the Commune" (51).

It is, as Marx makes abundantly clear, the working class, socialist, revolution which must smash the old state form, not the bourgeois revolution.

Again, the analogy with bourgeois revolution, the transition from feudalism to capitalism, in reverse, holds good: the state is not smashed, rather its form is altered. This counter-revolutionary process begins with the victory of fascism, basing itself to this or that degree on the enraged petty bourgeois plebians, that social movement which Trotsky, using the very same analogy when referring to the Nazi struggle for power, called the brown-shirt 'Jacobins' of the bourgeois counter-revolution. This victory of fascism is simultaneously the inversion of the proletarian revolution; instead of the working class smashing the capitalist state, the capitalist state smashed the working class; instead of the working class using its state power to expropriate the bourgeoisie, the bourgeoisie uses its state power to expropriate, enslave, the working class. For the fascist counter-revolution has its own inner logic which tendentially drives it beyond political to social counter-revolution, a logic which we know Preobrazhensky grasped as early as 1925.

The bourgeois counter-revolution does not inaugurate the withering away of the state, but rather its transformation and development in a new form. On the other hand the state plan which arises under state capitalism is congenitally deformed and sickly, it is born in order merely to die, to wither away. This is the exact opposite of the transition to, and development of, communism. The dictatorship of the proletariat is born as both state and non-state, it is born in the process of withering away. On the other

hand, planned production inaugurated in the transition period between capitalism and socialism, under the dictatorship, develops extensively and intensively in the process, losing its initial class and state character, until it becomes the simple social 'administration of things'.

These opposed historical laws of motion are ultimately determined, of course, by opposed lines of development of productive forces. The bourgeois counterrevolution lead to their absolute decline, consequently being analagous both to the transition from feudalism to capitalism in reverse, and the development of communism which presupposes a massive development of productive forces.

This decline in productive forces raises another, theoretically significant, opposition between the development of socialism and the new class mode of production out of the antagonistic development of capitalism itself. Much more effort is required, more labour, to roll a large rock up the side of a mountain, than is needed to dislodge this same rock precariously balanced on the top, or at a decisive turning point on the slope, of the mountain, and consequently to set it tumbling under its own momentum to the foot once again. The whole of human history passing through world capitalism and subsequently the transition to and development of communism involves just such a mighty effort, a massive expenditure of human labour in order to develop the productive forces. Thus the transition from capitalism to socialism and from socialism to communism, are unavoidable inevitable stages on this path, on a world scale. This or that nation, region, geographical area of the world may combine stages in some form dependent on the period when they enter the process, in comparison with other nations etc, and their level of development already attained by this historical point of departure, but none of this changes the general law.

Things are very different, however, in the transition to a new class mode of production. State capitalism, for example, is NOT an INEVITABLE stage on the road to this historic goal. This is quite simply because what is involved is the destruction of old rather than the creation of new productive forces.

If the working class should suffer decisive defeat on a world scale, and the theoretical possibility outlined here actually was realised, then the whole course of human history would be retrospectively summed up in the tragic myth of the labour of Sisyphus. Whether the human race, like that tormented being, would begin the arduous uphill climb once again, is, of course, impossible to predict.

This would depend, not least, on the development of wars in the final stages of imperialist disintegration, a question abstracted from here. We know the economic and political causes and consequences of production for war in the period of imperialist crisis, but we have left aside the consequences of modern, nuclear, warfare itself. This is not a disadvantage, nor on the contrary is it a great advantage to have demonstrated the development of 'barbarism' independent of the destructive potential of imperialist war itself. This potential is so great that it could not only eradicate whole stages in the process of historical decline, it could bring it to an absolute abrupt halt, to absolutely nothing. There is however not a lot that can be said, theoretically, about such a terminal point of human history, only that the working class, for the sake of all humanity, must prevent its occurrence at all cost.

The Stalinist States; State capitalist, 'bureaucratic collectivist, or degenerated workers states?

On essence this question has already been answered. However, it is now both possible and useful to return to our original problem: the extension of the production and property relations, originating in the October revolution, after the end of the Second World War; the creation of new 'deformed', or more correctly, as Wohlforth demonstrates, degenerated workers states.

In the 'Preface to a contribution to the critique of political economy', Marx established that:

" In broad outline, the Asiatic, ancient feudal and modern bourgeois modes of production may be designated as epochs MARKING PROGRESS in the economic development of society. The bourgeois mode of production is the LAST

ANTAGONISTIC form of the social process of production - antagonistic not in the sense of individual antagonism but of an antagonism that emanates from the individual's social conditions of existence - but the productive forces² developing within bourgeois society create also the material conditions for a solution of this antagonism. The prehistory of human society, accordingly closes with this social formation" (52)

Trotsky, as we saw, confronted the question whether admitting 'bureaucratic collectivism' as a theoretical possibility, constituted a revision of Marxism. If it does then it must surely be in regard to this passage. Marx says quite unequivocally that capitalism forms the LAST antagonistic mode of production, and such a conception of the historical place of a mode of production is after all an essential element of its 'definition'. However, he also comments in the previous sentence that the succession of antagonistic modes of production culminating in the historical development of capitalism all mark PROGRESSIVE stages in human history, in the development of the productive forces.

In order to deepen and extend, but not revise, Marx's central idea it is merely necessary to combine the conceptual pivots of both sentences; Capitalism, in all eventualities, forms the LAST PROGRESSIVE ANTAGONISTIC mode of production. The historical realisation of a new class mode of production would signify a tremendous historical REGRESSION, an absolute and precipitate decline in the level of development of the productive forces. Consequently it would be an actual revision of Marx only to argue that a new class mode of production could be PROGRESSIVE compared with capitalism.

But bureaucratic collectivist/new class theories of the Stalinist states have always oscillated violently and uncertainly between the arguments that the regime is historically progressive or regressive. Shachtman, for example, argued during the imperialist war that the 'bureaucratic collectivist' USSR was historically progressive in relation to imperialism. Yet he maintained a defeatist position with respect to this 'progressive' social formation. He refused to defend a progressive new class system against an old reactionary one. Trotsky had long since pointed out to Craipeau in 1937 (53) that the consistent political conclusion to be drawn from such a theoretical starting point was principled defence of the Soviet Union against imperialism.

Thus, in fact, Shachtman was not differentiating historically between bureaucratic collectivism and imperialism at all. For he applied the same practical conclusion and theoretical measuring rod to the USSR and its direct imperialist antagonists, Germany and Japan, in regard to which he was also defeatist. It just so happened, of course, that Germany and Japan were also at the time enemies of US imperialism. Without any theoretical or principled justification Shachtman completely revised his characterisation of bureaucratic collectivism at the end of the war. According to him the Soviet Union was now regressive social regime, a new form of 'barbarism'. He still remained a defeatist in relation to the Soviet Union, this was immutable. However, he no longer remained a defeatist in relation to the USSR's main imperialist enemy which, strange to relate, was now US imperialism, on the contrary he came to openly back it against this 'regressive' regime.

Obviously Shachtman's arrival at this 'correct' theoretical characterisation of 'bureaucratic collectivism' as historically regressive even in comparison to imperialism did not at all flow from his correct method on principled Marxist politics, but rather from his capitulation to every twist and turn of US imperialism's foreign policy. This is not to say, however, that there exists no other material and theoretical roots to this slide from one mutually exclusive historical characterisation to another. The problem that plagues the theory is that the actual historical development of the Stalinist states all too obviously contradicts the conclusion towards which the inner logic of the theory drives. It is quite clear that the production and property relations established as a result of the October Revolution, despite the consequent growth of the parasitic Stalinist bureaucracy, gave a tremendous impulse to the development of the productive forces in an area of the world where capitalism could not possibly have achieved such results. Concretely, historically, the

Soviet Union and the other Stalinist states are clearly fundamentally progressive social regimes. But in the abstract, theoretically, consistent new class theories must lead to the conclusion that they are regressive.

The very same contradiction must, and indeed does, plague state capitalist theories. As a consequence Cliff manages to reproduce the same mutually exclusive theoretical variants as Schachtman.

A national state capitalist regime would mark a historically regressive step in the development of the productive forces and the economic and political position of the working class, it would be a new barrier erected on the road to socialism even though it would remain within the epoch of decaying capitalism, of imperialism.

In 'State Capitalism in Russia' Cliff raises the question whether the regime is progressive or regressive, a question which by the very 'capitalist' nature of the regime signifies its tendencies of development, where is it going? Cliff manages to give no less than 3 mutually exclusive answers, the same three as Schachtman. First, the unconscious content of his argument demonstrates that the Soviet Union is in fact a new non-capitalist mode of production. But in his debate with Schachtman Cliff argued many times, quite correctly, that a new class mode of production must by definition be reactionary as compared with capitalism, that it would indeed be barbarism.

Second, his own explicit, conscious, theoretical argument plays hide and seek with Marxism. He carefully avoids coming down on either side, the implication being that state capitalism is neither progressive nor regressive in the potential possibilities it opens up for revolutionary working class transformation as compared with 'normal' state monopoly capitalism, with imperialism. In principle therefore there is no fundamental distinction between American and Soviet 'imperialism' which leads to the repetition of Schachtman's initial political stance, defeatism all round. Yet in his first, in truth basic, conception, he proves that on every fundamental point 'state capitalism' is different from 'normal' imperialism.

This leads, thirdly, to the surreptitious inclusion of the FACT that the USSR is historically progressive. He argues that the massive concentration of the Soviet working class forms the historical premise for the establishment of socialism. This concentration is in turn the result of what for him is the historical process of primitive capitalist accumulation in Russia, in short, industrialisation. But where, one is compelled to ask, does this leave the theory of permanent revolution which took as its point of departure the inability of either indigenous Russian, or foreign capital to carry through the tasks of the bourgeois social revolution in the territories of the old Czarist empire. For the economic tasks of this revolution is precisely to clear the ground for the completion of primitive capital accumulation. Implicit in Cliff's conception, therefore, is a refutation of the theory of permanent revolution and the assertion that capitalism, in its 'state' form, remains historically progressive on a world scale.

Very wisely, Cliff omits any mention of permanent revolution in 'State Capitalism in Russia', but elsewhere he makes the implicit argument explicit, he gives it a theoretical form in the conception of the 'deflected permanent revolution'. Here, in what is in fact the process of structural assimilation of other areas of world economy to the production and property relations of the USSR, he argues that this process involves the Stalinist state capitalists in solving the economic tasks of the bourgeois revolution when the capitalist class proper has already lost, and the working class not yet gained the capacity to do so. What is this if not historically progressive? And precisely because it is, there is a grain of truth in Cliff's conception. However, he fails to grasp that the elements of progress is ANTI-capitalist and that as a consequence the process of structural assimilation necessarily goes beyond the solving of capitalist tasks, to the creation of a degenerated workers state based on new production and property relations.

Further, this process has nothing to do with the historic incapacity of the working class in these countries, but is a function of the crisis of revolutionary leadership. It is precisely the expansion of the production relations of the USSR after the second world war, the formation of new national degenerated workers' states, which forms the most elementary and decisive test of the contending theories

scrutinised here. First it is necessary to emphasise that structural assimilation, as Wohlforth persuasively demonstrates, was not carried through in any country of the East European buffer, with the partial exception of Yugoslavia, before 1947-51. Until then the Stalinist bureaucracy attempted to reconstruct and prop up 'friendly' capitalist regimes in the entire area under its control. What then was the impulse which drove the Stalinists to completely change course and carry through a social over-turn? The inauguration of the Marshall plan in 1947, the flooding of American capital into the devastated post-war world economy and particularly the European economy from which US imperialism did not at all intend to exempt its Eastern region.

1947 marked a decisive turning point in the post-war history of imperialism. The Marshall plan was the open expression of the economic and political re-stabilisation of world capitalism under the hegemony of US imperialism, a stabilisation which to a large degree was the work of the Stalinist bureaucracy itself. On this basis, imperialism felt strong enough to open a new offensive against the USSR. It was under the pressure of this re-established, relatively healthy imperialism, that the Stalinists carried through the process of structural assimilation. There is a striking opposition here. In the years 1944-7 when world imperialism was in the throes of acute economic and political crisis, the Stalinist bureaucracy maintained a strategic pro-imperialist policy. Only when imperialism overcame its own internal difficulties did the Stalinists defensively structurally assimilate an important area of the world economy.

This tendency characterises the whole post-war period. For the Marshall Plan formed the basis for a LONG-TERM stabilisation of the capitalist world economy and consequently the basis for the most intensive and extensive boom in the history of capitalism. A boom which, in its turn, presupposed and grew out of the most massive crisis in the history of capitalism.

It was precisely throughout the period of this gigantic boom, and its staggered ending, that the process of structural assimilation was consolidated in Eastern Europe and extended into other areas of the world, China, Vietnam, Cuba, etc etc in a historical and geographical arc sweeping through to the '80s encompassing every major populated continent with the possible exception of Africa, and even here the possibility exists of structural assimilation, in Angola in particular.

The Stalinist states did not simply survive the economic upswing in world imperialism precisely because simply surviving, standing still, under such massive pressure was impossible. Instead in order to survive, it was necessary to expand and expand they did on a world scale. What is more, the USSR taken on its own grew in the same period into an economic and military power second only to US imperialism itself.

But the massive development of productive forces this entailed has by no means been restricted to the original workers state, despite the striking fact that the international consolidation and extension of nationalised production relations has been limited to the backward, colonial and semi-colonial regions of the globe, with the exception of Eastern Europe itself, always the poor relative of European imperialism, which was devastated by the Nazi war economy and the ravages of war itself. In general it was these very areas of world economy which the capitalist boom in the centres of imperialism would not have developed but ravaged afresh. In other words in areas of the world which in general would not, indeed for many years in some cases did not, see any fundamental development of productive forces under the aegis of the imperialist boom, did see such a development under the rule of the Stalinist bureaucracy. Only a fundamentally progressive social regime could achieve such a result under these conditions of imperialist economic and consequent political, ideological and military pressure. This is the decisive point which all state capitalist and new class theories must explain and in a manner consistent with the theoretically possible development of state capitalism and new class regimes from a decaying capitalism. And this is precisely what they can never consistently explain.

A Marxist, Trotskyist, theory of the degenerated workers' state on the other hand took as its point of departure the fact that the production and property relations established on the basis of the October Revolution had not been destroyed

and that consequently the social regime remained fundamentally progressive, transitional between capitalism and socialism. On this basis, because of its backwardness and isolation, grew a regressive, counter-revolutionary, bourgeois, political formation, a bourgeois state form representing a decisive step on the road to capitalist restoration, but not the restoration itself. It was this contradictory combined social formation with its revolutionary economic foundation and counter-revolutionary political superstructure which was extended as a whole on a world scale in the post-war process of structural assimilation. This very process was proof of the fundamentally international, that is progressive, character of the relations of production themselves. The Stalinist bureaucracy was the active agent of this process not because of its own revolutionary character, not because of the existence of socialism in one country, but in spite of themselves, precisely because of the impossibility of constructing socialism in one country, or even of maintaining the parasitic privileged position of the bureaucracy 'in one country'.

Despite the fact that Trotsky did not foresee the post-war survival of the USSR, and certainly not the extended process of internationalisation of its production relations along with their bureaucratic parasite, it is nonetheless his theory of the first degenerated workers state which has stood the ultimate test, history itself. In fact to focus on this aspect of Trotsky's 'failure' in prognosis is one-sided for its root lay in his lack of consideration of a theoretically possible continued 'co-existence' of the degenerated workers state and imperialism, growing out of the war. This in turn followed from his belief that imperialism itself could not survive the war, and its immediate social and economic consequences. More precisely, Trotsky did foresee the possibility of imperialism surviving in a crippled barbaric form if the working class was defeated; he did not foresee the contracted reproduction, the expanded production of arms combined with their destructive utilisation would go so far as to destroy sufficient capital value and old productive forces on the scale necessary to create the conditions for an upturn in world capital accumulation on a new technical basis, but not so far that it destroyed the social and technical bases for capitalist production altogether. A very narrow line separated these eventualities. American industry witnessed the fastest rate of contracted reproduction, of expanded arms production, in the world. Yet its qualitatively and quantitatively higher historical starting point, plus its immunity to military intervention ensured that it did not fall as low as the other imperialist powers, i.e., ensured its victory.

If German imperialism has achieved the alliance with British imperialism that it, quite correctly, wanted at the beginning of the war, and which it was not so very far from achieving, then the war between the Axis powers and US imperialism would undoubtedly have been more protracted, for the latter would have found it much more difficult to form a bridgehead on the Eurasian land mass. Under these conditions both contracted reproduction and atomic warfare would inevitably have ensured wider scope, not to mention the revolutionary possibilities such a development would have unleashed. Assuming the defeat of the working class, barbarism would have become almost inevitable.

The particular conjuncture of inter-imperialist antagonisms and alliances which inevitably drew the USSR on to one side, in the end the side which happened to be victorious, also determined the survival of the USSR and its opportunity to structurally assimilate the buffer zone. If an alliance with Britain had been secured by Germany, this would have secured the latter's western and southern flanks, which could have tipped the scales decisively in its struggle with the USSR.

In the event the victorious imperialist powers were too exhausted to mount an immediate attack on the USSR in 1944-5, and so they settled for a short period of economic and military preparation which, however, also allowed the Stalinist bureaucracy a respite and opportunity to consolidate its influence in Eastern Europe. When this period came to an end in 1947, the imperialists discovered, much to their own amazement, that the period of stabilisation had created, or rather uncovered the already existing, conditions for an upsurge in world capitalist accumulation. Consequently the whole period of the imperialist boom was characterised by the not very 'peaceful co-existence' of imperialism and the Stalinist bureaucracies resting on the foundations of the workers states.

The renewed imperialist crisis again places on the order of the day the survival of the workers states, threatened by imperialism and the usurping Stalinist bureaucracy, and the world wide alternative: socialism or barbarism.. The very fact that this alternative has not been removed from the historical agenda by the post-war developments is the surest sign of the fundamental CORRECTNESS of Trotsky's prognosis.

Those reformists like Geoff Hodgson, for example, who accuse Trotsky of 'fatalism' and 'catastrophism' for failing to foresee the particular historical outcome of the war, are consequently very wide of the mark indeed. Ironically these critics themselves are true fatalists. They treat the outcome of the imperialist war, with the advantage of hindsight, as INEVITABLE. It was nothing of the sort. In fact, as we can see, it was a highly improbable outcome of a highly improbable concatenation of world conditions, a very complex interdependent conjuncture. Highly improbable events do occur; they do not thereby, in hindsight, cease to have been highly improbable and become inevitable. Just how much more probable, even if in the event neither occurred, 'socialism or barbarism' was as the outcome of the imperialist war, will become clearer in the next section.

"Theoretical possibility and Historical reality - the actual development of state capitalist and slave regimes"

The aim of this final section is to elaborate more closely the validity and practical relevance of this analysis in regard to the defeat of German imperialism at the end of the second World War, and the process of structural assimilation, which beginnings grew out of it. I hope to demonstrate the fundamental theoretical and principle strengths of Wohlforth's analysis of the process, while outlining a major theoretical omission, the rectification of which facilitates a more profound grasp of structural assimilation in general, and its concrete historical form in Cuba in particular.

1) German Imperialism in Retreat

In 1935, Trotsky characterized the German imperialist war economy, both from the point of view of its political preconditions and its economic consequences, in a manner in which in essence accords with everything argued here:

"While during the epoch of the capitalist upswing to which the war put an end, it was possible - under certain political preconditions - to regard the various forms of stratification as progressive manifestations that is to consider that STATE CAPITALISM acts to lead society forward and facilitates the future economic labour of the proletarian dictatorship, the present 'planned economy' must be viewed as a stage that is REACTIONARY THROUGH AND THROUGH: STATE CAPITALISM strives to tear the economy away from the world-wide division of labour, to adapt the productive forces to the Prussian bed of the national state, to constrict production artificially in some branches and to create just as artificially other branches by means of ENORMOUS UNPROFITABLE EXPENDITURES. The economic policies of the present state - beginning with tariff walls upon the ancient Chinese pattern, and ending with the episodes of forbidding the use of machinery under Hitler's 'planned economy' - attain an unstable REGULATION at the cost of causing the NATIONAL ECONOMY TO DECLINE, bringing CHAOS INTO WORLD RELATIONS and completely disrupting the monetary system that will be very much needed for socialist planning. The PRESENT STATE CAPITALISM neither prepares nor lightens the future work of the socialist state, but on the contrary, creates for it colossal additional difficulties. The proletariat let slip a series of opportune periods for the seizure of power. THROUGH THIS it has created the conditions for FASCIST BARBARISM IN POLITICS and for the DESTRUCTIVE WORK OF 'STATE CAPITALISM' IN ECONOMICS. After the conquest of power the proletariat will have to pay economically for its political lapses." (54)

Again we have here the loose use of terminology which has plagued the discussion of state capitalism. Trotsky is quite clear, unlike Bukharin, that he uses the term "state capitalism" to mean state "regulation" of capitalist economy and not, as such, state ownership of capital. As a consequence in the more precise definition of state capitalism in The Revolution Betrayed he was compelled to revise the terminology, if not the central conception, in the continuation of the passage already cited in that work:

"During the war and especially during the experiments in fascist economy, the term "state capitalism" has oftenest been understood to mean a system of state interference and regulation. The French employ a much more suitable term for this - etatism. There are undoubtedly points of contact between state capitalism and "state-ism", but taken as systems they are opposite rather than identical. State capitalism means the substitution of state property for private property, and for that very reason remains partial in character. State-ism, no matter where - in Italy, Mussolini, in Germany, Hitler, in America, Roosevelt, or in France, Leon Blum - means state intervention on the basis of private property and with the goal of preserving it. Whatever be the programme of the government, state-ism inevitably leads to a transfer of the damages of the decaying system from strong shoulders to weak. It "rescues" the small proprietor from complete ruin only to the extent that his existence is necessary for the preservation of big property. The planned measures of state-ism are dictated not by the demands of a development of the productive forces, but by a concern for the preservation of private property at the expense of the productive forces, which are in revolt against it. State-ism means applying brakes to the development of technique, supporting unviable enterprises, perpetuating parasitic social strata. In a word, state-ism is completely reactionary in character." (55)

Unlike Bukharin Trotsky clearly recognises the opposed characters of "state-ism", extensively regulated state monopoly capitalism, and state capitalism. Only now he tends to over-estimate the opposition because he holds, as a consequence of his practical exclusion of the possibility of a completed state capitalist regime, and thus that the latter can only be "partial". Another example of how this way of posing the question excludes the analysis of how the "points of contact" between state-ism and state capitalism can lead to the one being transformed into the other, how the former develops into its opposite, of demonstrating that state capitalism is a developed, if opposed, form of state-ism.

It nonetheless remains obvious that Trotsky presents a consistent conception which is compatible ^{with} that presented here concerning the historically retrograde nature of state capitalism. We must agree with him further: to the very end the Nazi war economy remained fundamentally "state-ist" capitalism, state monopoly capitalism in a very advanced stage of decay.

The Nazis had no programme of nationalisation, quite the contrary. In its first five years the fascist regime de-nationalised large sectors of heavy industry and banking nationalised during, and to some degree before, the slump of 1931 (56). Despite the establishment in 1937 of the Herman Goering Werke with the purpose of exploiting unprofitable German iron ore mines to the benefit both of the profits of the monopolies and the production of arms, in 1938 state investment accounted for only 1.6% of capital in the mining industry and 0.41% in metals. Even the arms industry itself, unlike in fascist Italy, was left in the hands of its private monopoly capitalist owners. The fascist state regulated and directed national production for war by means of state contracts and credits, the famous system of "mefo-bills" which individually became as good as hard currency. These methods achieved the aims of German imperialism summed up in Goering's phrase "guns not butter".

The initial programme of de-nationalisation was possible because previously unprofitable sectors of capital were made profitable again. Not the least important reason for this was the destruction of all independent working class organisation and the maintenance of the atomisation of the class by Ley's Labour Front which enforced a massive increase in the rate of exploitation in production. This was supplemented by the state fixing wages, in a period of inflationary credit policy,

at a level well below those of the "austerity" regimes of Brüning, Papen, and Schleicher which had preceded the Nazi victory.

The German war economy necessitated the distribution of the whole labour force which combined maximum arms and munitions production with maximum profitability, maximum exploitation. To this end a system of work place passports was introduced criminalising the "free" movement of individual workers from employer to another. The reserve army of labour the regime inherited, the massive pool of unemployed, was compulsorily drafted into the system of "public works" geared to war economy. A strict military discipline was introduced into the factories with the legal recognition of the capitalist monopolists or their functionaries as the "führer" in the place of work. Thus the Nazi regime, from the very beginning, manifested its tendency to go beyond smashing the working class's organisations to its very enslavement.

This process was, however, riddled with profound contradictions. By 1938 the huge reserve army of labour of 1933 had been sucked into the war economy, i.e. in the majority into unproductive branches of the economy. Suddenly the capitalist class found itself short of labour in its competitive struggle to secure lucrative state contracts and credits. As a consequence the capitalists themselves began to subvert the fascist labour laws. They attempted to attract workers from their competitors by raising wages above the legal maximum and conniving with workers in the undermining of the passport system. Thus the law of value in the labour market, seriously distorted by the intervention of the fascist state, re-asserted itself through the competitive struggle between individual private capitals. This is a striking concrete example of the impossibility of enslaving the direct producers, in general, while their continues to exist a private property owning capitalist class.

This is not to deny the extensive development of slavery under the Nazis, far from it, for it was the real secret of the massive development of the concentration camp system in the war years. The military effort of the first two years of war based upon war economy, contracted reproduction, crippled the German economy but it also brought with it a partial solution to the problem. As the armies advanced eastwards German imperialism attained the capacity to plunder a vast area including the west of the Soviet Union with its agricultural and industrial regions. This plunder included the enslavement of sections of the indigenous populations and prisoners of war. This was the period of the establishment of the infamous eastern concentration camps.

As the front extended so the supply of slave labour increased and every major German monopoly took its share. I.G. Farben the giant chemical concern, for example, was instrumental in the establishment of the Auschwitz concentration camp. When the Nazi empire was at its most extended in 1942 I.G. Farben's workforce approached half a million many thousands of whom were slaves. By 1944 7.5 million non-German slaves were employed by German firms on Reich territory with approximately double this number in the occupied eastern areas employed in both private and state enterprises. Hitler himself calculated the total number of foreign slaves at 20 million!

This slave workforce was literally worked to death, were exploited in a manner which took no account of their physical production and reproduction. Their labour was by nature of the very lowest skill and productivity. It could only have been utilised in a regime in which the general productivity of labour was falling catastrophically. Far from being a sign of strength it was the sure indication of the impending catastrophic defeat of German imperialism at the hands of the "allies" which, in general, had not had to resort to such measures to maintain their war economies.

Despite the very extensive sweep of slave production under the Nazi regime it never became the dominant mode of production, it remained subordinated to the capitalist mode the aim of which remained the maintenance of imperialist war economy and the profitability of the German monopolies. A sharp division was maintained between the German working class, its conditions of life and work, its relation to German capital, and those of the foreign slave labourers it was compelled to work alongside. There was a division of labour between the two forms of exploitation,

The German workers carried out the semi-skilled and skilled tasks while the slaves were drafted in to replace destroyed productive forces, the most menial and bestial of tasks replaced machinery. To have reduced the German workers to the same level as the slaves would have signified the immediate collapse of imperialist war economy.

The German war economy thus developed into a peculiarly combined system of production, combined both socially and geographically. The slave economy developed most extensively in Eastern Europe, whereas in the West a much more "normal" relation was established between, for example, the German and French monopoly capital and the French working class. It is of no little significance that this system was crushed from the West by the "allied" imperialists and from the East by the Soviet Union. A USSR itself showing marked features of a social and economic decay into "barbarism" under the blows of the Nazi occupation and the contracted reproduction involved in its own form of war economy. In 1941 the forced Labour Camps employed 3.5 million labourers supplying 1.2% of Soviet industrial production. Immediately after the war this figure was much higher (57).. Again, this embryonic system of slave labour remained subordinate to the progressive production and property relations of the USSR and was gradually phased out after 1950.

Thus was the general accuracy of Trotsky's conditional prognosis to the effect that: "Fascism on the one hand, degeneration of the Soviet state on the other outline the social and political forms of a neo-barbarism". (58) borne out. Everyone knows by what methods and what relations of production were re-established in Western Europe by the invading imperialists. What requires further examination is the system of production established in Eastern Europe between 1944 and 1948/8, ie before the process of structural assimilation in the area dominated by the Red Army and /or the indigenous Stalinist apparatus.

2.) Stalinism on the advance.

Previously we analysed briefly 5 basic historically possible variants growing out of the monopoly stage of capitalism, only 4 of which could be correctly termed state capitalist regimes. None of these 4 theoretical variants have so far emerged historically, but others have. The explanation of this apparently paradoxical disparity between the historical and theoretical development is quite simple: so far we have considered only the fundamental capital relation, the class relation of developed capitalist social formations, ie that of imperialist nations. In other words, we have left unexamined, abstracted from, the possibility of such regimes in colonial or semi-colonial countries where the bourgeois revolution remains incompleated due to imperialist domination and the consequent level of development of class and national antagonisms. Also abstracted from was the historical existence and development of one or more degenerated workers-states with their Stalinist bureaucracies and antagonistic relation to world imperialism.

This far from signifies that the whole analysis of state capitalism was irrelevant. On the contrary, the concrete realisation of state capitalist regimes, historical approximations to those analysed here, have so far always been bound up with the fate of the Stalinist bureaucracy not infrequently combined with the distorted supercession of the bourgeois revolution's tasks in the colonial and semi-colonial countries.

It is the concrete existence of such state capitalist regimes, of no little scientific and practical significance, which Wohlforth fails to theorise in his otherwise acute analysis of the post-war process of structural assimilation. Before approaching the question of the rectification of this error, it is first necessary to emphasise where his ~~fund~~ fundamental, theoretically extremely acute, correctness lies.

State capitalist theories, like that of Cliff, assert not incorrectly that their strongest 'Marxist' theoretical card lies in the argument that to conceive of the Stalinist states created after WW2 as workers states, degenerated, deformed, or otherwise, necessarily signifies a complete revision of the Marxist theory of the state and the proletarian revolution which must lead in turn to a complete revision of Marxist revolutionary strategy. Where and when, these theories insistently ask, were the capitalist states smashed, was the revolutionary working class, hegemony of this smashing, with its soviets, the independent democratic organs of this class, the instruments of this smashing, and consequently the new working class state itself in the process of the formation of these 'workers states'? Nowhere and at no time, they reply.

The superiority of Wohlforth's, as opposed to Mandel's answer lies in the fact that he does not gloss over or deny this historical fact, but rather successfully explains it by an acute utilisation of the dialectical method in the sphere of the Marxist theory of the

state. His analysis demonstrates in passing that theoreticians like Cliff are capable of turning the most profound and decisive achievements of the Marxist method into the most banal toying with categories and definitions, or in short how the dialectical method is subject to dialectics itself, how it can decay, turn into its opposite: formalism.

Wohlforth theoretically grounds his argument on Trotsky's fundamental conception of the degenerated workers' state developed in most detail in 'The revolution betrayed', which is itself grounded in the extension of Marx's theoretical prognosis concerning the transition to the higher stage of communism in 'The Critique of the Gotha Programme' and in Lenin's 'state and revolution'. Trotsky grasped that the Stalinist bureaucracy in the USSR was in FORM a capitalist state apparatus whose basis, whose real CONTENT, still lay in the progressive production and property relations created by the October revolution. Here too, of course, form and content interpenetrate.

formal
The Stalinist bureaucratic apparatus is a capitalist state form because it is a survival of capitalist bureaucracy drawing its consumption fund, its material privileges, as a caste, from the distribution of the surplus product, not directly from its role in its production. The laws of Soviet production are thus not determined by the satisfaction of the bureaucracy's necessary and luxury consumption, as under state capitalism. This consumption fund forms only a portion of the surplus product, the production of which is determined, as Preobrazhensky demonstrated, by the law of primitive socialist accumulation. The very nature of this law of the nationalised economy necessitates that the Stalinist bureaucracy plans, directs and controls production and distribution, and is therefore subject to this law itself. In this respect the Stalinist bureaucracy is quite unlike the capitalist state FORM which functions on the basis of the law of value, outside and alongside production. On the other hand the capitalist FORM of the state determines a definite distortion of planned economy which tends towards the reestablishment of capitalist production.

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be
army*
From this profoundly contradictory character of the Soviet political formation, Wohlforth deduces theoretically and established historically that the Stalinist bureaucracy did not, indeed could not, smash the capitalist states in the buffer countries because in FORM these state super-structures were assimilable to the bureaucracy itself. All that was necessary for the process of structural assimilation at the level of the state was the transformation of some of its institutions, the grafting on of some new ones, and its thorough pruning to rid it of all elements hostile to the Stalinists, that is tied to the old capitalist class. At the level of the economy, of course, this process had to be complemented by the expropriation of the capitalist class through nationalisation and the introduction of Stalinist planning, thus, in toto, creating in Lenin's prescient phrase in 'State and Revolution', a 'bourgeois state without the bourgeoisie'.

Yet before capitalist property can be expropriated and the capitalist state transformed in this particular combined fashion, both must exist in an appropriate social and political conjuncture. It is here that Wohlforth's analysis is both at its most concrete and where serious difficulties arise. He omits a theoretical treatment of state capitalism, firstly, in the period between 1944-7 in Eastern Europe. Yet the subject can be dealt with largely in his own words, for his account of the events themselves signpost the correct theoretical conclusion. Referring to Eastern Europe he notes:

"With individual variations from country to country, it can be said that the Red Army entered countries in which large sections of the capitalist class had either been destroyed or were in flight; in which the state administration structure was either almost non-existent or severely weakened and undermined; and which as a general problem in 'allied' as well as 'axis' countries, the capitalist class as a social force was weak and discredited. The arrival of the Red Army was greeted everywhere with revolutionary action of the masses, who on their own initiative seized large sections of the land and factories... Thus capitalism as a social system was seriously eroded in these areas, and a deeply revolutionary situation existed. Everywhere a large part of the real power in the country, especially just prior to the entry of the Soviet ~~troops~~ troops, was in the hands of committees of one sort or another (National Liberation Front, Fatherland Front etc). Within these committees, despite the non-working class line imposed on them, the predominant weight of the working class and peasantry

was felt. If the Red Army had only protected the area from imperialist interference (they were really too weak to seriously interfere anyway) and tolerated a revolution, one would have occurred.. The result would have been to establish genuine democratic workers states throughout Eastern Europe - and in fact throughout all of Europe. Had this happened modern history would have taken a fundamentally different course - the scales would have really (?) tipped in favour of revolution and the Soviet bureaucracy itself would not have lasted more than a short while.

This did not happen, and for this reason today we face ~~sz~~ the danger of total annihilation through unclear war' (59)

Despite the hint in this passage, taken on its own, of an under-estimation of the role of the Marxist party in such an alternative revolutionary development, we have to agree with Wohlforth's assessment of the social and political conjuncture in Eastern Europe in 1944-5. The weakness of the capitalist class in the entire region was due to a combination of the vagaries of war, slave war economy, imperialist plunder in general and the collaboration of the local bourgeoisie, elements which varied in each country depending on its 'allied' or 'axis' position etc. In sum, the Stalinist bureaucracy faced a very difficult task in re-establishing stable capitalist regimes in the area, faced with the collapse of capitalist economy, the flight of the capitalist class and the revolutionary ferment. The completion of this task signified, first, the reconstruction and propping up of the capitalist state apparatuses which had been either largely destroyed or had disintegrated in order, second, to ensure the continued existence of capitalist production and property relations. These combined tasks actually involved considerable nationalisations in the years 1944-5, ie long before the process of structural assimilation, a fact which Wohlforth alludes to himself:

"it is important to realise that nationalisation was simply forced upon the stalinists because of a combination of the fact that many of the factories in this whole area were owned by the Germans AND THAT IN ADDITION MANY FACTORIES WERE SIMPLY SEIZED BY THE WORKERS. THEREFORE IN MANY CASES THE STATE NATIONALISED A FACTORY IN ORDER TO TAKE IT OUT OF THE HANDS OF THE WORKERS AND SOMETIMES EVEN PUT THE OLD CAPITALIST OWNERS BACK IN AS 'MANAGERS'. It is also important to realise that the state administering these nationalised factories was ruled by a coalition government including the bourgeois parties" (60)

It was no accident that these initial nationalisations attained the widest sweep in those countries which suffered most dis-location and plundering at the hands of the Nazis or were countries with large non-German populations:

"In Poland close to 90% (!) of all industry was nationalised within the first year of 'liberation' and Czechoslovakia followed this pattern relatively closely. In Hungary, however, the banks were not nationalised until Jan 1948. Interestingly Germain, writing in 1946, quite correctly pointed out that nationalisation was on the same level in Finland as it was in Bulgaria and Rumania. Austria was listed as being much more nationalised than any of these three countries. As history was to show, both Finland and Austria were to pass into the capitalist orbit definitively, while Rumania and Bulgaria were to be transformed into deformed workers states" (61)

Thus Wohlforth presents a striking account of the evolution of the East European regimes between the period of the entrance of the Red Army in 1944/5 and their structural assimilation in 1947/8. It is an account of the evolution of different degrees of state capitalist with Poland and Czechoslovakia as definite candidates for completed state capitalist regimes. He demonstrates that these regimes grew out of the tremendous collapse of private capitalism in the area which inevitably gave rise to the revolutionary mobilisation of the working masses. He further demonstrates that the Stalinist bureaucracy imposed these elements of state capitalism on state capitalist regimes in a COUNTER REVOLUTIONARY manner, designed to crush the revolutionary forms of workers control etc, instigated by the insurgent masses. Yet strikingly Wohlforth never gives these regimes in this period an economic or political characterisation, beyond arguing that they represented 'phantom-like', very weak, forms of capitalist rule and exploitation.

He always remains quite clear about the CAPITALIST nature of the regimes up to 1947-8, and thus grasps that the transformation at the level of state superstructure was decisive

in the actual period of structural assimilation.

"It is important to emphasise here that this process did not result in most cases in a formal resumption of rule by a single party. Rather, rump coalitions continued of parties that were essentially tools of the Stalinists. The very real process that occurred was THE DESTRUCTION OF THE INDEPENDENT POLITICAL ARM OF THE BOURGEOIS AND PETTY BOURGEOIS FORCES IN THE COUNTRY. This was accompanied by the wholesale jailings of the effective leaders and political cadres (?) of these parties and all those suspected of being their agents within the state administration. Thus this political process seriously pruned back the social power of the bourgeois elements by effectively eliminating their direct voice within the political superstructure. This process BY ITSELF would no more have destroyed the real social rule of the bourgeoisie THAN THE NATIONALIZATIONS OF THE EARLIER PERIOD HAD DONE...

The completion of the destruction of the economic underpinning of the bourgeois forces in these countries did not represent such a drastic change as the destruction of their political power. IN MOST OF THESE COUNTRIES, BY 1947, THE COMPLETING HEIGHTS OF INDUSTRY WERE IN THE HANDS OF THE STATE. THUS THE CRITICAL QUESTION WAS IN WHOSE HANDS THE STATE WAS, RATHER THAN THE WIPING UP OPERATION ON THE REMAINS OF PRIVATE CAPITALIST HOLDINGS. Still this period masked (could be "marked" - typist) a renewed nationalisation drive in those countries which still had substantial private capitalist operations" (62).

Despite this clear recognition his failure to give a finished theoretical expression to the nature of the East European regimes between 1944-5 and 1947-8 led to Wohlforth's downfall in his attempts to get to grips with the process in Cuba. His analysis was sufficiently acute and developed to theorise the process as expansion of the Stalinist bureaucracy along with its progressive social foundation AFTER THE PROCESS HAD BEEN COMPLETED. In the midst of the Cuban process, however, which had inspired him to grapple with the problem in the first place his analysis broke down. This is a serious criticism of a Marxist whose task it is, after all, to intervene in the historical process, in the present, on a solid theoretical foundation in order thereby to shape the future. The importance of his theoretical omission becomes obvious, although it must be said in his defence that we now have the same advantage in relation to Cuba as he had with the buffer countries.

Once again, however, Wohlforth had already provided the solution to his own problem, in a raw, unfinished, theoretical form. He argued with great force that if the distinct national processes of structural assimilation were grasped in their unity, in their historical order of development, then no insurmountable problems arose in the analysis of each successive case. He could not apply his own method to the Cuban case because it posed the question of state capitalism as a stage point-blank, and he had not theorised the stage of state capitalism in the process in general, and further in the forms it took in Yugoslavia, Albania and China.

He adduced that structural assimilation took place in China between 1952-6, and that in 1949 the military victory of the Stalinists signified that:

"While much of industry was taken over in the period immediately following the coming to power ~~of the~~ BECAUSE IT HAD BEEN DESERTED BY THE BOURGEOISIE, there remained substantial bourgeois holdings throughout the country. Mao himself proclaimed in 1949: 'Our policy is to restrict capitalism and not to eliminate it...' The importance of these capitalist holdings can only be understood within the framework of the existence of a bourgeois state apparatus over large sections of China and the CCP's policy of rule through a coalition government, even if the bourgeois representative within this coalition were quite weak. It was this in the inter-connection of these various levels of bourgeois influence that the bourgeois continued to ~~have~~ have influence in China in this period" (63)

Although the elements of state capitalism were not in existence, as for example in Poland or Czechoslovakia, and thus it would seem to be incorrect to characterise China as state capitalist as such in the year 1949-52, the general line of development is clear enough.

As in Yugoslavia and Albania, the indigenous Chinese Stalinists had created a peasant based army which defeated the pro-imperialist Chinese forces, and thus prepared the ground for the later process of structural assimilation, all without the decisive military intervention of the Red Army. The Cuban case only differs from these in one fundamental

respect, which Wohlforth would have grasped immediately if only he had theorised the state capitalist stage common, to this or that degree, to them all. It was not the Stalinists but the petit bourgeois nationalist July 26th Movement, led by Castro, which formed a guerrilla army based largely on the peasantry and which, with more or less passive support from the Cuban working class, overthrew US imperialism's Batista regime in revolutionary fashion in 1959. Castro's movement did not smash the capitalist state, which was very weak, but pruned and re-organised it thereby actually broadening its social base and strengthening its institutions.

The July 26th Movement had no anti-capitalist programme and non anti-capitalist intentions. Yet in 1960 under the pressure of mass desertion of Cuban and American bourgeois and a trade boycott by US imperialism, Castro was left with no option but to respond with a programme of massive nationalisations in both the industrial and agricultural sectors. 382 major enterprises and banks were nationalised, including the American owned Telephone Co, which was worth \$800 million, and 36 sugar mills and refineries, alongside expropriation of the latifundists. 1960 therefore saw the creation of a fairly developed state capitalist regime in Cuba not the creation of a degenerated workers state: that required other social forces than the July 26th movement.

In essence this revolutionary process carrying through approximately to 1962 was one of a bourgeois revolution, a struggle for Cuban national liberation against US imperialism, analagous, ironically enough, with the American war of independence in the 18th century, directed against English colonialism. It was no accident that Castro expounded the radical ideas of the American revolution in opposition to American imperialism. Indeed, from one angle, the Cuban national state capitalist regime was analagous to the 'state-ist' and state capitalist elements in the national capitalist economies in the epoch of primitive capitalist accumulation, in the epoch of 'classical' bourgeois revolutions. These elements were historically progressive because they served to spur on the development of the national capitalist economies. But Cuban state capitalism arose not in the epoch of primitive capitalist accumulation, but in the epoch of imperialism. As a consequence its state capitalism was much more pronounced due to the insuperable obstacles it face in the already developed nature of world capitalist economy. In its degree of stratification and its national isolation, Cuban 'capitalism in one country' was reactionary. Its progressive and reactionary sides were inextricably combined, if had not future, it was purely a conjunctural regime. Clearly the Cuban development was tied in with the process of permanent revolution.

Its life span would have been very short once the USA broke off trade relations in mid-1960, if it had remained economically isolated. This at least was what the imperialists calculated, but they reckoned without the heroism of the Cuban masses and, most decisively in the event, without the Stalinist bureaucracy and the degenerated workers states. For Cuban state capitalism did not remain economically isolated. In fact none of the post-war state capitalist regimes approximate to completed state capitalism in this decisive respect. They were all conjunctural regimes which originated, it is true, with a decisive economic rupture with imperialism, but not thereby with the world division of labour and market, for these are not identical. The economic ties with imperialism were replaced with ties with the USSR and, later, other degenerated workers states, themselves part of the world economy.

The USSR and China bought the Cuban sugar which US imperialism had blockaded. The USSR, in particular, provided credits, technical aid, machinery and, of course, ill-starred military 'aid'. Indeed all these measures were totally inadequate geared as they were not to the development of the Cuban economy but to the interests of the Stalinist bureaucracy. Nonetheless without it Cuban state capitalism could not have survived, let alone grown as it did in the years between 1960 and 1965.

Ultimately, however, just like the state capitalist regimes in Eastern Europe in 1947, faced with the pressure of resurgent American imperialism, there was only three possible alternatives: their independent development was out of the question.

- 1) Defeat at the hands of imperialism, with the resulting destruction of stratified economy.
- 2) Working class revolution and the establishment of a workers state.
- 3) Structural assimilation.

In all the degenerated workers states the third possibility was realised: itself an acute expression of the crisis of revolutionary leadership.

From 1960 the Stalinist bureaucracy, especially the Soviet bureaucracy, had ever reason militarily, economic and political, to strategically assimilate Cuba. However, such things

are not achieved at the drop of a hat or of a nuclear missile. Not least of the bureaucracy's problems was the weakness of the Cuban stalinists who were completely discredited by their passive support of Batista and suffered attacks at the hands of the Castrists at the very time of the nationalisation of American property.

In 1961, 1963 and 1965, the Cuban stalinists, materially aided by their Soviet brethren, made successive attempts to construct a unified, monolithic, Stalinist apparatus with a firm grip on the state, in 1965 with the formation of the Cuban Communist Party, they were on the road to victory. The failure to soundly base the Integrated Revolutionary Organisation in 1961 and the United Revolutionary Socialist Party in 1963 grew out of the contradictions involved in assimilating the July 26th Movement which had largely lost its peasant base and become firmly rooted in the capitalist state apparatus. The whole of this apparatus could not be assimilated. It would appear that its successful completion combined elements of the destruction of bourgeois political parties, the unification with the social democracy, and to rooting out of sympathisers from the state apparatus of the process in Eastern Europe. Until 1965, the decisive step on the road in this process, structural assimilation, could not have begun.

In 1968 Castro launched the 'Great Revolutionary Offensive', culminating in the nationalisation of trade and services. This may not have been very important economically; if this is correct, then it forms an element common to the process of structural assimilation in many countries, as Wohlforth noted:

"More significant were steps taken to DESTROY THE SOCIAL POWER OF THE PETTY BOURGEOIS CLASSES. These included the virtual takeover of wholesale trade and the takeover of a large section of retail trade" (64)

In a highly provisional conclusion open to the verification of the results of further investigation, it could be argued that the process of structural assimilation took place between 1965 and 1968. A feature which obscures the whole process is the continuity of Castro's leadership, & his transformation into a Stalinist. There is, however, another side of this coin which the Cuban stalinists have attempted to bury beneath a mountain of less pleasant myths, the removal from office of Che Guevara in 1965. The question deserves attention.

Consequently we must draw the conclusion, contrary to that of Westoby in his superficial discussion of the Cuban events which ends up back in the very 'Pabloism' Wohlforth was combatting, that Wohlforth and the SLL were correct at the time (1963?) to see Cuba as a capitalist state of 'a special type'. Once again, however, they failed to draw the necessary conclusions from this essentially negative characterisation. Absurdly, the WRP still holds this position today. But what does Wohlforth think?

If he had grasped theoretically what was specific to Cuba and the significance of a state capitalist, state-ist, stage in the process of the post-war expansion of Stalinism in general, he would have grasped in 1961-3, the time of writing of 'The Throeyr of Structural Assimilation' the significance of the Stalinist manoeuvres of those years. As a consequence he would have been able to firmly counterpose the proletarian revolution and the smashing of the Cuban capitalist state to either the victory of American imperialism or the counter-revolutionary process of structural assimilation, of the rise of the Stalinist bureaucracy to power.

The advantages of the solution presented here are obvious. First, it does not appear to violate the course of historical events itself. Second, nor does it violate the Marxist conception of the state or of the essential role of an international revolutionary working class party. The July 26th Movement did not, could not, overthrow capitalism or smash the capitalist state; the Stalinist bureaucracy did, and could, achieve the former, but not the latter. This peculiar fact common to the process of structural assimilation in general is a striking confirmation of the correctness of the Trotskyist programme of political revolution in the degenerated workers states.

Programmatic Conclusions

On many occasions, Marx pointed out that Bourgeois political revolutions were combined, limited, ~~recapitalisations~~ recapitalisations of the bourgeois SOCIAL revolution. Just like the latter the former involved the transfer of the bureaucratic state apparatus from one pair of hands to another, from one faction of the political representatives of the bourgeoisie to another, factions which themselves usually represented

adifferent fractions of the capitalist class. The victorious party, of course, always placed its own men in the key positions in the state apparatus, replacing those of the defeated. The bureaucratic machine and its privileges was the spoils of the victor.

It must now be absurdly clear that the PROLETARIAN POLITICAL REVOLUTION in the USSR will be a combined, limited recapitulation of the proletarian SOCIAL revolution of October 1917, and its social results. But the proletarian revolution is distinguished from the bourgeois revolution, at the level of the political superstructure, by the fact that the former smashes while the latter lays hands on the old bureaucratic state machine. A similar distinction must be drawn between the proletarian and bourgeois political revolutions. Precisely because the Stalinist bureaucratic state apparatus is a capitalist state in form, arising out of the political expropriation of the working class, it must be SMASHED in the political revolution.

Concretely the Trotskyist programme for the USSR leads directly to this same practical conclusion: the establishment of soviets as independent organs of working class struggle, the exclusion of the Stalinist bureaucracy from the Soviets, the freeing of the trade unions from the bureaucracy, the arming of the Soviets, the insurrection based on the soviets and organised by the Trotskyist party, and the establishment of complete soviet power as the form of the workers state. Yet this is not the manner in which Trotsky posed the question theoretically in "The Revolution Betrayed":

"In order better to understand the character of the present Soviet Union, let us make two different hypotheses about its future. Let us assume first that the Soviet bureaucracy is overthrown by a revolutionary party having all the attributes of the old Bolshevism, enriched moreover by the world experience of the present period. Such a party would begin with the restoration of democracy in the trade unions and Soviets. It would be able to, and have to, restore freedom of Soviet parties. Together with the mass, and at their head, it would carry out a RUTHLESS PURGATION OF THE STATE APPARATUS" (65)

and

"If to adopt a second hypothesis - a bourgeois party were to overthrow the ruling Soviet caste, it would find no small number of ready servants amongst the present bureaucrats, administrators, technicians, directors, party secretaries and privileged upper circles in general. BUT A BOURGEOIS RESTORATION WOULD PROBABLY HAVE TO CLEAN OUT FEWER PEOPLE THAN A REVOLUTIONARY PARTY. THE CHIEF TASK OF THE NEW POWER WOULD BE TO RESTORE PRIVATE PROPERTY IN THE MEANS OF PRODUCTION" (66)

This second hypothesis is striking! It is a formulation of the theoretical possibility of EXACTLY THE OPPOSITE PROCESS TO THAT OF STRUCTURAL ASSIMILATION! Because the Stalinist bureaucratic state apparatus is capitalist in form, the BOURGEOIS SOCIAL COUNTER-REVOLUTION would NOT have to SMASH it but purge it. Its main task would be the destruction of the production and property relations, whose origins lay in the October revolution.

This formulation, on its own, is a marvellous theoretical confirmation of Wohlforth's basic methodological and conceptual insight. But if Trotsky is correct, and the complete process of structural assimilation itself is in turn a striking confirmation that he is, if the Marxist theory is to be maintained, then the fact that the bourgeoisie would not have to smash the Stalinist state leads inexorably to the conclusion that the working class must do so on the road to socialism. In other words, the working class political revolution is not simply a question of purging a state apparatus which is fundamentally retained. One may be sure in advance that some 'Trotskyist' will attempt to use this formulation, against the whole spirit of the Trotskyist programme and Trotsky's conception, as a justification for a programme of political reform in the USSR.

The Soviet political revolution will be a true recapitulation of the October Revolution. First the old bureaucratic machine will be smashed, only THEN will some of the old functionaries, carefully and ruthlessly selected and controlled by the masses and the revolutionary party, be utilised by the workers state to the degree that such measures are unavoidable.