The Collapse of Stalinism and the Class Nature of the Russian State

by Ted Grant and Alan Woods

"History knows transformations of all sorts." (Lenin)

The question of the class nature of Russia has been a central issue in the Marxist movement for decades. Now, with the collapse of the USSR and the movement in the direction of capitalism, this question assumes an even greater importance. How we approach this problem will be vital not only for training our cadres, but for our general work in the labour movement, and, at a later stage, for the building of a Marxist tendency in Russia.

It is not possible to grasp the processes that are taking place in Russia from the point of view of formal logic and abstract definitions. Only the dialectical method, which takes the process as a whole and con cretely analyses its contradictory tendencies as they un fold, stage by stage, can shed light on the situation. In elementary chemistry, a simple litmus test is sufficient to reveal whether a substance is acid or alkaline. But complex historical processes do not admit such a simple approach.

The demand for an immediate answer to the question "workers' state or capitalism" seems to have the virtue of clear definition and even political firmness. Alas! in nature, as in society, the attempt to impose a "final solution" when dealing with unfinished processes is the source, not of clarity, but of endless confusion and mistakes. When it is a question of transitional formations, demands for a black and white, "eitherÉor" solution re veal, not intellectual rigour, but only a formalistic frame of mind which, in its haste to "solve" a problem by applying an external definition in a thoughtless fashion, does not deal with the real processes at all.

Nor are formal analogies much use here. What is taking place in Russia has no real precedent in his tory since the fall of the Roman empire. If the movement towards capitalism is finally accomplished, it would signify the destruction of all the gains of the October Revolution. This did not occur, for example, with the French Revolution, where the gains of the Jacobean-plebeian movement were liquidated by the Thermidorian reaction in 1794. Thereafter, the movement in the direction of reaction went very far&emdash;from Thermidor to the Directorate, Bonapartism, the restoration of the Empire and a new aristocracy, and even the restoration of the Bourbon monarchy on English and Prussian bayonets after 1815. Yet through all these changes, the basic socio-economic gains of the Revolution of 1789-93 remained intact. The fundamental question was the new property relations raised on the foundation of the breaking up of the big feudal estates and the establishment of a mass of small peasant proprietors.

Likewise, the political counterrevolution carried out by the Stalinist bureaucracy in Russia completely liquidated the regime of workers' soviet democracy, but did not destroy the new property relations established by the October Revolution. The ruling bureaucracy based itself on the nationalised, planned economy and played a relatively

progressive role in develop ing the productive forces, although at three times the cost of capitalism, with tremendous waste, corruption and mismanagement, as Trotsky pointed out even before the War when the economy was advancing at 20% a year.

The problem which we now face was also faced by Trotsky in the 1920s and 30s, when he had the task of analysing the phenomenon of Stalinism. For certain ultra lefts, the problem was a simple one. The Soviet Union, in their opinion, was already a new class society as early as 1920. All further analysis was therefore superfluous! There was a fundamental difference between this formalism and the careful dialectical method of Trotsky. He painstakingly traced the process of the Stalinist counterrevolution through all its stages, laying bare all its contradictions, analysing the conflicting tendencies both within Soviet society and within the bureaucracy itself, and showing the dialectical interrelation between developments in the USSR and on a world scale.

Here is how Trotsky describes his own method of analysis:

"To define the Soviet regime as a transitional, or intermediate, means to abandon such finished social categories as capitalism (and therewith 'state capitalism') and also socialism. But besides being completely inadequate in itself, such a definition is capable of producing the mistaken idea that from the present Soviet regime only a transition to socialism is possible. In reality a backslide to capitalism is wholly possible. A more complete definition will of necessity be complicated and ponderous.

"The Soviet Union is a contradictory society halfway between capitalism and socialism, in which: (a) the pro ductive forces are still far from adequate to give the state property a socialist character; (b) the tendency toward primitive accumulation created by want breaks out through innumerable pores of the planned economy; (c) norms of distribution preserving a bourgeois character lie at the basis of a new differentiation of society; (d) the economic growth, while slowly bettering the situation of the toilers, promotes a swift formation of privileged strata; (e) exploiting the social antagonisms, a bureaucracy has converted itself into an uncontrolled caste alien to socialism; (f) the social revolution, betrayed by the ruling party, still exists in property relations and in the consciousness of the toiling masses; (g) a further development of the accumulating contradictions can as well lead to socialism as back to capitalism; (h) on the road to capitalism the counterrevolution would have to break the resistance of the workers; on the road to socialism the workers would have to overthrow the bureaucracy. In the last analysis, the question will be decided by a struggle of living social forces, both on the national and the world arena.

"Doctrinaires will doubtless not be satisfied with this hypothetical definition. They would like categorical formulae: yes&emdash;yes, and no&emdash;no. Sociological problems would be certainly simpler, if social phenomena had always a finished character. There is nothing more dangerous, however, than to throw out of reality, for the sake of logical completeness, elements which today violate your scheme and tomorrow may wholly overturn it. In our analysis, we above all avoided doing violence to dynamical social formations which have no precedent and have no analogies. The scientific task, as well as

the political, is not to give a finished definition to an unfinished process, but to follow all its stages, separate its progressive from its reactionary tendencies, expose their mutual relations, foresee possible variants of development, and find in this foresight a basis for action." (Leon Trotsky, The Revolution Betrayed, pp. 254-56.)

The problem of the class nature of the Soviet Union oc cupied Trotsky's attention right up to his death. In In Defence of Marxism, he outlines the way in which a Marxist would pose the question of the class nature of the Russian state:

"(1) What is the historical origin of the USSR? (2) What changes has this state suffered during its existence? (3) Did these changes pass from the quantitative stage to the qualitative? That is, did they create a historically necessary domination by a new exploiting class?" (p.68)

Right to the end, he was always extremely conditional on the question of the future evolution of the USSR, while maintaining a principled position on the defence of the Soviet Union in the War. He did not expect the Stalinist regime to last as long as it did. True, in his last work Stalin, he did suggest that the regime might last for decades in its present form, but the book was unfinished at the time of his assassination, and he was unable to develop this idea further.

It was left to the Marxists to develop and extend Trotsky's analysis of proletarian Bonapartism after the War, particularly in Ted Grant's The Marxist Theory of the State, the Reply to David James, and later on, the documents on the Colonial Revolution. What defines the class nature of the state from a Marxist point of view is undoubtedly property relations. However, here too, the relation is not automatic, but dialectical. The state is not the direct expression of the ruling class&emdash;whether it is the bourgeoisie or the working class. Under certain conditions, the ruling clique can manoeuvre between the classes and eliminate the existing property relations. This was the case with the army caste in Syria, Burma, Ethiopia, Afghanistan, as only our tendency was able to explain. Now in Russia and Eastern Europe we have a peculiar variant of the same process, but in reverse.

This unusual variant of Bonapartism can only be explained by the fact that the state has raised itself above society. Trotsky predicted that the bureaucracy, particularly its upper layers, would inevitably seek to guarantee its power and privileges by transforming itself into a ruling class. Within a particular historical concatenation of circumstances, the pro-bourgeois wing of the bureaucracy has, for the time being, gained the upper hand. Leaning on world imperialism and the nascent bourgeoisie&emdash;the millions of crooks, spivs, and black marketeers, who already existed in the pores of Soviet society&emdash;they have already gone a long way in this direction, without provoking a civil war. This is a peculiar mechanism for the carrying out of the counterrevolution. But it is no more peculiar than the "workers state" from which it arose, or the peculiar way in which the regimes of proletarian Bonapartism established themselves in Eastern Europe, Syria or Ethiopia.

Up to the present time, the bourgeois wing of the bureaucracy has partially succeeded in carrying out the counterrevolution in a "cold" way. Partially, but not entirely. The process is not complete. On the basis of the frightful economic and social collapse, not only the working class, but a section of the bureaucracy is beginning to swing the other way. It is possible that this process could lead eventually to civil war. This perspec tive partly depends on which way the officer caste will jump. It is quite likely that the decisive section of the officers will move in the direction of proletarian Bonapartism which, after all, guaranteed their privileges much better that the present regime.

In Eastern Europe, the old regime collapsed without a whimper. In the same way, under certain con ditions, it is possible that the bourgeois regime could collapse when confronted with a massive movement of the work ing class which draws behind it a big section of the petit-bourgeoisie. History indeed knows all kinds of transformations! Of course, we have the classical models of revolution and counterrevolution which are famil iar to every schoolboy who has read a bit of Lenin. But there are many other variants known to history. In the 19th century, the transition from feudalism to capital ism in Japan was accomplished through the mechanism of the bureaucracy, which, under a peculiar set of cir cum stances, shifted from one class basis to another without a revolution or civil war. Of course, the transition to capitalism was not a "pure" one&emdash;there were many ele ments of feudalism in it, which were only eliminated (in another peculiar variant) by the US occupying forces after 1945, under the pressure of the Chinese revolution. All these events further illustrate the enormous complexity of the question of the state.

When considering the development of society, economics must be considered the dominant factor. The superstructure which develops on this economic base separates itself from the base and becomes antagonistic to it. The essence of the Marxist theory of revolution is that with the gradual changes in production under the embryo of the old form, i.e. superstructure and re-organising society on the base of the new mode of production which has developed within the old. Economy is ultimately decisive. Because of this, as all the Marxist teachers were at pains to explain, in the long run the superstructure must come into correspondence with it. Once we abandon the criterion of the basic economic structure of society, all sorts of superficial and arbitrary constructions are possible. However, the bare affirmation that, in the last analysis, the class nature of the state is decided by property relations is insufficient.

The state can be defined in various ways. One of the most common ways for Marxists to do so is by referring to the state as "armed bodies of men in defence of private property." In the last analysis, all forms of state are reduced to this. But in practice, the state is much more than the army and the police. The modern state, even under capitalism, is a bureaucratic monster, an army of functionaries absorbing a huge amount of the surplus value produced by the working class. From that point of view, there is a germ of truth in the arguments of the monetarists, whose demand for cutting down the state is a modern echo of the demand of the 19th century Liberals for "cheap government." Of course, as Marx explains in The Civil War in France, the only way to get "cheap government" is by

the revolutionary abolition of the bourgeois state, and the setting up of a workers' state, or semi-state, like the Paris Commune.

The Marxist theory of the State

Marx, Engels and Lenin all explained that the state is a special power, standing above society and in creasingly alienating itself from it. As a general proposition, we can accept that every state reflects the interest of a particular ruling class. But this observation does not at all exhaust the question of the specific role of the state in society. In reality, the state bureaucracy has its own interests, which do not necessarily and at all times correspond to those of the ruling class, and may even come into open collision with the latter.

According to Marxists, the state arises as the necessary instrument for the oppression of one class by another class. The state in the last analysis, as explained by Marx and Lenin, consists of armed bodies of men and their appendages. That is the essence of the Marxist definition. However, one must be careful in using their broad Marxist generalisations, which are undoubtedly correct, in an absolute sense. Truth is always concrete but if one does not analyse the particular ramifications and concrete circumstances, one must inevitably fall into abstractions and errors. Look at the cautious way in which Engels deals with the question, even when generalising. In The Origins of the Family, Private Property and the State, Engels writes:

"But in order that these antagonisms, classes with con flicting economic interests, shall not consume them selves and society in fruitless struggle, a power, apparently standing above society, has become necessary to moderate the conflict and keep it within the bounds of 'order,' and this power, arisen out of society, but placing itself above it and increasingly alienating it self from it, is the State." (The Origins of the Family, p. 194.)

On the next page he adds:

"Éit is enough to look at Europe today, where class struggle and rivalry in conquest have brought the public power to a pitch where it threatens to devour the whole of society and even the state itself."

Engels goes on to show that once having arisen, the state within certain limits, develops an independent movement of its own and must necessarily do so under given conditions: "In possession of the public power and the right of taxation, the officials now present themselves as organs of society standing above society." (Emphasis in original.)

"As the state arose from the need to keep class antagonisms in check, but also arose in the thick of the fight between the classes, it is normally the state of the most powerful, economically ruling class, which by its means becomes also the political ruling class, and so acquires new means of holding down and exploiting the oppressed classÉ Exceptional periods, however, occur when the warring classes are so nearly equal in forces that the

state power, as apparent mediator, acquires for the moment a certain independence in relation to bothÉ" (p.196, our emphasis.)

Again, on page 201, Engels says that:

"The central link in civilised society is the state, which in all typical periods (our emphasis) is without exception the state of the ruling class, and in all cases con tinues to be essentially a machine for holding down the oppressed, exploited classÉ"

Note the extremely careful, scientific way in which Engels expresses himself. "In all typical periods," "it is normally the state of the most powerful, economically ruling class," etc. Engels clearly understood that there were untypical and abnormal situations in which this general principle of Marxist theory could not be applied. This dialectical approach to the question of the state was developed by Marx in The 18th Brumaire of Louis Bonaparte, where he explains the phenomenon of Bonapartism, in which the relationship between the state and the ruling class does not correspond to the norm. Marx pointed out how the drunken soldiery of Louis Napoleon, in the name of "the law, order and the family," shot down the bourgeoisie whom they presumably represented. Were the bourgeoisie under Louis Napoleon the ruling class? It does not require a profound knowledge of Marxism to answer this question.

The bare generalisation "armed bodies of men" does not take into account either bourgeois or proletarian Bonapartism. If we take the history of modern society, we get many examples where the bourgeoisie is expropriated politically and yet remains the ruling class. Trotsky describes the regime of Bonapartism, or as Marx calls it, "naked rule by the sword over society."

In China after Chiang Kai Shek had crushed the Shanghai working class with the aid of the dregs of the Shanghai gangs, the bankers wished to give him banquets and applauded him as the benefactor and saviour of civilisation. But Chiang wanted something more material than the praise of his masters. Unceremoniously, he clapped all the rich industrialists and bankers of Shanghai in jail and extracted a ransom of millions before he would release them. He had done the job for them and now demanded the price. He had not crushed the Shanghai workers for the benefit of the capitalists, but for what it meant in power and income for him and his gang of thugs. Yet who will presume to say that the bankers who were in jail were not still the ruling class though they did not hold political power? The Chinese bourgeoisie must have reflected sadly on the complexity of a society where a good portion of the loot in the surplus value extracted from the workers had to go to their own watchdogs, and where many of their class were languishing in jail.

The bourgeoisie is politically expropriated under such conditions; naked force dominates society. An enormous part of the surplus value is consumed by the top militarists and officials. But it is in the interests of these bureaucrats that the capitalist exploitation of the workers should continue, and therefore while they squeeze as much as they can out of the bourgeoisie, nevertheless, they defend private property. That is why the bourgeoisie continues to be the ruling class.

In In Defence of Marxism, Trotsky outlines the difference between Bonapartism and fascism:

"The element which fascism has in common with the old Bonapartism is that it used the antagonisms of classes in order to give to the state power the greatest independence. But we have always underlined that the old Bonapartism was in a time of an ascending bour geois society, while fascism is a state power of the de clining bourgeois society." (p.227)

A fascist regime, unlike Bonapartism, comes to power on the backs of a mass movement composed of the en raged petit bourgeoisie and lumpenproletariat. Once in power, however, it rapidly loses its mass base and be comes a Bonapartist regime, leaning on the army and the police. Trotsky likens the nazi bureaucracy in Germany to the "Old Man of the Sea" who sits on the shoulders of the bourgeoisie, and, in return for guiding it on the road to safety, at the same time abuses it, spitting on its bald patch and digging his spurs in its sides. Of course, there is no doubt that the class nature of the nazi state was bourgeois. But, on the other hand, the German bourgeoisie lost control of the state, which fell into the hands of Hitler's irresponsible and criminal ad venturers, who used it for their own advantage. The nazis, who defended capitalist property relations, not only robbed the bourgeois and confiscated their property, but also occasionally executed them.

Here the relation between the state and the ruling class is dialectical and contradictory. In fact, by 1943, the in terests of the ruling class in Germany were in open conflict with the state. By that time, Germany had already lost the War. It was in the interests of the ruling class to arrive at a peace with Britain and America, in order to wage war against the Soviet Union. But surrender would have been the death sentence for the nazi clique that controlled the state. The German bourgeoisie tried, and failed, to remove Hitler by a military coup (the "generals' plot"). Hitler fought the war to the bitter end, and Germany paid the price with the loss of its eastern half to Stalinist Russia.

The transitional state after October

The proletariat, according to the classical con cept, smashes the old state machine and proceeds to create a semi-state. Nevertheless, it is forced to utilise the old technicians. But the state, even under the best conditions, say in an advanced country with an educated pro letariat, remains a bourgeois instrument, and because of this the possibility of degeneration is implicit in it. For that reason Marxists insist on the control of the masses, to ensure that the state should not be allowed to develop into an independent force. As speedily as possible, it should be dissolved into society.

It is for the very reasons given above that, under certain conditions, the state gains a certain independence from the base which it originally represented. Engels ex plained that though the superstructure is dependent on the economic base, it nevertheless has an in dependent movement of its own. For quite a lengthy period, there can be a conflict between the state and the class which that state represents. That is why Engels speaks of the state "normally" or in "typical periods" directly representing the ruling class.

It is impossible to pass directly from capitalism to socialism. Even in an advanced society, a transitional period would be necessary in which the state would continue to exist for a time, along with money and the law of value. But, as Marx explains, the working class would not require the kind of monstrous state that exists under capitalism, but a very simple state, a workers' state, which would begin to disappear from the first day. Two months before the seizure of power, Lenin wrote in The State and Revolution:

"The proletariat needs a state&emdash;this all the opportunists can tell you, but they, the opportunists, for get to add that the proletariat needs only a dying state&emdash;that is, a state constructed in such a way that it immediately be gins to die away and cannot help dying away."

The state cannot be abolished, as the anarchists imagine, but will wither away as the need for coercion disappears with the general increase of living standards and culture. That, however, depends on society's ability to satisfy human wants. This, in turn, depends on the level of economic development, and, above all, the productivity of labour ("economy of labour time").

A transitional state inevitably has a contradictory character. The Soviet regime was based on the new property relations that issued from the October Revolution, but still had many elements taken over from the old bourgeois society. The nationalisation of the means of production is the prior condition for moving in the direction of socialism, but the possibility of really carrying society onto a higher stage of human development depends on the level of the productive forces. Socialism presupposes a higher level of technique, labour produc tivity and culture than even the most de veloped capital ist society. It is impossible to build socialism on the basis of backwardness. As Marx expressed it: "where misery is general, all the old 'crap' revives." By the old 'crap' he meant bourgeois norms of distribution, in equality, money, the bourgeois family and that relic of barbarism, the state.

In The Revolution Betrayed, Trotsky explains the dual character of the transitional state:

"The bourgeois norms of distribution, by hastening the growth of material power, ought to serve socialist aims&emdash;but only in the last analysis. The state as sumes directly and from the very beginning a dual character: socialistic, insofar as it defends social property in the means of production; bourgeois, insofar as the distribution of life's goods is carried out with a capitalistic measure of value and all the consequences ensuing there from. Such a contradictory characterisation may horrify the dogmatists and scholastics; we can only offer them our condolences." (p.54)

Only the victory of the revolution in Western Europe, particularly Germany, could have changed this state of affairs. The union of German industry and technique with the huge natural and human resources of Russia in a Socialist Federation would have created the material conditions for the reduction of the working day, the prior condition for the participation of the working class in the running of industry and the state. But the betrayal of the Social democracy shipwrecked the German revolution and doomed the Russian

revolution to isolation in a backward country. The victory of the bureaucracy flowed directly from this. As early as 1922, Lenin pointed out that, beneath the thin veneer of soviet democracy, "if you scratch a little, you will find the same old tsarist state which we have taken over and anointed with soviet oil." From 1920 onwards, the bureaucracy legally or illegally absorbed part of the surplus value produced by the working class.

This would be the case to some extent even in a healthy workers' state. The officials and managers would receive part of the surplus value, but they would only be entitled to what Marx called "the wages of superintendence." We would have, to use Lenin's expression, a bourgeois state without the bourgeoisie," or, in Trotsky's expression, a state without Mandarins, a general staff without Samurai. In such a state, the officials would have no special privileges. But given the extremely low level of the productive forces and culture in Russia, the working class was unable to run the state without the aid of the old tsarist officials and army officers who from the beginning demanded, and got, salaries far in excess of the average. Given the isolation of the Revolution in a backward country, this was inevitable. This was the fundamental reason why the proletariat was unable to maintain its hold on power. After the end of the Civil War, the workers were gradually pushed aside by the up start officials who felt themselves to be indispensable to the running of society.

Lenin and Trotsky did not envisage a situation where the Revolution could survive for long in the absence of the victory of the workers of the advanced capitalist countries. They assumed that, under such conditions, the capitalist elements would liquidate the gains of October. This did not take place, although it was possible in the 1920s, particularly in the period of the New Economic Policy (NEP), when the Bolsheviks were compelled to make big concessions to the rich peasants ("kulaks") and the nascent bourgeoisie ("nepmen"). Even before Lenin's death in 1924, a section of the Party leadership, unconsciously reflecting the pressures of alien classes carried the concessions to the kulaks to the point where a bourgeois restoration was a serious danger. A section of the counterrevolutionary émigrés, Ustralyov's Smena Vekh ("Change of Signpost") group, even returned to Russia, in the belief that the Bolsheviks (or a section of them) were becoming trans formed into bourgeois.

Lenin took this danger very seriously, and several times commented that Ustralyov might be right. It was at that time that he pointed out that "history knows transformations of all sorts." He pointed to the existence of contradictory class tendencies within the Soviet state, and affirmed that the decisive question was "Who shall prevail." Shortly before his last illness, he concluded a block with Trotsky to fight against the Bureaucracy, which he feared was creating the conditions for the victory of open bourgeois counterrevolution.

On January 1921, Lenin wrote:

"I stated, 'our state is in reality not a workers' state but a workers' and peasants' state.' É On reading the report of the discussion, I now see that I was wrong É I should have said: 'The workers' state is an abstraction. In reality we have a workers' state with the following

peculiar features, (1) it is the peasants and not the workers who predominate in the population and (2) it is a workers' state with bureaucratic deformations.'"

In his last public appearance at a political gathering, the Eleventh Congress of the RCP(B), Lenin had warned that the state machine was escaping from the control of the Communists: "The machine refused to obey the hand that guided it. It was like a car that was going not in the direction the driver desired, but in the direction someone else desired; as if it were being driven by some mysterious lawless hand, God knows whose, perhaps of a profiteer, or of a private capitalist, or of both. Be that as it may, the car is not going quite in the direction the man at the wheel imagines, and often it goes in an alto gether different directionÉ

"If we take Moscow with its 4,700 Communists in responsible positions, and if we take that huge bureaucratic machine, that gigantic heap, we must ask: who is directing whom? I doubt very much whether it can truthfully be said that the Communists are directing that heap. To tell the truth, they are not directing, they are being directed." (Lenin, Collected Works, Vol. 33, pp. 279 and 288.)

As we have seen, Marx explains how, under certain conditions, the state can acquire a considerable degree of independence, as under a Bonapartist regime. It would be foolish to imagine that such a phenomenon could not, under certain conditions, occur even in a workers' state. The working class is not a "Sacred Cow" which possesses miraculous powers to make it immune against degeneration.

Endless mistakes occur when we attempt to base ourselves on chemically pure abstractions instead of real historical processes. Thus, we know what a trade union and a workers' party is supposed to look like. But history knows of all kinds of weird and wonderful variants, of the most monstrously bureaucratised trade unions and corrupt reformist parties. A workers' state is roughly like a trade union in power. Under conditions of extreme backwardness, such a state can experience a process of bureaucratic degeneration. Stalinism, as Trotsky explains, is a peculiar variant of Bonapartism&emdash;a regime of proletarian Bonapartism.

It is not uncommon to hear even experienced Marxists refer to the Soviet Union, China and Eastern Europe as "workers' states." This is an unforgivable misuse of Marxist terminology. As early as 1920, as we have seen, Lenin gave Bukharin a rap over the knuckles for referring to Russia as a "workers' state." He insisted that it was necessary to add "with bureaucratic deformations." Of course at that time these were comparatively mild deformations. Russia was a relatively healthy workers' state then. There is no compari son with the ghastly bureaucratic-totalitarian monster that emerged under Stalin. Suffice it to recall Trotsky's remark that, if you leave aside the nationalised planned economy, then the state in Stalin's Russia could only be compared to a fascist state. To describe that monster as a "workers' state" is simply an abomination.

The bureaucracy is not a "Thing-in-itself." It exists in a given society, and can reflect different class interests. In the 1920s, there was a section of the bureaucracy that stood

close to the kulaks and nepmen and was in favour of capitalist restoration. The spokesman of this trend was one of the Old Bolshevik leaders, Bukharin. Of course, he did not consciously aspire to restore the old regime. But unconsciously, he was reflecting the pressures of the bourgeois elements. On the other hand, Trotsky and the Left Opposition stood con sciously for the defence of the interests of the proletariat. Stalin, who had no real idea where he was going, balanced between the different wings, but represented the millions of officials in the state, industry and Party, who were seeking to enlarge their own power and privileges.

In his important last work, Stalin, Trotsky provides a profoundly scientific analysis of the struggle between the bureaucracy and the nascent bourgeoisie in the pe riod 1924-9. These lines, unfortunately not sufficiently known to Marxists, shed a lot of light on the struggle that is now unfolding before our eyes in Russia:

"The kulak, jointly with the petty industrialist, worked for the complete restoration of capitalism. Thus opened the irreconcilable struggle over the surplus product of national labour. Who will dispose of it in the nearest future&emdash;the new bourgeoisie or the Soviet bureaucracy?&emdash;that became the next issue. He who dis poses of the surplus product has the power of the state at his dis posal. It was this that opened the struggle between the petty-bourgeoisie, which had helped the bu reaucracy to crush the resistance of the labouring masses and of their spokesman the Left Opposition, and the Thermidorian bureaucracy itself, which had helped the petty-bour geoisie to lord it over the agrarian masses. It was a direct struggle for power and for income.

"Obviously the bureaucracy did not rout the proletarian vanguard, pull free from the complications of the international revolution, and legitimise the philosophy of inequality in order to capitulate before the bourgeoisie, become the latter's servant, and be eventually itself pulled away from the state feed-bag." (Stalin, p.397.)

Here we have, in a few words, a marvellously precise account of the class basis of the struggle between different layers of the bureaucracy. The conflict consists of the struggle for the expropriation of the surplus value, which, in turn, gives to whoever possesses it control of the state. The difference between the bureaucracy and the nascent bourgeoisie can thus be reduced to two different ways of appropriating the surplus value. But this is not a secondary question. The bourgeoisie directly appropriates surplus value on the basis of private ownership of the means of production. The bureaucracy derives its power, income and privileges from state ownership. Indeed, the only progressive function it played was in defending state ownership, although, as Trotsky pointed out, it defended the USSR far less than it defended its own privileges. Nevertheless the interests of the bureaucracy which depends on the nationalised economy for its position were in conflict with the aspirations and interests of the nascent bourgeoisie.

Despite this, Trotsky was careful to place a question mark over the future of the Soviet state. He did not exclude the possibility at a certain stage that the process of bureaucratic counterrevolution would lead to the over throw of the property relations established by the October Revolution:

"The counter-revolution sets in when the spool of progressive social conquests begins to unwind. There seems no end to this unwinding. Yet some portion of the conquests of the revolution is always preserved. Thus, in spite of monstrous bureaucratic distortions, the class basis of the USSR remains proletarian. But let us bear in mind that the unwinding process has not yet been completed, and the future of Europe and the world during the next few decades has not yet been decided. The Russian Thermidor would have undoubtedly opened a new era of bourgeois rule, if that rule had not proved obsolete throughout the world. At any rate, the struggle against equality and the establishment of very deep social differentiations has so far been unable to eliminate the socialist consciousness of the masses or the nationalisation of the means of production and the land which were the basic socialist conquests of the revolution. Although it derogates these achievements, the bureau cracy has not yet ventured to resort to the restoration of the private ownership of the means of production." (Stalin, pp.405-6, our emphasis.)

Trotsky did not provide a finished, once-and-for-all anal ysis of the class nature of the Soviet state, but left the question open as to which direction it would finally take. This would be determined by the struggle of living forces, which was in turn inseparably connected with developments on a world scale:

"It is impossible at present to answer finally and irrevocably the question in what direction the economic contradictions and social antagonisms of Soviet society will develop in the course of the next three, five or ten years. The outcome depends upon a struggle of living social forces&emdash;not on a national scale, either, but on an international scale. At every new stage, therefore, a concrete analysis is necessary of actual relations and tendencies in their connection and continual interaction." (The Revolution Betrayed, p. 49.)

Eastern Europe after the War

As Trotsky had tentatively suggested in his last work, the proletarian Bonapartist regime in Russia lasted for decades. This was a result, firstly, of the victory of the USSR in the Second World War, an event which radically changed the correlation of forces on a world scale; secondly, the extension of the revolution to Eastern Europe by Bonapartist means meant the establishment, not of healthy worker' states like that of October 1917, but of monstrously deformed workers' states in the image of Stalin's Moscow.

Trotsky explained that the main danger to the nationalised planned economy was not so much a military defeat as the cheap consumer goods that would arrive in the baggage train of an imperialist army. As it happened, Hitler's armies brought, not cheap commodities, but gas chambers. As a result, not just the working class, but the peasants fought like tigers to defend the Soviet Union. The victory of the USSR in the War was one of the main factors that allowed the Stalinist regime to survive for decades after 1945. To the workers of Russia and the world, it appeared that the bureaucracy was playing a progressive role, not just in defending the planned economy against Hitler, but in extending the nationalised property forms to Eastern Europe, and, later China. In reality, these revolutions began where the Russian Revolution finished&emdash;as

monstrously deformed regimes of proletarian Bonapartism. The installation of such regimes, far from weakening the Moscow bureaucracy, enormously strengthened it for a whole historical period.

The peculiar way in which the revolution took place in Eastern Europe was outlined by Ted Grant in a document published at that time:

"In Europe, the victory of Russia in the war and the up surge of the masses following the defeat of German-Italian fascism also developed a tremendous revolution ary wave which threatened to sweep capital ism away over the entire continent. However, the victory of Russia in the war had complex and contradictory conse quences. Temporarily, but nevertheless for an en tire his torical period, Stalinism has been enormously strength ened. Despite the destruction and blood letting to which Russia had been subjected, which left her in an ex hausted and weak state (while Anglo-American impe rial ism had hardly been touched during the war and suf fered negligible losses in resources and manpower, America had reached the apex of her power militarily and eco nomically), because of the mood of the peoples and the relationship of class forces on a world scale, the imperialists were impotent to intervene against Russia.

"Intervention even on a scale following that of World War I was impossible. On the contrary, the allies were forced to swallow the Russian hegemony of Eastern Europe and parts of Asia which they would never have agreed to concede even to reactionary Czarism. The Russian bureaucracy had achieved the domination of the region beyond the wildest dreams of Russia under the Czars.

"The process whereby capitalism was over thrown in Eastern Europe and Stalinism extended, took place in a peculiar way. The vacuum in the state power in Eastern Europe, following the defeat of the Nazis and their Quislings, was filled by the forces of the conquering Red Army. The weak bourgeoisie of these areas had been largely exterminated, absorbed as Quislings to German imperialism or reduced to minor partners of the Nazis during the years of the war. They had been relatively weak in Eastern Europe even before the war, as the states of this region were largely semi-colonies of the great powers on the lines of the South American states. The pre-war regimes suffered from a chronic crisis due to the Balkanisation of the area and the incapacity of the ruling class to solve the problems of even the bourgeois democratic revolution. They were nearly all military police dictatorships of a weak character without any real roots among the masses.

"The victory of Russia during the war un doubtedly provoked an upsurge among the masses either rapidly or in some countries, delayed for a time. The so cialist revolution was on the order of the day. This was dangerous not only for the bourgeoisie but also the Stalinist bu reaucracy. The bureaucracy achieved their aims by skil fully veering between and manipulating the classes in typically Bonapartist fashion. The trick was to form a 'popular front' between the classes and to organise a government of 'national concentration.' However this 'popular front' had a different basis, and different aims in view than the 'popular fronts' of the past.

"In Spain the aim of the 'popular front' was to destroy the powers of the workers and the embryonic workers' state, by destroying the workers' revolution. This was achieved by making an alliance with the bourgeoisie, or rather the shadow of the bourgeoisie, strangling the control which the workers had established in the, factories and the armed workers' militia and re-establishing the capitalist state under the control of the bourgeoisie. As a consequence of this policy towards the end of the war there was a military police dictatorship on both sides of the lines.

"The aim of the coalition with the broken bourgeoisie or its shadow in Eastern Europe had different objectives than that of handing control back to the capitalist class. In previous 'popular fronts' the real power of a state&emdash;armed bodies of men, police and the state apparatus&emdash;was firmly in the hands of the bourgeoisie with the workers' parties as appendages. In Eastern Europe, with one important variation or an other, the real power i.e. control of the armed bodies of men and the state apparatus, was in the hands of the Stalinists. The bourgeoisie occupied the position of appendage without the real power. Why then the coalition? It served as a cover under which a firm state machine on the model of that of Moscow, could be constructed and consolidated.

"The bourgeoisie was utilised by the bureaucracy in order to prevent the workers, awakened by the victory of the Red Army and the events of the war, from achieving the socialist revolution on the lines of October. The bureaucracy played off the bourgeoisie in the name of unity against the working class. They manipulated with Bonapartist manoeuvres the groping as pirations of the workers to establish control of the factories.

"By introducing land reform and expropriating the land lord class, they secured for the time being the support or acquiescence of the peasants. Having consolidated and built up a strong state under their control they then proceeded to the next stage. Mobilising the workers, they turned on the bourgeoisie, whom they no longer required, to balance against the workers and peasants, and step by step they proceeded to their expropriation. The bourgeoisie without the support of outside imperialism was incapable of decisive resistance. A totalitarian regime approximating more and more to the Moscow model has been gradually introduced. After the elimina tion of the bourgeoisie, and the beginning of a large scale industrialisation the bureaucracy has turned against the peasants and started on the road of the collectivisation of agriculture." (Stalinism in the Postwar Period, June 1951.)

The Chinese Revolution

An analogous event occurred when Mao took power in China at the head of a peasant army in 1949. Up to the Russian revolution even Lenin denied the possibility of the victory of the proletarian revolution in a backward country. The revolution of 1944-49 did not proceed on the model of 1917 or of the Chinese revolution of 1925-27. It was a peasant war, which took place be cause of the complete incapacity of the bourgeoisie to carry out the tasks of the bourgeois-demo cratic revolution&emdash;the ending of landlordism, national unification and the expulsion of imperialism&emdash;it ended with victory to the Chinese Stalinists.

Mao, in typical Bonapartist fashion on the ba sis of the peasant army, always an instrument of (bourgeois) Bonapartism in the past, balanced between the classes. Having perfected a state in the image of Moscow, leaning on the workers and peasants, he could snuff out the bourgeoisie painlessly. As Trotsky put it, for a lion you need a gun, for a flea, a fingernail will do! Therefore, having balanced between the bourgeoisie and the workers and peasants in order to prevent the workers from taking power, Mao and his gang&emdash;after perfecting the state&emdash;could then crush the bourgeoisie before turning on the workers and peasants to crush whatever elements of workers' democracy had developed.

The bureaucracy then developed a totalitarian one-party dictatorship, centred round the Bonapartist dictatorship of one single individual&emdash;Mao. But, not for nothing has Marxist theory given the task of achieving the socialist revolution and the transition to socialism to the working class. This is not an arbitrary affirmation. It is a product of the specific role in production of the proletariat which gives it a specific consciousness possessed by no other class. Least of all can the petit-bourgeois peasant develop this consciousness. A revolution based on that class by its very nature would be doomed to degeneration and Bonapartism. It is precisely because a proletarian Bonapartist dictatorship protects the privileges of the elite of state, party, the army, industry and the intellectuals of art and science that it has succeeded in so many backward countries.

The programme of the Chinese Stalinists was not fundamentally different to that of Castro later in Cuba: 50 or 100 years of "national capitalism" and an alliance with the "national bourgeoisie." Hence the be lief of many American bourgeois that they were "agrarian re formers." Only the Marxist tendency in Britain argued against the Stalinists and the alleged "Trotskyist" sects and explained the inevitability of Mao's victory and the establishment of a deformed workers' state. At a time when Mao and the Chinese CP had the programme of capitalism and "national democracy" we could predict the inevitability of proletarian Bonapartism as the next stage in China. This had nothing in common with the methods of the proletarian revolution in Russia in 1917.

Power was gained through the peasant war by giving land to the soldiers in Chiang Kai Shek's army. Then, by balancing between the classes and playing them off against each other in Bonapartist fashion, once military victory was achieved, landlordism and capitalism were expropriated. Nearly all the so-called "Trotskyist" sects latter accepted the accomplished fact. But never before in history had it even been theoretically posed that a peasant war on classical lines could lead to a workers' state, however deformed. The workers in China were passive throughout the civil war for rea sons we will not enter here. But here was a perfect ex ample of one class&emdash;the peasants in the form of the Red Army&emdash;carrying out the tasks of another.

From a Marxist standpoint, it is an aberration to think that such a process is "normal." It can only be explained by the impasse of capitalism in China, the paralysis of imperialism, the existence of a strong de formed Bonapartist state in Stalinist Russia, and most important of all, the delay in the victory in the industrially advance countries of the world. The colonial countries could not wait. The problems were too crushing. There was

no way forward on the basis of capitalism. Hence the peculiar aberrations in colonial countries. But the price for this, as in the Soviet Union, would be a sec ond political revolution to put the control of society, industry and the state in the hands of the proletariat. Only thus could the first genuine beginnings of the transition of socialism, or rather steps in that direction, commence.

A similar process occurred later in Cuba, where Castro came to power on the basis of a guerrilla war. The wide support for "socialism" not only among the working class, but among the peasants and wide layers of the petit-bourgeoisie in the cities in colonial countries, was the expression of the complete blind alley of landlordism and capitalism in the colonial world in the modern epoch. It was also a result of the Russian and Chinese revolutions and their achievements in developing industry and the economy. It was this that laid the groundwork for the development of proletarian Bonapartism. In the last analysis, the state can be reduced to armed bodies of men. With the defeat and de struction of the police and army of Chiang Kai Shek, with the destruction of the army of Batista in Cuba, power was in the hands respectively of Mao and Castro. The fact that nominally Mao was a "Communist" and Castro a bourgeois democrat altered nothing.

The rule of the Russian bureaucracy would have been swiftly undermined by the coming to power of the workers along classical lines in these countries. But in Eastern Europe and China, the old bourgeois state was destroyed, and replaced by a regime of proletarian Bonapartism. They began where the Russian Revolution had ended. The establishment of such regimes presented no threat to Moscow. On the con trary, it strengthened the stranglehold of the bureaucracy for a whole period.

Proletarian Bonapartism

The main reason for the survival of the Stalinist regimes for such a long time was the world-wide tendency towards statisation, reflected in the advanced capitalist countries by the continual encroachment of the state even in the period of the post-war up swing. This fact was a striking indication of the limits of private ownership. In all capitalist countries we saw a tendency towards Keynesianism, measures of nationalisation and "state capitalism." Incidentally, together with the huge expansion of world trade, this was one of the factors which enabled them, partially and for a temporary period, to overcome the limitations of the system, achieving results that have no precedent in the history of capitalism.

The tendency towards statisation of the productive forces, which have grown beyond the limits of private ownership, was manifest in the most highly devel oped economies and even in the most reactionary colonial countries. There is no possibility of a consistent, uninterrupted and continuous increase in the productive forces in the countries of the so-called third world on a capitalist basis. Production stagnates or falls. In the colonial world, the national bourgeoisie, having come to power on the backs of the masses, was compelled to carry out measures of nationalisation. Every one of the bourgeois demagogues&emdash;Nasser, Nkrumah, Kenyatta, Nehru, Sukarno, Nyrere&emdash;described themselves as "socialists." This fact is a reflection of the

impasse of capitalism in the modern epoch, its inability to solve the problems of society, particularly in the backward economies of Asia, Africa and Latin America.

Marxism finds in the development of the productive forces the key to the development of society. On a capitalist basis there is no longer a way forward, particularly for backward countries. That is why army officers, intellectuals and others, affected by the decay of their societies can under certain conditions switch their allegiance. Allegiance to proletarian Bonapartism actually enlarges their power, prestige, privileges and income. They become the sole commanding and directing stratum of the society, raising themselves even higher over the masses than in the past. Instead of being subservient to the weak, craven and ineffectual bourgeoisie they be come the masters of society.

In capitalist countries in the past, the bourgeoisie had a role to play and looked forward confidently to the fu ture&emdash;i.e. it is genuinely progressive in developing the productive forces. It had decades and generations to perfect the state as an instrument of its own class rule. The army, police, civil service, middle layers and especially all key positions at the top; heads of civil service, heads of departments, police chiefs, the colonels and generals are carefully selected to serve the needs and interests of the ruling class. With a developed economy and a mis sion and a role to play they eagerly serve the "national interest" i.e. the interest of the possessing class&emdash;the ruling class. However, the situation is completely dif ferent in the backward capitalist regimes which emerged from the colonial revolution.

Bonapartist regimes do not rest on air but balance between the classes. In the final analysis they represent whichever is the dominant class in society. The relation of the state to the productive forces in the last analysis determines its class character. Some of these countries, as in Latin America, a semi-colonial conti nent which was under the domination of British then especially American imperialism for the last century, nevertheless, have been nominally independent for more than a century. In consequence, despite a period of turbulence the ruling class of landowners and capitalists has had suffi cient time to perfect their state. Sometimes the armed forces of different fractions or factions of armed forces, can reflect different fractions of the ruling class and even the pressures of imperialism, primarily American imperialism. But, up to now, they have al ways reflected the interest of the ruling class in the defence of private ownership.

The officer caste must reflect the interest of some class or grouping in society. They do not represent themselves though of course they can plunder society and elevate themselves into a ruling caste. As in all the ex-colonial countries, the imperialists (in this case the French) were compelled to relinquish military domination of Syria, partly under the pressure of their rivals, especially American imperialism. The state which emerged was not fixed and static. The weakness and in capacity of the bourgeoisie gave a certain independence to the military caste. Hence the endless military coups and counter-coups. But in the last analysis they reflected the class interests of the ruling class. They could not play an independent role. The struggle between the cliques in the army reflected the instability and contra dictions in the given society. The personal aims of the generals reflected the differing interests of social classes or fractions of classes in society, the

petit-bourgeois in its various strata, the bourgeoisie, or even under certain conditions the proletariat.

Burma and Ethiopia

In Burma, the regime had newly emerged from British domination and the ruling class was incapable of suc cessfully holding the country together. Facing a series of rebellions and wars, the army was formed from the Anti-Fascist Peoples Freedom League, which de scribed itself as "socialist." Tired of the incapacity of the landowners and capitalists to solve the problems of Burma, and with China as a model next door, the army leaders, based themselves on the support of the workers and peasants to organise a coup. They expropriated the landowners and capitalists and established Burma as a "Burmese Buddhist Socialist State."

As Marx long ago explained, there is no such thing as a supra-historical blue-print. It is necessary to take the material objective reality as it is and then explain it. That is the method of Marxist philosophy. It is not only necessary to see objective reality as it is, but to explain the process that brought it into being, the contradictions encompassing it, the law of social move ment which it represents and the future processes of contradictions and change which will envelop it. Its process of birth, development, decay and the changes which will destroy it.

The decay of capitalism-landlordism in the colonial countries aggravates all the social contradictions to an extreme. Social tensions reach an unbearable level. Hence in one country after another in Asia, Africa and Latin America, bourgeois democracy is replaced by bourgeois Bonapartist dictatorships or proletarian Bonapartist dictatorships. In the above-named ex-colonial countries not one proceeded on the model of the norm of the socialist revolution. Neither did the countries of Eastern Europe before them in the aftermath of the Second World War.

Under conditions of social crisis people change. This applies to classes and even individuals. Thus Marx explained that with the decay of feudalism a section of the feudal lords, bigger or smaller as the case may be, goes over to the side of the bourgeoisie in the bourgeois revolution. A section of the bourgeoisie, particularly the intellectual bourgeoisie, can also put themselves on the standpoint of the proletariat. No more barren, formalistic, anti-dialectical, philosophically idealist, anti-"Marxist philosophy" idea in the history of the movement has been put forward than by those who ar gue that because Castro began his revolutionary struggle as a bourgeois democrat with bourgeois democratic ideas and goals that therefore he must remain a bourgeois democrat for all eternity. They forget that Marx and Engels themselves began as bourgeois democrats who broke decisively with the bourgeoisie and became leaders of the proletariat.

The crisis of capitalism in Portugal, a semi-colonial country, affected the officer caste. The majority of the officers, sickened by the decades of dictatorship and the seemingly unending wars in Africa which they realised they could not win, moved in the direction of revolution and "socialism." Only our tendency explained this process. This gave an

impetus to the movement of the working class, which then reacted in its turn on the army. This affected not only the rank and file, and the lower ranks of the officers, but even some admirals and generals who were sincerely desirous of solving the problems of Portuguese society and the Portuguese people.

This was something that would have been impossible in previous revolutions. The overwhelming majority of the officer caste supported Franco in the Spanish civil war. True enough, because of the reformist and Stalinist betrayal of the Portuguese revolution which prevented it from being carried through to completion, there has been a reaction. The army has been purged and purged again to become a more reliable instrument of the bourgeoisie. This demonstrated the need for a genuine dialec tical understanding and interpretation of the events of the present epoch. If such a trans formation was possible, in a semicolonial but imperialist capitalist Portugal, how much more could similar processes take place in the newly independent countries of Africa and of Asia?

Events in Ethiopia strikingly confirmed the theses we had worked out. There the famine brought about by Haile Selassie and the landlord nobility was the last catastrophe even the officer caste was prepared to toler ate. The callous indifference of the Emperor and the landlord class to the famine and the death from star va tion of hundreds of thousands and possibly even mil lions, plus the accumulated social contradictions in a backward country under the pressure of imperialism, pushed the middle layers of the officer caste to organise a coup.

This in its turn awakened the movement of the small working class in Addis Abbaba and the students and petit-bourgeois layers in the capital and in the towns. It also awakened the peasantry into a cataclysmic move ment to gain control of land. Thus the 1000 year old "empire" and its class structure crumbled to dust. The crisis in the army and the attempts at counter-revolution, the further impetus this gave to the guerrilla war in Eritrea, the guerrilla war in the Ogaden, aided by the direct intervention of Somalia, the uprisings of the Galla and other tribes, all acted as a spur to the revolution.

The movement of the classes in turn had its effect on the new ruling junta in the army. It produced splits and individual and group conspiracies of officers. These reflected the classes in battle in Ethiopia and the developing civil war in the whole country. Whatever the individual whims of the officers, they reflected (as in Syria)&emdash;and had to reflect&emdash;the class struggle taking place. Hardly any wished for a return to the old regime. The model of the Emperor's landlord semi-feudal regime was rejected by the bulk of the officer caste. But there were differences as to how far to go, which ended in armed conflicts and executions. In a distorted way, this reflected the struggle of the classes in Ethiopia. This process ended in the victory of Lieutenant Colonel Mengistu. Already the land had been divided among the peasants and industry nationalised without compensation to the imperialists and the native capitalists (though of course compensation is not necessarily the decisive factor).

In the struggles Lieutenant Colonel Mengistu emerged victorious as a Bonapartist dictator under the influence of the wars and civil wars. In order to obtain mass support

Mengistu, formerly a high-up officer of the Emperor, had been forced to go all the way. He had declared himself a "Marxist-Leninist" (probably without reading a single word of Marx or Lenin) and set about creating a one party "Marxist-Leninist" totalitarian dictatorship. This is in the image of Moscow or Peking. The landlords and capitalist were expropriated and the imperialist countries are without real influence on the processes taking place in Ethiopia. In this case the process is clear. It is even clearer than in Mozambique, Angola or the former Aden, and this without a direct struggle against imperialist occupation. The imperialists were too weak and debilitated to intervene directly by military means and could only grind their teeth in impotence.

The coup in Afghanistan in 1979 proceeded along the same lines. Such developments cannot be understood unless the state is approached from a dialectical point of view. The main thing to see is how under certain condi tions the ruling stratum, when faced with a complete social and economic impasse, can shift from one system of class domination to another. Of course, this means only the substitution of one oppressive ruling elite by another. Under no circumstances can such a transition lead to socialism or a healthy workers' state. That would presuppose the active and conscious participation of the masses under the leadership of the working class organised in soviets. Nevertheless, it is not a matter of indifference whether such a movement takes a capitalist or anti-capitalist character. In the absence of a socialist revolution in the West or a classical workers' revolution as in 1917, the regimes of proletarian Bonapartism undoubtedly represented a blow against imperialism, landlordism and capitalism, and as such were welcomed by the Marxists, which nevertheless explained that the working class in these countries would later have to pay the price with a new revolution.

Crisis of proletarian Bonapartism

At a time when the productive forces were experiencing rapid growth in the USSR and China, and capitalism proved incapable of developing the economy in most of the underdeveloped world, especially in the most back ward areas, the attractive power of Russia and China created the conditions for the establishment of regimes of proletarian Bonapartism in Ethiopia, Somalia and Afghanistan, following the earlier examples of Syria and Burma, through the action of the military caste itself.

In Angola and Mozambique, two extremely backward African countries which for decades had waged a guerrilla war against Portuguese imperialism, the coming to power of peasant armies of national liberation under these conditions led to the establishment of proletarian Bonapartist regimes on the model of China and Cuba. This could have meant the collapse of capitalism in the whole African continent, something which could not be accepted by the imperialists. Utilising the services of the apartheid regime of South Africa, the imperialists armed, organised and trained gangs of thieves, scum, and lumpenproletarians in order to wreck and plunder these new deformed workers' states. With the collapse of the Soviet Union, the ruling caste, which had been unable to develop the productive forces as a result of the sabo tage of imperialism, was com pelled to turn again in the direction of capitalism. In Ethiopia, the Mengistu regime suffered a similar fate as a result of its failure to solve the national problem.

Cuba, like Vietnam and North Korea, has so far man aged to survive as a deformed workers state, al though it has been compelled to introduce something like an "NEP" economy which has elements of capital ism, but where the decisive sectors of the economy re main in the hands of the state. Until the fall of the Soviet Union, Cuba was financed and subsided by Moscow. Despite the ferocious blockade imposed by the USA, the regime has been able to maintain itself, partly because of the role of Castro, and also because the masses recognise the enormous gains of the Revolution, which, in part, still remain. Real GDP growth in Cuba resumed in 1994 and rose 2.5% in 1995. The government expects 5% growth in 1996. de spite the US embargo, which has been in force since 1961, trade has improved. Exports began to rise in 1994, growing by 20% in 1995, and are forecast to rise by a further 20% this year. The trade deficit is shrinking.

Very little has been privatised. There are some joint-venture firms, set up with foreign participation, and the government plans to allow 100% foreign-owned companies in special free-trade zones, on the Chinese model. Five years ago, there were almost no capitalist companies investing in Cuba. Now the stock of foreign in vestment has reached $2.1 billion and companies from 50 countries operate there. About 200000 Cubans are self-employed. But, says one report of the strategists of capital: "There are no official plans to set up a stock ex change, so traditional privatisation is still a long way off." (Our emphasis.)

The capitalist counterrevolution succeeded in overthrowing the proletarian bonapartist regimes in Mozambique, Angola, Ethiopia and Afghanistan. Syria and Burma have not yet gone down that road. Nor have the other Asian Stalinist regimes in Vietnam, North Korea, Laos and Cambodia. In Asia, events took a different turn, be cause of the powerful domination of China. Here, the bureaucracy also partially introduced elements of capitalism, but maintaining a firm grip on the state. The Vietnamese bureaucracy has made peace with China, and is attempting to pursue the Chinese model, as is Cuba. However, the fate of all these regimes, including Cuba, will be decided by developments on a world scale, and particularly the destiny of Russia and China.

In order to explain the present evolution of the bureaucracy in Russia, Eastern Europe, China and the other regimes of proletarian Bonapartism, it is first necessary to understand how the latter arose historically. Our tendency explained how proletarian Bonapartism arose out of the impasse of the productive forces on a world scale under capitalism, and the delay of the proletarian revolution in the West. Under these conditions, the crisis of capitalism found its expression in a general tendency towards statisation of the productive forces. Now it seems that the process has been thrown into reverse.

The main reason why the Stalinist regime in Russia lasted so long was, on the one hand, the delay in the proletarian revolution in the West, and, on the other hand, the world-wide tendency towards statisation. Even in the period of the post-war economic upswing in capi talism, this tendency asserted itself in the encroachment of the state in the advanced capitalist countries (Keynesianism, "state capitalism"). During the 1950s and early 1960s, the nationalised planned economy maintained high rates of growth. The bureaucracy felt itself to be a progressive force. Its self-confidence was reflected in Khrushchov's speech

at the 22nd Party Congress in 1961, when he boasted that the Soviet Union would overtake the USA in all fields within 20 years. The working class, despite all the crimes of the bureaucracy, was prepared to tolerate it temporarily be cause it was still playing a relatively progressive role in developing the productive forces.

The following factors have had a decisive in fluence on events in Russia and Eastern Europe:

1) The bureaucracy found itself in an impasse and unable to develop the means of production on the old basis.

2) A long period of isolation resulted in the complete decay of the bureaucracy.

3) After decades of Stalinist totalitarianism, the proletariat was disoriented.

4) The temporary passivity of the working class as a result of 3).

5) The delay of the socialist revolution in the West.

6) The historical "accident" of the boom of 1982-90, which created the illusion that capitalism could offer a way out.

7) This gave a temporary access of confidence to the imperialists, who exerted pressure on Gorbachov to move in a capitalist direction.

8) The exhaustion of the model of "state capitalism" in the advanced capitalist countries resulted in a temporary reversal of the tendency towards statisation on a world scale.

9) The absence of an independent movement of the Russian workers, combined with the intense pressure of world imperialism, strengthened the pro-capitalist wing of the bureaucracy, and prevented the emergence of a proletarian wing as anticipated by Trotsky before the war.

10) The relative independence of the proletarian bonapartist state enabled the leading clique around Yeltsin to manoeuvre between the classes and sections of the bureaucracy, initially leaning on world imperial ism, in an attempt to move towards capitalism.

11) In this way, we have a contradictory hybrid situation, in which the bourgeois government of Yeltsin, under the pressure of imperialism, is striving to complete the transition to capitalism.

12) This peculiar process is not yet completed. The result will be decided by the struggle of contradictory forces in Russian society and the state.

13) The result of this will be determined by the class balance of forces in Russia and events on a world scale.

In the period from 1948 to 1975, world capitalism temporarily succeeded in overcoming its central contradictions through the development of world trade, and, to some extent, through measures of "state capitalism." However, as predicted by the Marxists, keynesian policies inevitably led to an explosion of inflation. Partial statisation did not solve the problems and merely created new contradictions. The realisation of this fact has produced a swing in the opposite direction in the past period. This, in turn, is the expression of the fact that the entire post-war model of world capitalism, which for a period gave spectacular results, has ex hausted itself. The attempt to go back to more "normal" methods will produce further convulsions on a world scale. We should remember the effects of the "classical" policies of balanced budgets and "sound finance" in the period between the wars.

In its desperate search for a field of investment, the bourgeoisie resorts to what is, in effect, the looting of the state through the privatisation of the nationalised industries and public utilities. Far from representing a progressive development, this is an expression of the dead end of capitalism. Of course, in the short term, spectacular profits are made by the big monopolies, but only at the cost of further closures, sackings, cuts in living standards and state expenditure, which must mean a further reduction of the market and aggravation of the crisis. The enthusiasm of the bourgeoisie for these policies is proof of the old saying, "whom the gods wish to destroy, they first make mad."

Not content with the results of this policy at home, they seek to inflict it on the whole world. The same search for a field of investment leads them to compel the ex-colonial countries to go down the same road of denationalisation. In the past, the colonial bourgeoisie was able to balance between imperialism and the deformed workers states in Russia and China. Now this is impossible. They are forced to open their markets to predatory imperialism. Their national industries are sold off for a song, not to local capitalists, but to the big multinationals. This will prepare a mighty explosion against capitalism and imperialism in the coming period.

"Every action has an equal and opposite reaction." This law applies not only to physics but to society. The drive towards privatisation will reach its limits. This is already beginning to happen in Britain. At a certain stage, the tendency towards statisation will reassert it self. Nevertheless, for the last ten years or so, the reaction against statisation appeared to give results, coinciding with the boom of 1982 to 90. This had a profound effect on the evolution of Russia and Eastern Europe.

Trotsky always showed the dialectical relationship be tween the rise of Stalinism in Russia and the development of world capitalism. He explained that the Thermidorian reaction in Russia would have led to the restoration of capitalism, if capitalism had not shown itself to be exhausted on a world scale. In the 1930s, the striking successes of the first five-year plans coincided with the greatest slump in the history of capitalism. Although capitalism recovered in the period following the Second World War, achieving annual growth rates of 5 to 6% in the USA and Western Europe, and even more in Japan, the Soviet economy achieved even higher averages&emdash;10 or 11%, without recessions, unemployment or inflation.

Under these circumstances, the regime of proletarian Bonapartism in Russia was able, not only to sur vive, but to consolidate itself. It acted as an important point of reference, together with China, to the masses of the ex-colonial world.

However, for the reasons already outlined, the system of bureaucratically controlled planned economy reached its limits by the mid 1960s. The rate of growth in the USSR declined continually throughout the 1970s. This was also the case with the other more industrialised de formed workers' states of Eastern Europe. Despite its earlier successes, proletarian Bonapartism did not solve the problems of society. In reality, it represented a monstrous historical anomaly, the result of a peculiar historical concatenation of circumstances. The ruthless pressure of imperialism, which did not shirk from using the services of the most barbarous forces in society, brought about the collapse of the proletarian bonapartist regimes in Mozambique, Angola and Afghanistan. The Mengistu regime in Ethiopia foundered on the rock of the national question, the Achilles' heel of all Stalinist regimes throughout his tory.

The situation in China was different. Starting from a more backward basis, the Chinese bureaucracy faced a position far more similar to that of the Stalinist regime in Russia in the 1930s. The difference is shown by the fact that Beijing is developing the productive forces at a far faster rate than any other country in the world. This means that it is still able to play a relatively progres sive role. Although there are important el ements of capitalism, the bureaucracy maintains an iron grip on the state. Paradoxically, this is what makes China such an attractive proposition to foreign in vestors, although that can easily change into its opposite in the coming period.

For the time being, the rapid growth of production is the explanation of the relative stability of the Chinese bureaucracy in contrast to the situation in Russia and Eastern Europe. The ruling elite feels confident in its historic mission. It is motivated, in part of course by the desire to preserve and augment its power, income and privileges, but also by the aim of creating a modern and powerful China (under its control, naturally). The successes of the Beijing regime gives some hope to the rulers of North Korea, Cuba and even per haps Vietnam, where there has been little or no move ment towards capitalism. China remains a point of reference for these regimes. If it were to go towards capitalism, these would also collapse. However, this seems unlikely as long as the "old men" remain in control. In common with all the ex-Stalinists, they are guided by purely empirical considerations. They have taken note of the disaster in Russia, and have no intention of going down that road. As with Russia, the future development of China will be determined by a struggle between the conflicting tendencies.

Crisis of Stalinism

Twenty five years ago Marxists had correctly analysed the reasons for the crisis of Stalinism, and predicted its collapse. Let us also recall the fact that we were the only ones to do so. Every other tendency, from the bourgeois to the Stalinists themselves, took for granted that the apparently monolithic regimes in Russia, China and Eastern Europe would last almost in definitely. As late as 1988, Tony Benn was writing articles praising

"socialism" in Hungary. And Benn was not less perspicacious than other reformist or bourgeois commentators.

To this day, the real causes of the crisis of Stalinism are a book closed with seven seals to the bourgeois, reformists and ex-Stalinists, not to speak of the myriad sects on the fringes of the labour movement. Yet they are fully explained in the documents of the Marxists. The apologists of capital, including the reformist labour leaders have seized on the collapse of Stalinism to at tempt to discredit the very idea of a socialist planned economy. One of our prime responsibilities at this historic juncture is to answer these lies and distortions.

In their eagerness to blacken the idea of socialism, the apologists of the "free market" conveniently forget a few details. In 1917, there were only 10 million work ers in the whole tsarist empire, out of a total population of about 150 millions. The majority could neither read nor write. Tsarist Russia was, in fact, far more back ward than India at the present time. Yet, within a few decades, on the basis of a nationalised planned economy, the Soviet Union was transformed from a backward agricultural economy into the second most powerful nation on earth, with a mighty industrial base, with a high cultural level and more scientists than the USA and Japan combined. Even the CIA was compelled to admit that the Soviet space programme in the 1980s was at least ten years in advance of that of the USA.

The material conditions for socialism did not exist in Russia in 1917, though they did exist on a world scale. Lenin and Trotsky never envisaged the Russian Revolution as a self-sufficient act, but as the beginning of the world socialist revolution. But the cowardice of the Social Democratic leaders in Western Europe led to the defeat of the revolution in Germany, Italy and other countries, and the isolation of the Russian Revolution in conditions of appalling back wardness. Under these conditions, the Stalinist political counterrevolution was inevitable. The bureaucratic degeneration of the Russian Revolution did not emerge from some theoretical flaw in Bolshevism, but from crushing backwardness.

Despite the crimes of the bureaucracy, the planned economy produced outstanding results, which transformed the USSR into an advanced industrial nation. The material conditions were created which would now make possible at least the beginnings of a move ment in the direction of socialism, although this process would ultimately have to be finished on a world scale. However, the existence of a monstrous ruling caste, the bureaucracy, not only prevented this, but effectively undermined the planned economy itself.

Only thanks to the regime of nationalised planned economy was the USSR able to defeat Hitler's Germany, with all the combined resources of Europe behind it. This result was not anticipated by Churchill and Roosevelt, who expected Russia to be defeated in a matter of weeks. Despite the crimes of Stalin, who be headed the Red Army in the Purges, the workers of the Soviet Union rallied to defend it. The Second World War in Europe was really a titanic battle between the USSR and Nazi Germany, with Britain and

the USA mere spectators. The brilliant victory of Russia in the War was, in itself, the most outstanding confirmation of the superiority of a nationalised planned economy over capitalist anarchy.

This is not the place to repeat in detail the reasons for the collapse of Stalinism, which we have explained in previous documents. The fundamental reasons were already outlined by Trotsky. As early as 1936, he explained that a nationalised planned economy needs democracy as the human body requires oxygen. In a relatively primitive economy, such as that of the Soviet Union in the 1930s, confronted with the relatively simple task of building up heavy industry, the Stalinist bu reaucracy could get results on the basis of what is now referred to as a "command economy." The Soviet economy achieved unprecedented rates of growth, although at a terrible cost.

Even at this stage, the rule of a privileged bureaucratic caste represented colossal waste, mismanagement, bungling, corruption and inefficiency. Marx and Engels explained that a socio-economic system plays an historically progressive role to the degree that it continues to develop the productive forces. Ted Grant pointed out a generation ago that the Stalinist bureaucracy had be come transformed from a relative to an absolute fetter on the growth of the productive forces. As early as the mid 1960s, we published material which showed, on the basis of official Soviet statistics, that anything between 30% and 50% of the production of the USSR was being lost through corruption and mismanagement every year.

The crisis of the bureaucratic-totalitarian system was graphically expressed in the declining rate of growth. In the period of the first five-year plans in the 1930s, there was an astonishing 20% annual rate of growth, which has never been equalled by any capitalist economy, not even Japan which occasionally reached 13% or more in the period of the post-war upswing, but not as a sustained rate of growth. In the same period, the USSR had an annual growth rate of 10% every year, until the mid 1960s, when it began to slow down.

Under Brezhnev, the rate of growth fell steadily, from 10% to 6%, 5%, 1%,É0%. In the last decades, the rul ing clique tried all manner of combina tions involving decentralisation, recentralisation, re-decentralisation. To no avail. "Theoreticians" like Isaac Deutscher imagined that the bureaucracy was going to reform itself out of existence. Vain hope! The privileged ruling caste was prepared to do anything for the working class&emdash;except get off its back! A modern economy producing one million different commodities each year could not be organ ised properly without the conscious control and participation of the majority of society. But the introduction of a regime of workers' democracy would have immediately spelt the end of the power and privileges of the bureaucracy, which they could not accept.

A modern, sophisticated economy, such as Russia had become by this time, is a delicate mechanism. The precise relations between heavy industry, light industry, agriculture, science and technique, cannot be established by arbitrary administrative fiat. In the absence of competition, the only way to avoid colossal bungling and corruption is

through the conscious con trol of society, by means of the democratic administration of the work ing class. Thus, for socialism, democracy is not an optional "extra" but a fundamental precondition.

The meaning of Perestroika

By the late 1970s, things had gone so far that there was a black market, not only in blue jeans and ball-point pens, but in steel, coal and oil. This was known in the West as "the parallel market." And woe betide the manager who tried to ignore it! There was a case reported in the Soviet press of the manager of a de partment store, a model member of the Komsomol, who announced to his assembled staff on the first day that he would not tolerate any stealing, corruption or "blatt," and that only the official state prices must be paid for deliveries. Within a week, the store faced bankruptcy. No goods were delivered, and the shelves were empty. The man ager drew the necessary conclusion and fell into line with the accepted practices. There were millions of such examples. Having failed to control the problem by re pression, Gorbachov made a feeble at tempt to lean on the working class to strike blows against corruption by introducing a measure of "democracy." This was the in real meaning of "Perestroika" and "Glasnost." Gorbachov tried to loosen the system up and make it more flexible, but without abolishing the power and privileges of the ruling caste.

When every other tendency was praising Gorbachov as the great Saviour, we alone pointed out that his reform was bound to fail, and characterised him as an accidental petit-bourgeois figure, doomed to be swept away, al though we thought that this would come as a result of political revolution, and not a movement in the direc tion of capitalism which, at that stage, we erroneously considered to be ruled out. The only way to solve the problem was to reintroduce a Leninist regime of work ers' control and management, which would eas ily have been possible on the basis of a developed econ omy that now existed in Russia. But that was the last thing Gorbachov had in mind! Instead of improving things, Gorbachov's reforms introduced a further element of destabilisation, hastening the dissolution of the system. Only two alternatives were possible. In the ab sence of a movement of the working class in the direction of a political revolution, the balance tilted sharply in the direction of a move towards capitalism.

In his famous satire Animal Farm, George Orwell de picts the pigs and farmers in a meeting where it is im possible to distinguish one group from the other. Two generations of bureaucratic rule produced a layer of privileged functionaries utterly divorced from the working class and the ideas of the October Revolution. The old Stalinist officials were corrupt gangsters, but at least had some link with the old tradi tions. Here we had a new generation of aristocrats "born in the purple," used to Pierre Cardin suits and Cadillacs. Raissa Gorbachov was a classical specimen of these creatures. In particular the elite of the diplomatic corps got used to hobnobbing with the bourgeois, and clearly enjoyed the experience. Shevarnadze was typical of this layer. Unlike the old crude and ignorant bureaucrats who could not even speak a foreign language, the new layer were educated, sleek, cosmopolitan&emdash;and with the men tality of petit-bourgeois upstarts which is

the hallmark of reformist leaders in their dealings with the big bourgeois, where fear and envy struggle with a secret and slavish admiration.

Nowhere was the rottenness of the bureaucracy more evident than in the period of so-called Perestroika (or Katastroika, as the Soviet workers soon dubbed it). Gorbachov was smart enough to realise that, unless drastic measures were taken by the leadership, the whole thing would seize up. At this point, there is no reason to suppose that he intended to return to capitalism. The pro-capitalist elements in the bureaucracy were almost certainly in a minority at this time. Gorbachov's mea sures were a typical attempt to carry out a bureaucratic reform from the top to prevent revolution from below. Such reforms are not new in the history of Russia, as shown by the Emancipation of the Serfs in 1861. But in every case, the ruling elite tries to preserve its power and privileges, while loosening the bonds of oppression to some degree. Invariably, these attempts only serve to stoke the flames they were intended to extinguish.

It was incredible how anyone with the most el ementary knowledge of Russian history, let alone Marxism, could have entertained the slightest illusion in Gorbachov and his policies. Yet we had so-called Marxists praising Gorbachov, and even travelling to Moscow to witness the strange spectacle of the bureau cracy "abolishing it self"! Of course, other wiseacres, like the SWP in Britain were unimpressed, since, as far as they were concerned, capitalism already existed in Russia, what was all the fuss about? We alone pointed out that Gorbachov could not reform the Soviet Union, because he was acting in the interests of the bureaucracy.

As we predicted in advance, Perestroika ended up in an impasse. Had a genuinely Leninist alternative existed, the road would have been open for a political revolution in the Soviet Union to restore the regime of workers' democracy that existed in 1917. But generations of a monstrous bureaucratic totalitarian caricature of socialism had exercised a baneful influence on the consciousness of all classes in Soviet society. The absence of the subjective factor was decisive. The mass extermination of the 1930s had wiped out not only the Old Bolsheviks, but practically any element which had had some contact with the genuine ideas of October. In the later Purges, even large numbers of Stalinists were killed. In this way, Stalin succeeded far more thor oughly than what could have been anticipated in eradi cating the memory of genuine Bolshevism from the collective consciousness. In so doing, however, as Trotsky had warned, he also undermined the basis of the conquests of the Revolution.

It is an undeniable fact that the consciousness of the Russian masses was thrown back a long way. What has conditioned the whole situation is the fact that, so far, the proletariat has not intervened decisively as an independent force. Of course, this will inevitably change, perhaps sooner than many believe. But to date this has been the determining element in the whole equation. In the absence of a mass independent move ment of the workers, the whole struggle has been fought out between rival wings of the bureaucracy. The blind ally of Perestroika led directly to the attempted coup of 1991. The Stalinist plotters clashed head-on with the resis tance of the nascent Russian bourgeoisie led by

Yeltsin, an unscrupulous adventurer, the former protégé of Gorbachov who took advantage of the coup to promote himself as the alleged defender of "democracy."

None of the warring factions appealed to the working class, which in the main remained in the role of specta tors. This was the situation at every major turning-point in the situation for the past four years. The outcome of the 1991 coup was the first such turning-point. Yeltsin succeeded temporarily in stabilising the situation and took decisively to the road of capitalism.

How much privatisation?

The different possibilities for capitalist restora tion in Russia were set forth by Trotsky in The Revolution Betrayed:

"A collapse of the Soviet regime would lead inevitably to the collapse of the planned economy, and thus the abolition of state property. The bond of com pulsion be tween the trusts and the factories within them would fall away. The more successful enterprises would succeed in coming out on the road of independence. They might convert themselves into stock companies, or they might find some other transitional form of property&emdash;one, for example, in which the workers should participate in the profits. The collective farms would disintegrate at the same time and far more easily. The fall of the present bureaucratic dictatorship, if it were not replaced by a new socialist power, would thus mean a return to capi talist relations with a catastrophic decline of industry and culture." (Leon Trotsky, The Revolution Betrayed, pp. 250-51.)

What strikes one is the brilliant way in which Trotsky anticipated the main lines of what is taking place in Russia at the present time. Yet there are also important differences. The class balance of forces in Russia is entirely different now. For example, Trotsky was convinced that the peasantry would be the main social support for capitalist restoration, whereas the opposite is the case. Here again, the reason is that the Stalinist regime survived far longer than Trotsky thought possi ble. The advances made possible by the nationalised planned economy led to the disappearance of the peasantry altogether. The rural population of Russia now consists almost entirely of agricultural proletarians who have no interest in going back to small private plots of land.

It is true that, ultimately, the question of property relations must be decisive in determining the class nature of a state. However, as we have seen, the correlation is not always an automatic one. At decisive turning-points, the way in which a given socio-economic formation will go is decided by a struggle between conflicting class forces. In the process, all kinds of peculiar transitional variants are possible which do not admit an easy appraisal precisely because of their transitional, that is, unfinished, uncompleted character. That the process of capitalist restoration in Russia has begun is self-evident. Indeed, it has gone quite far. But that does not exhaust the matter. At every stage, it is necessary to take stock of the situation. To what extent has the at tempt to move in the direction of capitalism succeeded? Under the pressure of imperialism, the Russian government has privatised a large number of enterprises. Nevertheless, the West remains

sceptical. This scepticism is graphically expressed in the absence of serious levels of investment from the West.

This is a hybrid formation, with elements of a bourgeois state grafted onto the old bureaucratic apparatus. But the old Stalinist state remains largely intact. The same old functionaries, with the same interests, outlook and prejudices, sit in the same offices, watching developments, some with expectations, others with growing alarm. It is necessary to underline that this was not a worker' state, but a hideously deformed workers' state&emdash;a regime of proletarian Bonapartism. After generations of totalitarian rule, the privileged elite was completely corrupted. A Bonapartist regime, by its very essence, rises above society and acquires a great deal of independence.

In its upper layers, the bureaucracy reflects the pressures of the nascent bourgeoisie and, above all, world imperialism, the lower layers that of the working class. This contradiction is reflected in the struggle be tween the different factions of the bureaucracy, which sometimes flares up in violent confrontations such as the assault on the White House, and at other times remains more or less submerged, but is visible in the rise and fall of different individuals and groups. That is why the strategists of capital follow with such careful attention all the twists and turns of the obscure power struggle in the Kremlin. It is the outcome of the struggle which will determine the nature of the state. But this cannot easily be predicted in advance. It is determined by a multiplicity of factors, both internal and external. The way in which the Russian state will evolve is not yet decided by history. The bourgeois wing which has gained con trol of the government is striving towards restoration, but they have not yet succeeded in carrying it out. The situation is not fixed, but tremendously volatile. It can move in any direction.

All kinds of claims are being made concerning the de gree to which privatisation has been carried out. It is not always easy to establish the true situation. For example, it is usual to quote the percentage of GDP represented by the "private sector," but, on the one hand, the definition of a "private" company is frequently unclear, including all kinds of co-operatives and other firms that are partly or mainly state owned, and, on the other hand, these percentages are artificially high because of the slump of state owned industries.

The most complete set of figures on privatisation are those published by the annual Transition Report of the European Bank for Reconstruction and Development (EBRD), which is specifically devoted to "measuring and defining" the transition to a "market economy" in Eastern Europe and the countries of the former Soviet Union (FSU). The latest report, published in 1995, includes detailed statistics on all the ma jor indices of the economies of the ex-Stalinist states up to the end of 1994. It makes highly instructive reading.

The share of the private sector of the GDP, as estimated by the EBRD in mid-1995 varies considerably, from 70% in the Czech Republic and 65% in Estonia to 35% in the Ukraine, 30% in Uzbekistan and Moldova, 25% in Azerbaijan and Kazakhstan, and a mere 15% in Belarus, Tajikistan and Turkmenistan. The figure given for the Russian

Republic is 55%, but closer scrutiny show that this figure is misleading. In all these states decisive sections of the economy remain in the hands of the state. On the other hand, what passes for "privatisation" is a very peculiar animal in many cases. In order to prevent bankruptcy and closure, the bureaucrats of large enterprises have combined with the workers to "buy" the firm, and the very next day demand subsidies from the state to keep it open. It is not quite clear in practice what the difference is between the situation of such firms before and after privatisation!

The EBRD report distinguishes very carefully between real private ownership ("pure" private sector) and other forms of "privatisation" such as worker-manager buy-outs, which they do not regard as genuinely capitalist concerns. Frequently, these companies, though formally part of the private sector, are still heav ily enmeshed in the state, involving little or no private capital. The fact that this is not just a detail is shown by the fact that the EBRD keeps special tables to show the difference be tween the private sector and the "non-state sector."

Thus, in Russia, the "non-state" sector in 1994 was estimated to account for 62% of GDP, but the real private sector was only 25%. The figures for the Ukraine were even more striking&emdash;the "non-state" sector was put at 41% in 1993, but the real private sector amounted to a mere 7.5% (the 1995 figures were not available, but there is no reason to suppose that the proportion would be much different). In Belarus, where privatisation has hardly advanced at all, the percentage of the workforce employed in the "non-state sector in 1994 was put at 40.2%, but the figure for the real private sector was only 6.2%. The situation in Latvia was very different. Here the non-state sector is mainly com posed of private concerns: the figures of those employed in the non-state sector (58%) differed only slightly from those in the private sector (53%).

The figures for the composition of ownership in Russia published by Earle, Estrin and Leshchenko in 1995 show that, out of 439 industrial firms chosen at random, 110 were owned by the state, 140 were workers' co-operatives, 40 had been taken over by the man agers, and only 35 were owned by private capitalists, either Russian or foreign ("outsiders"), and a further 45 were new enterprises ("de novo"). The state maintained a majority share in 30% of the firms, despite privatisation. Workers and managers hold 51% of the shares in nearly 70% of all privatised companies. The 1995 EBRD report of privatisation in Russia, Hungary, Poland and the Czech Republic concludes that:

"The four countries examined have adopted very different approaches to privatisation, and this has yielded different government structures within the priva tised enterprise sector. Several tentative conclusions, largely confirmed by the evidence presented above, can be drawn about these structures. First, state ownership, with large insider ownership, has remained important in most countries. Second, insider ownership, with dominant employee stakes and reportedly managerial control is extensive in Russia, and to a lesser extent in Poland. Third, outside ownership has emerged on a large scale in the Czech Republic, and to a smaller scale in Hungary, but dominant foreign ownership is more common in Hungary and this is more likely to be concentrated ownership with stronger control rights." (EBRD Report,1995, p.132.)

The thing to see here is the extreme caution with which the strategists of capital approach the situation, which they clearly characterise as a process of transition which has not yet been completed. The picture that emerges is of a hybrid economy in which the capitalist elements are struggling to assert themselves over the state sector, which retains a powerful presence. The process has proceeded in an uneven fashion, being further advanced in the Czech Republic, Hungary and, to some extent Poland, but the situation in Russia, which is the deci sive question, is still far from being resolved in a satisfactory way from the standpoint of international capital.

Successive approximations

There were many turning-points on the road of the bureaucratic counterrevolution in the period 1923-36. This was by no means a preordained event. The final victory of Stalin was not determined in advance. As a matter of fact, up till 1934, Trotsky held the position that it was possible to reform both the Soviet state and the Communist Parties, a position that led to frequent conflicts with the ultra lefts. Trotsky's dialectical method was one of successive approximations, which followed the process through all its stages, showing concretely the relation between the class balance of forces in Russia, the different tendencies in the Communist Party and their relationship to the classes, the evolution of the world situation, the economy, and the subjective factor. It is true that he varied his analy sis at different times. For example, he initially characterised Stalinism as "bureaucratic centrism," a formula which he later rejected in favour of the more precise "proletarian Bonapartism." These changes do not reflect any vacillations on Trotsky's part, but only the way in which his analysis accurately followed the process of bureaucratic degeneration as it unfolded.

The method of our analysis of the present events in Russia is in no way different from that of Trotsky. There is not the slightest doubt that the movement to wards capitalism in Russia not only ex ists, but has gone quite far. However, from the stand point of Marxist analysis, this does not exhaust the problem. The question is: has the process of capitalist restoration reached the decisive point where quantity be comes transformed into quality? Put another way: do we consider that the new property relations have established themselves unequivocally, in such a way that the process is irreversible? Or, on the contrary, is it possible that the movement towards capitalism can be reversed? Upon the answer to this question many things hinge. It is there fore necessary to approach the question very carefully indeed. To determine the class nature of the Russian state it is not sufficient to refer to the percent age of the economy in private hands. It is necessary to analyse the process as a whole, to lay bare the relation between the different class forces involved, and show how the central contradiction is likely to be resolved.

It is possible to have a workers' state with 100% pri vate ownership of the means of production, and also to have a bourgeois state with 100% state ownership. The former was the case with the Paris Commune. The first workers' state in history did not even nationalise the Bank of France, an omission which, as Marx explained, was one of its most serious errors. Even in the first phase of the Russian Revolution, the Bolsheviks did

not proceed immediately to nationalise industry. There was workers' control through the Soviets, but for about 18 months most of industry remained formally in private hands.

The same contradiction would have existed if the capitalist counterrevolution had overthrown the Soviet power. Incidentally, this was a real possibility for a decade after October. Only the correct policies of Lenin and Trotsky prevented it. If Bukharin's position had tri umphed, there could have been a capitalist restora tion even in the 1920s. This fact is sufficient, on the one hand, to show how the historical process is not at all automatic or predestined, as economic determinists imagine, and on the other hand reveals the decisive role of the subjective factor.

To put the question more clearly still, if Hitler had succeeded in defeating the Soviet Union, what would have happened? The victors would have imposed a fascist regime in the USSR, with a programme of the most savage capitalist counterrevolution. But they could not succeed in carrying this out all at once. They would have to proceed gradually, Trotsky predicted, beginning with agriculture, then light industry, and finally denationalising the decisive sector of heavy industry. Even then, it was likely that a big proportion of heavy industry would remain in the hands of the state, which, despite this, would be a bourgeois state from start to finish.

These examples are sufficient to demonstrate the correctness of the general proposition that, in order to determine the class nature of a state, it is not enough merely to publish the statistics of ownership. It is also necessary to determine the direction in which society is moving, and, in Lenin's phrase, to say "who shall prevail?" In our view, it is not yet possible to give a definitive answer to these questions.

Dealing with the mechanics of a bourgeois counterrevolution in Russia, Trotsky explains:

"Bourgeois society has in the course of its his tory displaced many political regimes and bureaucratic castes, without changing its social foundations. It has preserved itself against the restoration of feudal and guild relations by the superiority of its productive methods. The state power has been able either to co-operate with capitalist development, or to put brakes on it. But in general the productive forces, upon a basis of private property and competition, have been working out their own destiny. In contrast to this, the property relations which issued from the socialist revolution are indivisibly bound up with the new state as their repository. The predominance of socialist over petty bourgeois tendencies is guaranteed, not by the automatism of the economy&emdash;we are still far from that&emdash;but by political measures taken by the dictatorship. The character of the economy as a whole thus depends upon the character of the state power." (The Revolution Betrayed, p. 250, our empha sis.)

We have a duty to say what the class nature of the Russian state is. But this must be approached from a dialectical, not a formal point of view. Here too we are dealing with a process that is not yet finished, and there fore it is impermissible to demand a finished, once and for all definition. It is necessary to see the process as a whole, and to determine at what point the decisive break occurs.

In the historical examples already mentioned, the answer is quite clear. When the workers of Paris smashed the old state apparatus, they took political power into their hands and began the task of transforming society. Had the Commune not been overthrown by the Versaillese reaction, it would have inevitably moved to expropriate the capitalists. The contradiction between a workers' state and an economy in the hands of the exploiters had to be resolved one way or another. In France it was resolved when the bourgeois joined hand with monarchist reaction to crush the Commune. In Russia, the Bolsheviks used state power to carry out the expropriation of the landlords and capitalists.

The same decisive break could be seen in the opposite process. The victory of Hitler over the Soviet Union would have been the result of a terrible military defeat. The victorious fascists would have destroyed the old state apparatus and replaced it with a new one which would answer to their needs. It is true that a part of the old Stalinist bureaucracy would have collaborated, and been incorporated into the nazi state, but this does not alter the fact that the change would have been accomplished by the most violent struggle imaginable. Is it possible to maintain that a similarly decisive change has taken place now?

Has a decisive change occurred?

Up to the present, we have characterised the situation in Russia as a transitional state, with a bourgeois government attempting to move towards capitalism. This formulation, which is, admittedly, rather clumsy, in our view, adequately expresses the unfinished, contradictory, transitional nature of the stage we find ourselves in. The essential question which has to be addressed is this: Do we consider that the movement towards capitalism, the existence of which is not in ques tion, has passed the point of no return? Has quantity be come transformed into quality? Or, on the contrary, is it still unfinished, in which case it is possible that the whole process can still be thrown into reverse? If we are of the opinion that the bourgeois counterrevolution has definitely triumphed, then we must be in a position to say how and when the qualitative change occurred.

Just as in the 1920 and 30s, it is possible to point to a number of turning-points in the situation that has pertained in the last period. We have, firstly, the reforms of Gorbachov, leading to the fall of the Berlin Wall. Then the defeat of the coup in 1991 and the rise of Yeltsin. After that, the crushing of the White House in the Autumn of 1993 and the institution of Yeltsin's Bonapartist constitution. Subsequently, we have the more or less rapid privatisation of a large part of the economy. Thus, for the past six years or more, the pendulum can be represented as moving continuously in one direction&emdash;towards capitalism.

However, such a presentation would be entirely one-sided and mechanical. Despite the temporary inertia of the working class, it would be foolish not to see the existence of enormous tensions at all levels of Russian society. This was sharply revealed in the bloody storm ing of the White House. The complete bankruptcy of the former Stalinists of the "hard-line" faction of Khasbulatov and Rutskoi was shown by their inability to appeal to the working class. However, the victory of Yeltsin (which came as a surprise to

himself) did not lead to stabilisation on a capitalist basis. On the contrary. In the following months, the faction of bourgeois reformers have suffered one setback after another.

When we say that there is a movement in the direction of capitalism, that directly establishes the transitional nature of the phenomenon. And it is not at all sure how this particular transition will end. At this moment of writing, we see no reason to modify our earlier posi tion. On the contrary. Recent events have only served to underline the difficulties in the path of capitalist restora tion in Russia, and the powerful countervailing tendencies that exist.

Here we can learn a lesson from the class enemy. If the process of capitalist restoration in Russia has already been successfully concluded, it is hard to explain the extraordinarily cautious attitude of Western investors in relation to the Russian market. This was aptly summed up in a recent analysis for investors which bore the significant title: Russia&emdash;a Sinking Ship, dated 30th of January 1995. This memorandum to the multinationals draws the following conclusions: "We expect Russia to maintain the pretence of reform, and the West to pretend to support them." And it goes on: "The Russian reform ship is sinking, and along with it any short-term confidence in its financial assets."

The same document explains that, despite extensive privatisation plans "there's not much left that's really attractive to own." Answering Yeltsin's assertion that, after the Chechen war, there would be "business as usual," it states flatly: "Nothing could be further from the truth." The invasion of Chechnya, it says, represented "a triumph for the more hard-line elements in the Kremlin." It points out that a number of people actually opposed to privatisation have been given jobs in the Ministry of Privatisation. One Minister, Polevanov, had to be removed following a speech suggesting the renationalisation of strategic industries in Russia. It concludes:

"The real lesson of Chechnya is that, despite the adoption of a new constitution and the incorporation of many 'technocrats' in Russia's government, the old bureaucracy of the former Soviet Union continue to rule the state in the same secretive way as before, and with the same instincts. Whenever confronted by a seemingly intractable problem, Yeltsin opts for force, rather than compromise. That leads to wild swings between reform and repression, without any of the predictability so necessary for any long-term, durable change."

Despite all the public show of support for Yeltsin, the Western leaders are well aware of the real situation. The fact that they are obliged to cling to this ailing and drunken buffoon is itself an eloquent comment on the extremely tenuous nature of the reform in Russia. From the standpoint of imperialism, any of the other options would be still worse. Five years of "market reform" have alienated the reformers from the mass of the population. Gaidar and Fyodorov find themselves in opposition. In order to stay in power, Yeltsin has been forced to rely on the support of the so-called "hard-liners."

The international strategists of capital are anxiously fol lowing every twist and turn in the policy of Yeltsin and the other factions of the bureaucracy. For what reason? They understand that in the rise and fall of different parties, individuals and groups is reflected shifts in the mood of different classes in society which find a distorted expression in the conflicts within the bureaucracy. In the absence of an open struggle for power between the proletariat and the nascent bourgeoisie, the process takes place in a confused and caricatured form. Nevertheless the conflicts exist and are care fully monitored by the imperialists, who are extremely interested in the outcome.

The December election was only the most graphic manifestation of a general shift in Russian society against privatisation. This is not an abstract question, but a very concrete one. Not only the working class is drawing a balance sheet of privatisation, but the bureaucracy also. One section has succeeded in enriching itself, but by no means all of them share the enthusiasm of Chernomyrdin and Chubais. Without doubt, the lower strata of the bureaucracy closely reflect the mood of the workers. But even in the upper layers, doubts about the benefits of the "market" are gathering force. This is clearest in the case of the officer caste, but also of an important layer of the managerial wing of the bureaucracy, whose factories are faced with bankruptcy.

On the 5th of February, the Financial Times carried an article with the title "Red barons try to roll back privatisation," which deals with this phenomenon. It points out that privatisation has harmed the position of this layer of the bureaucracy, which finds its interests threatened by the upstart nascent capitalists:

"Russia's bold mass privatisation programme," it says, "weakened many of Russia's stolid Soviet-era factory directors and transferred control of their enterprises to a flashy new breed of Moscow financiers. But, following the communist triumph in December's parliamentary elections and the sacking of prominent reformers from the government, the rump of old-style red directors have mounted a spirited campaign to roll back the tide.

"This national trend has been highlighted by the recent efforts of the old managers of two of Russia's flagship companies to wrest control from the private en trepreneurs who acquired big stakes in them through the country's privatisation programme."

The article goes on to detail the attempt of the manager of Norilsk Nikel, the world's biggest nickel producer, and one of Russia's most valuable companies, to regain control, and also the "coup" in which the old managers of the Zil car plant ousted the directors put in place by Microdean, a newly-established capitalist holding com pany. The Financial Times comments:

"These battles are being watched closely by Russia's political and business leaders, because they are part of a broader effort to reverse at least partially the bold privatisation programme which has transferred 80% of the Russian economy into private hands." The figure of 80% is an exaggeration, as we shall shortly show. But the main point is the way in which the serious representatives of capital analyse the processes, bringing out very clearly the contradictory tendencies:

"The growing momentum behind efforts to roll back privatisation suggests that western fears that Mr. Gennady Zyuganov's Communist party may be some what misplaced: the challenge to Russian market reforms comes not only from the communists but also from the hard-line faction which is increasingly power ful within Mr. Boris Yeltsin's Kremlin.

"The campaign for what Russian coyly describe as 'de-privatisation' has already enlisted a number of high-level supporters," the article adds, naming Yuri Luzhkov, the influential mayor of Moscow whose relations with Yeltsin appear to have improved to the degree that the President has grasped the need to distance himself from the "reformers" in order to save his skin. With Yeltsin's not so tacit backing, Luzhkov has even gone so far as to call for Anatoly Chubais, the recently sacked former Minister of Privatisation to be put on trial, thus confirming the well-known adage that there is no gratitude in politics!

"Chubais may have not had any malicious in tent," acknowledges Luzhkov gracefully, before sticking the knife in, "but, nonetheless, the prosecutor's office should consider his performance."

More serious still, a special committee has been formed by the Russian parliament to review the legality of privatisation. "The first casualty of the committee is likely to be last autumn's hasty and con troversial shares-for-loan privatisation programme, already ruled invalid by the Minister of Justice," says the Financial Times, and concludes:

"For western investors and Russia's bourgeoisie, these challenges to privatisation are one of the biggest threats since the collapse of communism. The conflict cannot be reduced to a simple free market forces and neo-communists.

"Even leading Russian reformers admit that, in many instances, the red directors have a moral and legal point because of the corrupt and uncompetitive way much of Russia's state property was transferred to private hands. But the messy character of Russia's privatisation process means once de-privatisation begins it will be very difficult for courts and investors to deter mine where it ends." (Our emphasis.)

Is the Russian bourgeoisie progressive?

Socialism means that the development of industry, technique, science and culture stand on a higher level than the most developed capitalist society. In that case, there is no question of society reverting to a more backward system such as commodity production. Such elements of small commodity production that remained would gradually disappear and be replaced by superior socialist forms. Compulsion would not be necessary, to the degree that the small farmers and businessmen see for themselves the immense advantages of the new eco nomic formations.

This picture of a workers' state is correct, but it is only an abstraction. The workers' state that was es tablished in Russia in 1917 was not on a higher economic level than Britain and the USA, but on a very primitive basis. Under the circumstances, the specific weight of the bourgeois and petit-bourgeois elements was enormous. As long as the working

class, repre sented by the Bolsheviks, maintained control of the state, the pressure of the bourgeois nepmen and their al lies, the wealthy peasants ("kulaks") could be kept at bay. Nevertheless, the danger of capitalist restoration was very real, as Lenin and Trotsky repeatedly warned. By the end of the Civil War, the process of social polarisation began to create an alarming situation:

"The peasantry," wrote Trotsky, "was becoming polarised between the small capitalist on the one hand and the hired hand on the other. At the same hand, lacking industrial commodities, the state was crowded out of the rural market. Between the kulak and the petty home craftsman there appeared, as though from under the earth, the middleman. The state enterprises themselves, in search of raw material, were more and more com pelled to deal with the private trader. The rising tide of capitalism was visible everywhere. Thinking people saw plainly that a revolution in the forms of property does not solve the problem of socialism, but only raises it." (The Revolution Betrayed, p.26.)

Lenin had warned many times of the danger that the petit-bourgeois masses in Russia could link up with foreign capital, creating a formidable restorationist block. That is why he and Trotsky fought implacably in defence of the state monopoly of foreign trade which Stalin and Bukharin originally wanted to abolish. The victory of the Stalin faction over Bukharin's Right Opposition signified the defeat of the bourgeois restorationist trend, but did not remove the danger.

The conflict between the nationalised property forms established by October and the nascent bourgeoisie at that time was solved in favour of the former. The decisive section of the Stalinist bureaucracy, in or der to defend its power and privileges, leaned on the support of the working class to crush the kulaks and nepmen. But, un der the given conditions, this did not mean the restoration of a regime of workers' democracy, but, on the contrary, the consolidation of a bureaucratic totalitarian state.

The defeat of the nascent bourgeois elements was achieved by the most monstrous Bonapartist means, such as the madness of forced collectivisation which alienated the peasants and disorganised Soviet agriculture for generations. Stalin imagined that it was possi ble to eliminate the danger of capitalist restoration by administrative means and naked force. This was an illusion. The real danger to the nationalised planned econ omy came from the extremely low level of the pro duc tive forces, low labour productivity and general poverty and, above all, from imperialist encirclement, where the main enemies of the Soviet Union enjoyed a higher level of economic development, despite the crisis of world capitalism.

Within the edifice of bureaucratic planning, the "nepman" elements had not disappeared, but worked in a disguised way. In the absence of workers' control and administration of industry, society and the state, to repeat Marx's phrase, "all the old crap" revived. The dual nature of the transitional state, in which elements of socialist planned economy coexisted with bourgeois norms of distribution, inequality and corruption, acted as a fertile breeding ground for all kinds of swindling and theft which, even at the time of the

First Five Year Plan, swallowed up a large and growing part of the surplus produced by the working class.

"Capital comes initially from circulation," writes Marx, "and, moreover, its point of departure is money." (Marx, Grundrisse, p. 253.) Marx explains that capitalism, in its most primitive and underdeveloped forms, usurers' and merchant capital, makes an appear ance long before the objective conditions for the estab lishment of the capitalist mode of production have arisen. In pre-capitalist societies, however, the phenomena related to merchant capital do not play a productive role.

When society had not yet reached the level when commodity production was possible as the norm, trading peoples like the Phoenicians, Carthaginians and Jews appeared at the margins of the economy, appropriating the surplus produced by other, less developed peoples through exchange. In the ancient world, these activities were closely identified with cheating, robbery, kidnapping and piracy. They arose in the "interstices" of society, where they acted as a disintegrating influence on the existing socio-economic order. In the ancient world, whenever it got a hold, merchant capital hastened the dissolution of the old gens society and inevitably led to slavery. Later on, in the Middle Ages, usury and merchant capital played a similar role in undermining feudalism:

"With semi-barbarian or completely barbarian peoples, there is at first interposition by trading peoples, or else tribes whose production is different by nature enter into contact and exchange their superfluous products. The former case is a more classical form. Let us therefore dwell on it. The exchange of the overflow is a traffic which posits exchange and exchange value. But it ex tends only to the overflow and plays an accessory role to production itself. But if the trading peoples who so licit exchange appear repeatedly (the Lombards, Normans etc. play this role towards nearly all European peoples), and if an ongoing commerce develops, although the producing people still engages only in so-called passive trade, since the impulse for the activity of positing exchange values comes from the outside and not from the inner structure of its production, then the surplus of production must no longer be something accidental, occasionally present, but must be constantly repeated, and in this way domestic production itself takes on a tendency towards circulation, towards the positing of exchange values." (Marx, Grundrisse, p.256.)

And he further developed this idea in the third volume of Capital:

"The development of commerce and merchant's capital gives rise everywhere to the tendency towards production of exchange-values, increases its volume, multiplies it, makes it cosmopolitan, and develops money into world-money. Commerce, therefore, has a more or less dissolving influence everywhere on the producing organisation, which it finds at hand and whose different forms are mainly carried on with a view to use-value. To what extent it brings about a dissolution of the old mode of production depends on its solidity and internal structure. And whither this process of dissolution will lead, in other words, what new mode of production will replace the old, does not depend on commerce, but on the character of the old mode of production itself. In the ancient world the effect of commerce and the development of merchant's capital always resulted in a slave economy;

depending on the point of departure, only in the transformation of a patriarchal slave system devoted to the production of immediate means of subsistence into one devoted to the production of surplus-value. However, in the modern world, it re sults in the capital ist mode of production. It follows therefrom that these results spring in themselves from circumstances other than the development of merchant's capital." (Marx, Capital, Vol. III, pp.326-7, our empha sis.)

Marx describes the Jews existing "in the pores of Polish society," in the sense that they were not part of the existing feudal mode of production, but acted as middle men, buying and selling, and lending money to the nobility and peasants. In the Middle Ages, usurers' capital remained as an unproductive hoard. Thus, capital appears first on the stage of history as an unproductive phenomenon which does not arise out of the existing mode of production, but penetrates it from without and gradually undermines it. The degree to which it succeeds in this depends on the solidity of the existing order. In the early stages of feudalism, to the degree that usurers' and merchant capital existed, it could not lead to the dis solution of an economic system which was still devel oping the means of production. But at a later stage, in the epoch of feudal decay, these elements played a central role in hastening the collapse of the existing society.

Feudalism was essentially based on the production of use-values, not commodities. There was no need for self-sufficient feudal estates to trade with each other. Primitive forms of capitalism (merchant and usurers' capital) insinuated themselves in the "pores" of the feudal economy, fulfilling an important role in relation to trade. The Jews fulfilled a need in the general economy that could not be fulfil by anyone else&emdash;as professional traders. Moreover, Marx explains how in underdeveloped societies "commercial profit does not only assume the shape of outbargaining and cheating, but also arises largely from these methods." (Capital, Vol. III, p.386.)

Primitive accumulation

At this stage in its development, capital does not create any wealth, but acts as a mediator&emdash;a "middleman"&emdash;playing a role in circulation which can not be played by the existing system of production. In the Soviet Union, the system of bureaucratic planning created numerous bottlenecks which had an increasingly paralysing effect upon circulation. This was one of the main brakes on the economy, which would have ground to a halt had it not been for the corrupt and illegal practices known as blatt, which circumvented the official channels, thus permitting goods to circulate more rapidly&emdash;at a price. This phenomenon existed from the earliest period of the Five Year Plans, as Victor Serge points out:

"We now come to the unique domain of blatt, a Russian slang term which signifies 'combination.' From the bottom of economic life to its summit the combination reigns. Heads of trusts, directors of banks or of plants, administrators of State commerce, administrators of kolkhozes or of artels, store managers, em ployees&emdash;all resort to it everyday. All the wheels of the colossal machine are oiled and fouled by it. Its role is as great as that of planning, because without it the plan would never be realised. The

combination of a multitude of de partments makes up for the insufficiency of wages, for the defects in statistics, for administrative negligence, for bureaucratic unintelligence; it piles miracle upon miracle. A shoe-factory director receives, in accordance with the plan, a permit for a ton of leather to be taken from the neighbouring tannery in February. The tannery, even though it conforms with the directives, answers that it finds it impossible to deliver these raw materials before March. The production plan of the shoe factory is going up in smoke; but our director is not upset by it. He expected that. 'Look here, old man,' he will say to his colleague from the tannery, 'you wouldn't pull a trick like that on me, would you?' 'Certainly not, we only need to get together on it. Service for ser vice, eh? The tanners are lacking shoes, dear comrade; couldn't you have five hundred pairs for me within the fortnight?' In the end, the tanners will be shod&emdash;not so well, to be sure, as their factory director and his family, whose boots the whole town will admire; and the shoe plant will execute its plan, which will bring its direc tors premiums, a banquet, etcetera. It will be clearly perceived, when the problem of transporting the raw materials from one plant to the other arises, that there are neither cars nor trucks available, for entirely peremp tory reasons; but here again the beneficent combination will intervene. Railway men and lorry-drivers will find that it pays." (Victor Serge, Destiny of a Revolution, pp.43-4.)

The phenomenon described here bears a striking similar ity to the activities of the parasitic middle men in pre-capitalist society. It does not flow from the nationalised planned economy, but from the isolation of the Revolution in conditions of appalling backwardness and the bureaucratic regime that arose from the loss of polit ical power by the working class. These elements&emdash;"blatt," corruption, swindling, black marketeering&emdash;far from dying away, actually grew with the development of the Soviet economy, absorbing an ever increasing amount of the surplus and cancelling out the gains of the planned economy. In the same way that usury and merchant capital dissolved and undermined pre-capitalist society from within, so the alien bureaucracy, that "parasitic excrescence on the planned economy" gradu ally undermined the system. In just the same way, a parasite can eat away and eventually kill the host animal upon which it feeds.

These illegal practices were identified with a large and growing underworld of crooks, spivs and speculators which existed in the "pores" of Soviet society. Just as the Jewish middlemen existed in the "pores" of Polish feudalism. They were not part of the nationalised planned economy and did not arise from it, but represented a cancerous tumour and a parasitic excrescence on it. This was a graphic expression of the glaring contradiction between the needs of the nationalised planned economy and the suffocating grasp of bureaucratic control. The Soviet middlemen, the embryonic expression of the nascent bourgeoisie, played no role in production, but became necessary to "oil" the works which were in creasingly disrupted by bureaucratic bungling, sabotage and red tape.

In return for this "service," the middlemen extracted a high and increasing tribute from society in the form of swindling, cheating and robbery which absorbed an ever growing part of the surplus value. Here, from the be ginning, there were two contradictory but

mutually in separable elements: on the one hand, the bureaucracy which held political power and controlled the state, on the other hand, a large number of actual criminals, black marketeers, spivs and speculators who competed with them for a slice of the surplus value. The bureaucracy for a long time tried to keep these elements under control by administrative means, fearful that this unbridled looting of the state could undermine the whole system of planned economy, and with it, their own privileged position. Hence, we had the contradiction of the introduction of the death penalty for "economic crimes" at a time when the USSR was said to be "building Communism." But no amount of arrests, im prisonment and shooting could eradicate a disease which was the in evitable result of a corrupt totalitarian regime. After all, it was only the difference between "legal" and illegal theft!

Here we have a phenomenon which closely parallels the historical process of the primitive accumulation of capital described by Marx in precapitalist societies. But there is a difference. The capital accumulated in the Middle Ages by the merchants and usurers was originally unproductive. Derived, as Marx explains, from cheating and "outbargaining" outside the productive pro cess, it ended up as an unproductive usurer's hoard. However, with the rise of capitalism in the 15th and 16th centuries, the usurer's hoard formed the basis for the process of capitalist accumulation proper, first as mercantile capital, and at a later stage as industrial capital. This was the period of capitalist ascent, when the bourgeoisie on a world scale played a progressive role in the development of the productive forces.

Without doubt, the cheating and plundering of the nationalised economy by the hordes of "Soviet" crooks and speculators played a similar role to the activ ities of the middlemen under feudalism. But this is not the 16th century, but the epoch of imperialist decay. On a world scale, capitalism no longer finds itself in a period of general historical advance but, on the contrary, in a period of downswing in which booms have an increasingly sickly and unstable character, and recessions are increasingly prolonged and severe. This is the decisive factor in the equation when we consider the prospects for capitalist restoration in Russia.

Can it be assumed that the elements of primitive accumulation in Russia will play the same role in developing the productive forces as did usurer's and merchant capital in the period of capitalist ascent? Experience speaks against such a possibility. Russian capitalism has revealed itself from the outset as corrupt and degenerate. It is Mafia capitalism, and continues to operate as such. Its main concern is not the development of the productive forces, but robbery, swindling and cheating. Its methods include kidnapping, murder and extortion. The Russian Mafia-bourgeoisie imposes a 20% "tribute" on everyone&emdash;from foreign investors to poor old women selling a few pathetic possessions out side the metro. Its conception of free competition includes the systematic murder of business rivals. Along this road lies not progress, but only barbarism.

It is futile to complain, as Western commentators frequently do, that what is required is not this capitalism, but some kind of "normal" capitalism, healthy, progressive and

democratic. Such a "normal" capitalism has never existed. Indeed, the search for social "norms" is in general a waste of time. Social phenomena must be analysed concretely, as they arise in a given historical context. Just as it is impossible to understand the mon strous deformed workers' state of Stalinism on the basis of the abstract norm of a "workers' state" in general, so it is impossible to shed light on what is now happening in Russia by referring to the texts of Adam Smith and Ricardo.

Both Stalinism and Mafia capitalism are products of concrete historical conditions nationally and in ternationally. The deformed workers' state was an ex pression of the historical backwardness of Russia and the isolation of the revolution. Mafia capitalism is an expression of the fact that the Russian bourgeoisie has arrived too late to play a progressive role, and that, on a world scale, the capitalist system has exhausted itself.

The economy is decisive

Marxism explains that the key to historical de velopment in general is ultimately determined by the development of the productive forces: of the growth of industry, agriculture, science and technique, of the productivity of labour. The collapse of Stalinism was the direct result of the fact that the bureaucracy, at a certain point became transformed from a relative brake on the devel opment of the productive forces to an absolute barrier. By the 1980s, the USSR was no longer achieving higher rates of growth than the advanced capitalist coun tries. This was a sentence of death. However, the question of the dynamics of growth has a relative character. The Soviet economy was slowing down relative to the West, which was experiencing a temporary period of boom in 1982-90. This was a decisive element in the situation. The position could have been entirely differ ent if capitalism had been in the throes of a depression as in the 1930s, when the Soviet economy was advancing at a rate of 20% a year.

No less than a workers' state, a bourgeois regime will stand or fall on its ability to carry society forward. The victory of capitalism over feudalism was guaranteed by the higher productivity of labour, and the development of the economy. From a Marxist point of view, this alone is what defines a given regime as historically progressive or otherwise. The viability of a capitalist regime in Russia depends, ultimately, on its ability to develop the means of production. This, in turn, is directly linked to the general perspectives for the world economy. Under conditions of capitalist down swing, where the main economies are only capable of achieving a growth rate of 1-3% in booms, as against 5-6% in the period of upswing, the outlook for Russia is not encouraging.

Under such conditions, the attempt to move towards capitalism will inevitably be accompanied with new social and economic convulsions. The immediate prospect is for a wave of factory closures and mass unemploy ment, as the big state firms are allowed to go bankrupt. The accumulation of capital under such conditions pre supposes the driving down of wages to below their value, with a further fall in living standards and consumption for the majority, thus creating new and insoluble contradictions. The narrowness of the internal market would have to be compensated for by a fierce drive to export. But the traditional markets for Russian goods in Eastern Europe are increasingly

being diverted to the West. Most Russian goods can compete with Western imports neither in price nor quality. On the other hand, the markets of Western Europe are virtually closed to them.

For these reasons, from the outset, a capitalist regime in Russia would necessarily have an aggressive imperialist character, seeking to recover its old spheres of influences in the former territory of the USSR, Eastern Europe, the Balkans and Asia. With a large industrial base and a powerful army, such a state would not be a comfortable neighbour. Internally, a Russian capitalist regime could only be a monstrously corrupt and oppressive police state. In its external relations, it would be an aggressive imperialist state, constantly seeking to destabilise and interfere in the affairs of its neigh bours&emdash;just like tsarist Russia, but with a far more powerful base. This would add a further element of instability to the world situation.

The strategists of capital are far from convinced that the transition to capitalism has been successfully com pleted. They understand full well that the situation in Russia is extremely unstable and potentially explosive. It is a struggle of living class forces, in which the working class has yet to pronounce its first word, let alone the last. In the last analysis, the viability of any socio-economic regime is determined by its ability to develop the productive forces The balance sheet of the first five years of "market reform" are a striking confirmation of Trotsky's prediction that a movement towards capitalism in Russia would signify an unprecedented economic and cultural collapse. The same Western observers who exaggerated every defect of the Soviet econ omy, and deliberately suppressed all its successes (a game they have been playing even more obsessively in the last period) remain stubbornly silent about the glorious achievements of the "market" in the last period. But, whichever way you look at it, the balance sheet is disastrous.

In particular, the collapse in Russia resembles the ef fects of a catastrophic defeat in war, or, more correctly, in two wars. Not since the Dark Ages after the collapse of the Roman Empire has Europe seen such an eco nomic catastrophe in peacetime. If we take the real GDP of Russia in 1989 as 100, the figure for 1994 was 49% That means a drop of more than half in five years. If we remember that the fall in the USA in the period 1929-31 was 30%, it is possible to get an approximate idea of the unprecedented nature of the collapse. Nor is Russia the worst case. In the same period, the economy of Kazakhstan had a negative growth of 56%; Ukraine, 57%; Moldova, 58%; Tajikistan, 60%; Armenia, 63%; Azerbaijan, 65%; and Georgia, an astonishing 83%.

When we turn to the figures for share of industry in GDP in 1993, as compared to 1989, the unprecedented collapse of the productive forces in this period emerges with full force. The collapse of the manufacturing base in this period is revealed in the statistics for the share of industry in the GDP. Industry's share in the economy fell by 26.4% in Albania, 22.5% in Armenia, 23.5% in Bulgaria, 21.3% in Georgia, 19.4% in Poland and 11,1% in Russia. There was an increase in the parasitic "service" sector in most of these countries (but even that fell by 10% in the Ukraine, 12.7% in Georgia and 25.4% in Armenia). The big increase in the share of agriculture in Armenia, and to some extent the Ukraine, can

only be explained by a partial return of sections of the population to subsistence farming in conditions of general economic collapse.

The figures for investment tell the same story. Only in one case (Slovenia, which started from a low base) has the level of gross domestic investment recovered the levels of 1989. Bulgaria, Latvia and Lithuania fell by more than half. Poland, Belarus, Georgia and Uzbekistan by one third. If we further examine the breakdown of what investment there is, the parasitic nature of the nascent bourgeoisie immediately becomes evident. The share of the private sector in total investment is extremely small in every case. The state still provides the lion's share. This is true even in the Czech Republic, where state-sector invested three times as much as the private sector in 1993, the last year for which the figures are given. In Lithuania and Estonia the figures for private investment were 1.3% and 1.6% of GDP respectively. In Russia, private investment was less than one percent of GDP, while the state sector amounted to 24.9%.

The hope of the pro-bourgeois elements that they would be bailed out by foreign investment has not been ful filled. With the exception of the Czech Republic, Hungary, and, to some extent, Poland, there has been next to no foreign investment in these economies. The total foreign investment in the Russian Republic, with a population of 160 millions is almost the same as Poland, with 38 millions. On a per capita basis, this is equivalent to the grand total of eleven dol lars for every Russian man and woman. Total foreign direct invest ment (FDI) in Russia between 1989 and 1994 was a de risory $1.6 billion. In the same period, China received $82.5 billion.

What these figures mean is that Western in vestors are not investing in Russia, because they have no confidence in the future. True, these figures do not include such things as aid from Western governments and loans from the IMF and World Bank, which also do not add up to much. Nevertheless, Russia is increas ingly depen dent on handouts from the West&emdash;a very fragile base on which to proceed, since this "assistance" is made on the basis of political expediency and the short term political calculations of the imperialists, which can change at any time.

At the present time the IMF is clearly turning a blind eye to the manifest failure off the Russian economy to meet its criteria, in order not to embarrass their man, Yeltsin in the run up to the Presidential election. But this policy of writing off the debts of the Moscow government cannot last forever, and is already causing a rift inside the IMF. One sector is opposed to making more concessions, and wants to apply further pressure to force Yeltsin to speed up "market reform" regardless of the social consequences, another wing is becoming alarmed at the threat of social upheavals which can de stroy the "reform" altogether. At the moment, the latter tendency has the upper hand. It is not clear for how long.

Economic output in Russia continued to fall last year. In the first 11 months of 1995, production fell by a fur ther 4%. Real wages, supposed to have "stabilised" last year, fell by 15%. Unemployment doubled. As for the alleged "victory over inflation," the slower increase of prices is only the other side of the coin of the collapse of production. Even so,

yearly in flation still stands officially at 150%, which in any normal capitalist economy, would be seen as a disaster. However, no economy can continue to fall indefinitely. At a certain point, some kind of unstable equilibrium must be reached. The government hopes that the economy will stabilise this year, and even grow by 10%. It is ruled out that they could reach such a figure. 2% would be a more realistic figure. In any case, the hoped for growth must be set against the terrible drop in the previous period.

The economic projections of the reformers are hardly reliable. In 1994, less than half the taxes projected were actually collected. The Mafia are not the most punctual of taxpayers. On the other hand, the level of inter-enterprise debts is staggering. No wonder the multinationals are not keen to invest in Russia! Their real attitude is shown by the constant fall of the ruble. The 1995 state budget was based on an average rate of 3,800 rubles to the dollar (in itself, a catastrophic fall), but this level was already overtaken on the 13th of January. The present rate of exchange is about 5,000 rubles to the dollar.

Living standards

The economic crisis has been accompanied by a frightful collapse in living standards. During the period of "reform," real wages in Russia fell by half. A large proportion of the population lives in conditions of poverty not seen since the War. Millions face malnutrition, if not actual hunger. According to the (probably optimistic) calculations of the World Bank, one third of the population is living below the official poverty line. This is defined as lacking the minimum of low quality foodstuffs needed to survive "over a certain period of time." Wages are not paid for months on end as a result of the huge debts accumulated by state-owned enter prises and the collapse of the central plan. The present life expectancy of a male Russian is 57 years, about the same as Pakistan. Disease, suicide, murder, inadequate food, despair, have combined with the demolition of the health service to reduce Russia to third world levels of health. Diseases like cholera and diphtheria, which were believed to belong to the past, have reappeared.

The reactionary face of the pro-bourgeois regime is graphically revealed in the position of women&emdash;always a faithful barometer of the level of real social progress. The October revolution laid the basis for the social emancipation of women, and although the Stalinist political counterrevolution represented a partial setback, it is undeniable that women in the Soviet Union made colossal strides in the struggle for equality. The move ment toward capitalism has rapidly reversed the gains of the past, pushing women back to a posi tion of abject slavery in the hypocritical name of the "Family." In the Soviet Union, 90% of women worked&emdash;the prior condition of social, economic and psychological emancipa tion. Now the biggest part of the burden of the crisis is being put on the shoulders of the women. 70% of the unemployed in Russia are women. In some areas the figure is 90%. Under the old regime, women received 70% of men's wages. The figure is now 40%. Women are the first to be sacked, in order to avoid paying social benefits like child and maternity benefit. The Minister of Labour of the Russian Federation was quoted in The Economist (12/8/95) as saying: "It's better that men work and women take care of the children and do the housework."

Thus, women are the main victims of this reactionary regime. Thrust back into the dark recesses of the family, they are made to pay a terrible price for the liquidation of the social gains of October. In 1993 14000 Russian women were murdered by their husbands or boyfriends&emdash;a figure twenty times more than in the USA.

Prostitution has acquired a massive character, as women try to survive by selling their bodies to those with money to buy them&emdash;mainly the despicable "new rich" and foreigners. Even here they fall prey to the Mafia which demands at least 20% of all businesses. Even individuals who struggle to earn a few rubles selling some pitiful possessions in the street are forced to pay tribute.

The desperate position of the masses contrasts with the ostentatious wealth of the nascent bourgeoisie and its hangers-on. The fleets of cream-coloured Mercedes, the glittering boutiques selling $2,000 dresses stand in in sulting contrast to the majority strug gling to survive. The consequences of this are not lost on the more intel ligent Western observers:

"The growing distance between rich and poor," writes the Financial Times (10/4/95), "is also more shocking to Russian eyes than to western ones because it has re placed a communist order in which the currency of social status was a political power rather than money and the elites were careful to mask their privileges with paeans to the virtues of the working class.

"For these reasons, the increasingly deep divide between the winners and losers created over the past three years by Russia's traumatic economic and political transformation is emerging as the most important underlying factor in the country's struggle to determine how to move forward."

The experience of the delights of the "market economy" is having its effect on the consciousness of the masses. Disoriented by the change and stunned by the depth of the economic crisis, the workers have in general kept their heads down. But slowly they are be ginning to draw conclusions. A recent authoritative opinion poll held by the All Russian Centre for the Study of Public Opinion and the University of Strathclyde concluded that two-thirds of the people now think that life was better before Perestroika. This compares with 50% in 1992. 78% were dissatisfied with their family's economic position. 65% said they were worse off than five years ago. And 36% said they had received their wages late this year.

The Yeltsin government finds itself between the devil and the deep blue sea. Under the relentless pressure of imperialism, they agreed to cut state expen diture. For instance, military spending was supposed to be cut. Now the military caste is demanding a real in crease in their share of the budget. Fearing a social ex plosion, the parliament approved an increase in the minimum wage from 20,000 rubles a month to 54,000 a month. As many welfare payments are based on this figure, this measure alone will cost 30 trillion rubles, or half the proposed budget deficit. This means new financial crises, more inflation and a further collapse of the currency.

What this reflects is a deepening conflict between conflicting class interests, which is far from being resolved in a decisive way. That is what the strategists of capital mean when they complain that the situation in Russia is "unpredictable."

For their part, the imperialists are also aware of the threat of "social instability" as they express it. Not for nothing did Yeltsin warn the West repeatedly of the danger of a 'new Bolshevism' if they did not support him. The miners' strikes served forcibly to under line the point. Yeltsin has been obliged to retreat on the issue of miners' wages, at least for the time being. He has blamed the non-payment of wages in general on "saboteurs." But any commitment to pay arrears will mean an increase in the huge budget deficit. This was, anyway, inevitable in the run up to the election.

The IMF, obviously under pressure from Washington, is turning a blind eye to the fact that Moscow is manifestly not fulfilling its commitment to monetary discipline. Behind all these manoeuvres there are two main calculations: fear of major social upheavals in Russia which could spread to Eastern and Western Europe, and the need to keep Yeltsin in power at all costs, for fear of the alternative.

The very fact that the imperialists are concerned that the movement towards capitalism has not yet reached the point of no return impels them to put pressure on Moscow to continue the reform at all costs, as quickly as possible, irrespective of the social consequences. They are pushing the situation to its limits, thus creating the conditions for an explosion. Some of the more far-sighted Western observers are beginning to realise the dangers in this. The next phase of privatisation would be the most dangerous from the point of view of social stability, as the Financial Times pointed out on the 12th of August 1995:

"The Russian government is poised to decide on the next and most dangerous step in its three-year old reform process. Going ahead would mean launching a full attack on inflation, closing many obsolete factories and starting to create a working social security system with the aid of up to $18 bn. (£11.6 bn.) provided through the IMFÉThe scale of the transformation now being debated in the government and with IMF experts would be larger than anything yet attempted and would risk creating social unrest and political instability." (our emphasis.)

The idea of the hard-faced bankers of the IMF funding social welfare in Russia can be taken with a large pinch of salt. In general, the West has been lavish with promises of aid to Russia, but very short on delivery. The only part of this paragraph that matters is the promise to carry out a massive programme of factory closures, which would cause huge unemployment and terrible suffering. The real attitude of the Western financiers was shown by the president of the Swiss bankers, Mr. Markus Lusser, who was quoted in the same article as warning that the IMF risked "financial and moral ruin" if it continued to display a "soft" attitude to Russia.

Pessimism of nascent bourgeoisie

Because of the collapse of the productive forces and increased demand for Western goods, Russia now imports more than half its consumer goods. As a result of this situation, Russia is highly vulnerable to imported inflation&emdash;a direct result of the collapse of the ruble. A large part of these imports are luxury goods for the nascent bourgeois, which plays an entirely parasitic role. By contrast, most of the earnings from exports is sent abroad to bank accounts in Germany and Switzerland. The crisis of capitalism mean that even "respectable" Swiss banks are not fussy about where their money comes from. The Financial Times (7/2/96) notes that:

"Switzerland's economic problems have made some of its companies and financial institutions more willing to accept 'dirty' money from international criminal organi sations, including the Mafia, according to senior European police officials.

"The trend coincides with predictions of a rise in money leaving Russia in coming months because of mounting fears among newly rich entrepreneurs that the Communists will win presidential elections in June."

The fact that they have stashed huge quantities of money away in foreign bank accounts is no accident. Nor are the big houses which they have been purchasing in London in the last period. It is said that the total value of London property bought last year by Russians exceeds the total aid programme of Britain to Russia. This little detail tells us a great deal about the attitude of the Russian nascent bourgeoisie towards the future.

The slogan of the nascent bourgeois is: "Get rich and get out!" The sons and daughters of the elite are already voting with their feet, as a recent article in The Guardian (1/2/96) indicated, citing the fact that over 2,000 visas are processed every year by the US con sulate in Moscow for Russian students, in addition to thousands more enrolled in private schools in Western Europe. The attitude of this "gilded youth" was summed up in the words of an economics student, "I hate my country."

"Like many members of the emerging privileged class who have come of age at a time when Russia has open borders, Ms. Mikhailova has had the chance to compare the hardships at home with the abundance abroad and has decided that a life of sacrifice is not for her. 'I don't believe anything good will ever be created in Russia.'"

"The children of those prospering from Russia's new found capitalism are leaving in droves to start careers in countries where they might be better re wardedÉA common feeling among young people is a weakening desire to build a better Russia. 'I don't feel any obligation to this country,' said Masha Zakharovich, aged 20, who returned for the winter holi days. She is on a scholarship at Berry College in Mount Berry, Georgia.

'"The only patriotic feelings I have are for my parents, for the flat where I grew up, for my friends&emdash;certainly not for the government.'"

These lines reflect the outlook, not of "young people" in Russia, most of whom are struggling to survive, but of the children of the nascent bourgeoisie. They cer tainly do

not imply that optimism in the future which is the hallmark of a historically progressive class, but rather the kind of cynical and self-centred ni hilism of a reactionary class of parasites which, imme diately after birth, displays all the signs of senile de crepitude. If such moods of economic defeatism exist among the children of the nouveaux riches, still more must their fathers and mothers be infected with doubts and fears for the future.

Capitalist restoration in Eastern Europe?

Is it possible to establish capitalism in a "cold" way? Trotsky did not think so. Yet, in Eastern Europe, this appears to be happening. Marxists must never be afraid to say what is. Lenin pointed out that "history knows transformations of all sorts." And that is certainly the case. The first European who saw a giraffe is supposed to have exclaimed "I don't believe it!" But, as materialists, we are compelled to believe the evidence of our senses, even where this contradicts preconceived ideas.

In 1989, there were mass protest movements all over Eastern Europe. The potential was present for a political revolution. But in the absence of mass revolu tionary parties, the movement was diverted onto other lines. In Czechoslovakia, Havel had a pro-bourgeois position from the beginning. In East Germany, the leaders of the protest movement originally did not want to go back to capitalism. In Hungary, it was the ex-Stalinists themselves who started the slide towards counterrevolution even earlier. But, despite the differences, in all these countries the bourgeois tendency got the upper hand. There were a number of reasons for this. First, the abso lute impasse of the bureaucratic system; second, the temporary boom in the West, and the pressure of German capitalism; third, the fact that, unlike Russia, Communism was imposed from without and widely identified with foreign oppression and rule from Moscow; last, and most importantly, the absence of a revolutionary party and leadership, which could have posed an alternative.

With the exception of Rumania, there was no uprising. The decrepit bureaucracy collapsed without a fight, or collaborated with the capitalist counterrevolution. Rumania was an indication of the revolutionary potential of the proletariat. The West was seriously alarmed, as shown by their appeals to Gorbachov to in tervene. The elements of dual power existed in Rumania in the workers' committees and factory militias. But once again, in the absence of the party, the movement was derailed, this time by the Stalinist faction. The same thing would have undoubtedly happened to the soviets in 1917, had the Bolshevik party been absent.

The decisive factor was the impasse of the economy under the bureaucratic regime. If they had been able to maintain the rate of growth, the bureaucracy would not have changed anything at all. Just across the border, in capitalist Germany and Austria, the economy appeared to be booming. In the last analysis, there was not much to choose between the bourgeois and Stalinist gang sters, once the growth rate reached zero. Despite every thing, the prevailing mood of the working class was to maintain state ownership, but with democracy and re form, even in East Germany. This, in essence, is also what we wanted.

The situation in Eastern Europe is not uniform. There are differences between the different countries, which make precise comparisons difficult. The Baltic states are too close to Russia, and have the problem of large Russian minorities within their borders, a potentially explosive issue for the future. A Stalinist regime in Moscow, or an aggressive imperialist one, could swal low them up with a single mouthful. The West could do nothing to prevent it. The economies of Rumania, Bulgaria, Serbia, Bosnia and Macedonia are too back ward to make them attractive to Western in vestors. Privatisation here has not gone very far. Even Slovakia, despite being part of the original "Vysegrad group", is an uncertain case. Slovakia began the process of privatisation whist still part of Czechoslovakia, but has since gone back:

"But now Slovakia is going backwards on privatisation: it has halted the use of vouchers and is selling off state companies mostly to those who run them: ex-apparatchiks chummy with Mr. Meciar." (The Economist, 18/11/95.)

It is necessary to distinguish between different cases, as the bourgeois certainly do. If we leave out of account the special case of East Germany, we can dis tinguish broadly between two blocks&emdash;the so-called "Vysegrad group" (the Czech Republic, Slovakia, Poland, Slovenia and Hungary), and the rest. The process of privatisation in the Czech Republic, and its integration with the German economy has gone very far. It is possible, but by no means certain, that the point of no return has been reached. The situation in Hungary is also unclear, although the process there has also gone quite far. The case of Poland is still more doubtful. Slovenia's economy is small enough to make its absorption by Germany, together with Austria and Italy, a viable proposition.

As before the War, Italy has designs on Albania, a small and backward country, which could end up as an Italian colony in the Balkans. The same may be true, at a later stage, of Croatia in relation to Germany. The prospects for capitalism in all the other states of Eastern Europe and the Balkans are far from hopeful. Romania, Serbia, Bulgaria, Macedonia and Bosnia are poor and backward economies with unstable regimes. Privatisation has not made much progress, and there is very little foreign investment. Slovakia is a border-line case. What happens in these states depends upon events outside their borders, above all, in Russia and China.

East Germany is a special case, because here the restoration of capitalism is a product of absorption into the most powerful capitalist state in Europe. It can be taken for granted that the process has already passed the point of no return, although even here it is not free from contradictions. As shown by the high level of un employment and the undercurrent of discontent, mirrored, as in other Eastern European countries, in increased support for the ex-Stalinist party, the PDS, which recently scored a big success in East Berlin. In the future, the radicalised working class of East Germany can play a big role in fertilising the German working class with socialist ideas. It will not be an easy morsel to digest, especially now that German capitalism is entering into crisis.

Commenting on the differences between these states, The Economist points out:

"Each country has gone it own way. The Czech Republic has concentrated on vouchers in order to move fast. Hungary has focused on sell-offs in hopes of encouraging efficient management, but this has gone badly wrong in places. Poland started with sell-offs, but found the process slow and is now moving to vouchers. Somehow it all comes down to the same thing: because there is virtually no accumulated capital in private hands, the state ends up paying for most privatisations. Since it is all new, the rules are often imprecise or simply lacking altogether.

"This disturbs foreign investors, the ones with real money. And although Central European countries desperately need foreign capital, their revived sense of identity arouses nationalist qualms about being bought our by foreigners. Poland and Slovenia in effect ban out siders from owning land. The Czech Republic and Slovakia restore property to owners dispossessed under communist rule; Hungary does not. Only large foreign companies with real clout, such as Volkswagen, Siemens and General Electric, have been able to move through this thicket with any ease.

"By and large, the energy and telecoms sectors remain state domains with, at most, only minority stakes being sold off. Older heavy industry is still in state ownership in most places, even if foreign buyers are attracted by it (which on the whole they are not). 'Private owners cannot be invented,' says Joze Mencinger, a former eco nomics minister in Slovenia. 'New capital must come from profits it will take the private economy years to build up.'" (The Economist, 18/11/95.)

According to some estimates, up to 80% of the economy of the Czech Republic is now in private hands. If this is the case then it would suggest that the process here has also reached the point where quantity becomes transformed into quality. However, the claim that up to 80% of the economy of the Czech Republic is privatised is not accepted by serious western analysts. The Financial Times, in a recent survey of the Czech Republic, had this to say on the subject:

"The government's boast that 80% of the economy is in private hands is, however, an exaggeration. The National Property Fund still holds big stakes in many partly privatised companies and sits in corporate board rooms alongside private shareholders, who wield most influence." (Financial Times, 2/6/95.)

The same point was made by The Economist:

"It is when it comes to privatisation that the Czechs tend to exaggerate. Mr. Klaus's motto is 'Any private owner is better than the state.' But the quick privatisation method he adopted&emdash;the distribution of the share vouchers among the population&emdash;can easily create an illusion of private ownership in place of the real thing. The government's claim that 80% of Czech GDP al ready comes from the private sector is debatable. Responsibility for 'privatised' factories is often simply shifted from the state to local authorities. The Czechs hail their privatisation effort as brisk and clear, but plenty of obscure corners remain.

"For example, the stable, market-minded Czech Republic might be expected to prove irresistibly attractive to foreign investors. Yet total foreign investment since 1990, at under $4 billion, has been relatively dis appointing. 'You can't buy what you want in this coun try,' German businessmen can be heard lamenting. Volkswagen runs Skoda, the Czech carmaker; but a fa mous distillery at Karlovy Vary (Karlsbad to Germans) lost its lure for German buyers when the government in Prague, reluctant to let go of a 'national treasure,' de cided to limit the sale to a minority holding. In one way or another, the government still controls much of basic industry. The remarkably low unemployment rate, be low 5%, suggests that so far it has failed to undertake much of the essential industrial restructuring the country needs." (The Economist, 18/11/95.)

And again:

"At first sight, the scale of the transfer has been phenomenal. In the space of five years, the private sector's share of the economy has jumped from near zero to 60%-plus (crowing Czechs claim 80%). Much of this, however, is voodoo privatisation. It gets indus try off the state's books, but for the most part 'private' indus try in Central Europe is still short of real money and real owners. Moreover, the process has brought deep corruption, some of it so ingenious that one cannot help admiring the entrepreneurial flair behind it. The whole thing is aptly summed up by Lech Walesa's old line: 'It is easy to turn an aquarium into fish soup, but not so easy to turn fish soup back into an aquarium.'" (The Economist, 18/11/95.)

There are 70 million people in Eastern Europe. On the face of it, a tempting market. But living standards are low&emdash;only one third of the EU average. Germany's in terest in Poland and the other states on its eastern bor ders is both economic and strategic. It would like to take advantage of the raw materials and cheap labour, and also to create a buffer zone separating Germany from Russia. The best way to ensure German domination of these countries is by incorporating them in the EU. In practice, they are already German satel lites. Well over half the region's trade is now done with Western Europe, and Germany has the lion's share. Germany provides the bulk of the foreign investment there, followed by the US and Italy. In practice, Eastern Europe has become part of the D-mark zone. From Slovenia to Poland, ask anyone what their car costs, and the answer is likely to be in D-marks.

However, the growth of German power and influence is being watched with anxiety by Britain and France, as well as the poorer EC members like Spain whose interests lie, not in the East, but in the Mediterranean. Britain, while formally in favour of allowing the new states to join, in practice is blocking them by insisting on maintaining the right to veto.

Foreign investment

The fate of the Czech Republic is closely connected to its link with Germany. German imperialism was responsible for the criminal splitting of Czechoslovakia&emdash;which was against the interests of both Czechs and Slovaks, and would have been defeated if it

had gone to a referendum. But Klaus, the agent of German imperialism in Prague, made sure that the people were not consulted.

"The shadow over Central Europe is not only Russia's. Germany casts a bigger one, and for once the region is happy to see it thereÉHowever, since worries about German domination are never far from the surface in this region, Germany tactfully refers to itself as the Central Europeans' 'tutor' or 'advocate.' In the same vein, Germans refrain from talking about Mitteleuropa, a handy term but one fraught with history. It harks back to a time when the German Reich made precious little distinction between its economic and its military ambitions there. It is better for Germany not to overplay its new hand. After all, everyone knows that Berlin, its re instated capital, is part of what one might call greater Central Europe&emdash;of which Berlin will in all probability emerge as the metropolis." (The Economist, 18/11/95).

The national question is still important in Eastern Europe, where the historical memory of foreign domination is still a powerful factor. Initially, the domination of Germany seemed to many to be preferable to subordination to Moscow, particularly if it meant the entry of large amounts of German investment and German living standards. For the great majority, however, this is an unattainable dream. Investment has been patchy, and accompanied by mass layoffs and closures, even in the Czech Republic, as the Financial Times points out:

"But foreign investment has developed a bad image among many ordinary Czechs. Disillusion set in after Volkswagen curtailed its big investment in Skoda Auto in 1993, expensively hired American managers failed to pull round the ailing Tatra truck plant and Air France pulled out of Czechoslovak Airlines last year." (Financial Times, 2/6/95.)

The promise of big foreign investment has not met expectations:

"Poland bemoans a disappointingly slow rate of foreign investment. In Warsaw you will be told that the $4 billion or so of foreign capital invested in Poland since it turned democratic is roughly what the Germans are spending on doing up a single street in east Berlin, Friedrichstrasse." (The Economist, 18/11/95.)

The Hungarians and Czechs have done better, because they are seen as more "stable." But the attitude towards foreign capital was illustrated in the following remarks by Vaclav Brom, spokesman of the big Czech company CKD Praha Holding:

"Many foreign companies came to the Czech Republic with one aim: to take part in our companies, to control the business, cancel R & D (research and development) and transfer work to themselves and to use us as cheap labour." (Financial Times, 2/6/95.)

The calculations of Germany are transparent. What is now the Czech Republic is based on the former German colony of Bohemia-Moravia. Its proximity to Germany, developed industry and skilled labour force make it a useful adjunct for the German economy and source of cheap labour. The re-establishment of capitalism in the Czech Republic is thus

a product of its semi-absorption by Germany. The case of Hungary also has peculiarities. Faced with the impasse of Stalinism, the Hungarian bureaucracy decided, even before Gorbachov's reforms, to start the movement towards capitalism. This is in the Hungarian tradition. Let us recall that in 1918, the Hungarian bourgeoisie handed over power to the Communists without a fight. Capitalism in Hungary was only restored, as a result of the bungling of Bela Kun and the CP leaders, by armed intervention of the Rumanians, backed by France.

The inner stability of these regimes will ultimately be determined by the attitude of the masses to it. Here the most important question is its ability to achieve higher living standards and better conditions than the previous regime. In fact, the movement towards capitalism has been accompanied by a catastrophic fall in living standards. By comparison, the masses look back to the period of Brezhnev as a "golden age." What is true for Russia is also true, in greater or lesser measure, for the other countries of Eastern Europe.

The bourgeois press is recently full of glowing reports about the "economic recovery" in Poland. There has indeed been a recovery in Poland over the last three years. According to figures recently published by the General Statistics Office (GUS) the Polish economy grew by 7% in 1995. They speak of shops lined with high quality imported goods, new stores, restaurants and banks, and a boom in private car ownership. That the economy has picked up is not surprising. No economy can continue to fall forever. That is also true for Russia, which will probably begin to pick up somewhat in the next twelve months. But what they call a "recovery" means, in practice, that Poland's industrial production only just reached the level of 1989 last year. And what did this feat signify for living standards? The Financial Times (5/2/96) reports:

"But the gains have not been equally spread. GUS show that GDP was 3% higher than in 1989, but this has been accompanied by massive job cuts. While the loss of jobs has contributed to higher productivity, it has also left a total of 2.6 m. people registered as unemployed.

"Also, for millions of Poles improved macro-economic performance has meant cuts in real incomes after the 1990 'shock therapy' market reforms and the collapse of the Soviet market. The purchasing power of the average wage is only 75% of 1989 levels as a 38-fold increase in prices has outpaced income growth. But the rich have grown richer." (Our emphasis.) Moreover, the fall in living standards is reflected in a dramatic drop in the birth rate. This, in spite of the violent hostility of the Roman Catholic hierarchy to abortion and birth control:

"At home, many families have adapted to lower real in comes by having fewer children. Despite a recent virtual church ban on abortion. Last year saw the smallest population increase in Poland since the war.

"This is partly a reflection of the acute housing short age. Housing completions are down to 1940s lev els with only 58,400 dwellings finished last year com pared to 150,200 in 1989 and an annual peak of over 250,000 in the late 1970s."

Private house building in Poland now accounts for 50% of the total, against 37% in 1989. Unlike other Eastern European countries, Poland had a large private agriculture and co-operative sector even before 1989. Thus, even at that time, 47% was recorded as working in the private sector. That figure increased to 63% in 1995, which is not as much as it seems, if we take into con sideration the starting point, plus the fact that, in the same period, 40% of state sector enterprises disappeared. There are still nearly 4,360 state-owned compa nies in Poland. "The others collapsed under the weight of their own debts, were taken over by private investors or were bought out by management and employees. At the same time the number of private joint stock companies has grown six fold to 95,017." (Financial Times, 5/2/96.)

The peasantry and the working class

Some 58% of the land area of Central Europe is dedicated to farming, as opposed to 43% in the EU. The sector accounts to 5.5% of regional GDP, over twice its share in the EU. Its agriculture poses a direct threat to France, which has opposed the eastward expan sion of the EU. Already about half the EU's budget is taken up by the Common Agricultural Policy. The entry of Germany's eastern satellites would signify an increase in Europe's farm expenditure of one-third. This would mean the collapse of the CAP, something which France would fight tooth and nail.

Paradoxically, even in Eastern Europe the peasants do not provide a mass base for capitalist restoration, as Trotsky had thought. Living on small, unproductive plots of land, from which they can barely scratch a liv ing, they have quickly realised that the "market economy" offers them nothing except insecurity, high prices and ruin. The attitude of the majority of peasants to the new regime is accurately portrayed in the following example:

"Jan Kalinski farms a few of those strips, a morning's walk from Lukow, a small market town halfway between Warsaw and Poland's border with Belarus. His aim in life is to keep the wolf from the door. He, his wife, his five children and his ailing mother live in a two-room wooden shack put up around 1900, down a mud lane off the Lukow road. Nothing much has changed here in a century. The wiry Mr. Kalinski has just turned 40, but looks 20 years older. He has two cows, some pigs, chickens, a strip for potatoes and a strip for barley. His farm is six-and-a-half hectares (16 acres), close to the Polish average of seven. The EU av erage is 16.

"On a green and peaceful autumn morning, Mr. Kalinski grumbles that prices are too low to make it worth selling anything. He was much better off before communism ended. The Russians took what he produced at a decent price. 'Before, you could sell anything. Now you have to sell twice as much to get the same bag of fertiliser. The Russians still want our stuff, but they have no money to pay. The Germans have enough of their own stuff, and all they want to do is sell to us.' On the radio, Mr. Kalinski hears all the time that

Poland is preparing to enter the EU, but he is not counting on manna from heaven. 'Roll up your sleeves and help yourself, that's all we hear. The only way for a farmer here to make money is to open a shop. Soon there'll be more shops than farmers.'" (The Economist, 18/11/95.)

The position of the workers in the cities is no better. The Hungarian economy has experienced a growth in real terms, although more slowly than the 6% which represents the average for Poland, the Czech Republic and Slovakia in the recent period. But there is a question mark over the future. For all these countries, the economic perspective for the EU is the fundamental ques tion. The present slowdown does not bode well for them. Despite the growth, living standards have continued to decline for the majority. Real income in Hungary fell by 10-12% in 1995, and are expected to fall by a further 2% in 1996. Inflation remains high. This causes the strategists of capital to fear an outbreak of strikes which could undermine the "reform":

"Union opposition, if excessive inflation makes this real decline (in income) even more acute, could yet de rail reforms." (Independent Strategy, 10/1/96). And their conclusion, typically, is&emdash;a further attack on living standards:

"The principal task for the next two or three years must therefore be get inflation under control (into single digits). Hungary must cut the size of the public sector through privatisation. And despite the opposition of the courts, the government must reduce social expenditure which still accounts for a third of GDP." (Ibid., our emphasis.)

Even in the Czech Republic, the movement towards capitalism has been accompanied by a rapid rise in un employment and a fall in living standards. The collapse of Comecon, the former trading block linking eastern Europe and the USSR, deprived the industries of Czechoslovakia, Poland and the rest of their natural markets. Even now, half of the foreign sales of the big CKD holding company and engineering group tradition ally at the heart of Czech industry, whose workforce has been cut from 25,000 to 12,000 in the past five years are with Russia and other former parts of the Soviet Union.

"Employment in the biggest 20 companies has been cut by between 30 and 40 per cent over the past five years," Karel Dyba, the Czech minister of the economy is quoted as saying, "The Ostrava coal mines have cut back by 50-60 per cent." At the same time, the parasitic finance sector has quadrupled. The public optimism in the future of the Czech economy is contradicted by the words of Vladimir Dlouhy, the minister of trade:

"Over 3,000 state owned enterprises are waiting for liquidation. In the meantime, they keep sucking up subsidies and keeping people inefficiently employed." Here is the authentic voice of the bourgeois counterrevolution! Up till now, says Dlouhy, "we have been comparing ourselves favourably with the other former communist countries in the region. from now on we should adopt a tougher yardstick and compare our productivity with that of the EU countries we aspire to join." (FT, 2/6/95.)

The article adds:

"The signs are that with mass privatisations now formally over, managers of the newly privatised companies will act more determinedly in future to cut costs and raise productivity. They are expected to shed excess labour, invest in new plant and attract foreign partners." (Our emphasis.) This is a finished recipe for class struggle inthe Czech Republic.<

The growing discontent of the masses is reflected in in creased support for the "Communist" parties all over Eastern Europe. What happened in Poland was particularly significant. After all that had happened, the CP won, not only the elections but ousted Walesa from the Presidency. This shows an important shift in the attitude of the masses. However, the incredibly corrupt and degenerate Polish ex-Stalinists have continued down the road of capitalism. The decisive section of the bureaucratic elite are transforming themselves into private capitalists. In this way, they will prepare the ground for a ferocious reaction at a later date, and the coming to power of a vicious bourgeois Bonapartist regime which will make the old Pilsudski dictatorship look tame.

Such a regime, however, would not even have the kind of relative stability that Pilsudski enjoyed. After all, he based himself on the support of the peasants, whereas the Polish peasants today understand that they have no future under the capitalist regime, and are hostile to it. This phenomenon, which is not peculiar to Poland, is a striking indication of how the class balance of forces has changed to the detriment of the bourgeoisie since Trotsky's time. The strength of the working class and the weak mass base of reaction rules out stable and long-lasting bourgeois regimes in Eastern Europe. There will be a whole period of social and political crises, as they try in vain to find a way out of the im passe. The working class will have many opportunities to transform society, and the Marxism will have many opportunities to establish itself as the dominant current in the working class.

The fate of Eastern Europe is bound up with events in Russia and Western Europe. Since the late Middle Ages, the destiny of these small states was entirely dictated by the actions of Russia, Germany (the Teutonic Order, Prussia) and, until 1918, Austria. For centuries, Poland did not exist as an independent state, being divided at different times between Russia, Prussia and Austria. Hungary only became independent in 1918, before which it was part of the Austro-Hungarian em pire, as was Slovenia, Croatia and Bosnia. The other Balkan states were dependent on one or another of the imperial ist powers, especially Germany, but to some extent, France, Russia and Britain also. The Baltic states were either under Poland, or Russia, or German colonies. The Ukraine was divided between Russia and Poland up to 1939, and was occupied by Germany in 1918 and in the Second World War. Up to 1945, with the exception of Czechoslovakia, all were weak, semi-feudal economies, overwhelmingly agrarian, dominated by foreign capital, with corrupt, dictatorial Bonapartist regimes.

Above all, what happens in Russia will be de cisive. If Zyuganov moves to renationalise industry, that will have a dramatic effect. The whole of Eastern Europe would go the same way. The ex-Stalinist leaders would do yet another somersault, and get enthusiastic support from the working class. It is even possible that the workers of Poland or Hungary

would move to take the control of society into their own hands, leading to the establishment of healthy workers' states. The Polish workers have the tradition of 1956, 1970, 1976 and 1980. The Hungarian workers have the tradition of 1919 and, above all, the glorious Hungarian Commune of 1956. These traditions will be rediscovered in the course of struggle. But the central problem remains the building of the subjective factor, the absence of which has led to the derailing of the great movements of the past.

Class contradictions

Trotsky was convinced that a capitalist counterrevolution could only come about as a result of civil war. He wrote:

"The October Revolution has been betrayed by the ruling stratum, but not yet overthrown. It has a great power of resistance, coinciding with the established property relations, with the living force of the proletariat, the consciousness of its best elements, the impasse of world capitalism, and the inevitability of world revolution." (Leon Trotsky, The Revolution Betrayed, p.252.)

And again:

"If&emdash;to adopt a second hypothesis&emdash;a bourgeois party were to overthrow the ruling Soviet caste, it would find no small number of ready servants among the present bureaucrats, administrators, technicians, directors, party secretaries and privileged upper circles in general. A purgation of the state apparatus would, of course, be necessary in this case too. But a bourgeois restoration would probably have to clean out fewer people than a revolutionary party. The chief task of the new power would be to restore private property in the means of production. First of all, it would be necessary to create conditions for the development of strong farmers from the weak farms and for converting the strong col lectives into producers' co-operatives of the bourgeois type&emdash;into agricultural stock companies. In the sphere of in dustry, denationalisation would begin with the light in dustries and those producing food. The planning principle would be converted for the transitional period into a series of compromises between the state power and in dividual "corporations"&emdash;potential proprietors, that is, among the Soviet captains of industry, the émigré former proprietors and foreign capitalists. Notwithstanding that the Soviet bureaucracy has gone far toward prepar ing a bourgeois restoration, the new regime would have to introduce in the matter of forms of property and methods of industry not a reform, but a social revolution." (Ibid., p.253.)

So far, that prognosis appears to be contradicted by what has happened in Eastern Europe and Russia. But it is far from clear how this process will end. In reality, at every stage, the movement towards capitalism has encountered obstacles and resistance. It has not all been in one direction. The 1991 coup and the storming of the White House were not peaceful occurrences. The conflict between different wings of the bureaucracy was expressed, not in the language of parliamentary debate, but in that of tanks and machine guns. This fact alone is sufficient to show that the contradictions within the bureaucracy are not at all secondary ones.

Marxism approaches social phenomena from a class point of view. What is the class character of the bureaucracy in Russia at the present time? To pose the question is to answer it. The whole point is that, in the present transitional state, the bureaucracy is riven with contradictions which, at bottom, have a class character. A section of the bureaucracy, which certainly comprises the majority of the top layer, is in the process of transforming itself into capitalists. The clearest representative of this trend is the Prime Minister, Viktor Chernomyrdin, who has become a billionaire on the basis of the privatisation of the huge state gas company, Gasprom.

Trotsky long ago predicted that the bureaucracy would not be satisfied with the perks and privileges de rived from control of the nationalised industries, but would seek to transform themselves into property owners in order to consolidate their position and pass on their wealth to their children. That prediction has proven to be correct. But he did not confine himself to this general observation, but went far deeper in his analysis of the different trends in the bureaucracy.

The bureaucracy is not a homogeneous class like the bourgeoisie and the proletariat. It is a large and extremely heterogeneous social formation. Between the elite and the local Party secretary there was always a considerable difference. In the event of a revolutionary movement of the working class, the lower ranks of the bureaucracy would come over in large numbers to the side of the revolution. But even in the higher reaches of the bureaucracy, there were always contradictory tendencies. Trotsky warned that the bureaucracy would betray the Revolution, that they would seek to guarantee their income and privileges, and have the right to pass on property to their children by converting themselves into proprietors. But only the top layers would benefit.

On the one hand, there is a bourgeois government which is attempting with might and main to push in the direction of capitalism. But it is encountering resistance at many different levels. This is far from a straightforward process! Yeltsin has established a "bourgeois democracy" which is nothing of the sort. On the other hand, there is a corrupt "Mafia capitalism" which presides over a frightening economic collapse. There is ten times more corruption than before. And superimposed upon all this mess is the same old bureaucracy. More than before, in fact. In the Russian Federation there are 1,8 times more bureaucrats than in the USSR&emdash;with 130 million fewer population.

The Chernomyrdin wing of the bureaucracy wants the privilege of ownership, another wing&emdash;the "Red Barons" prefers to cling to the old system, while between the two extremes there are a mass of middle-ranking and lower officials who are unsure, and will back whatever side appears to be winning.

Before the War, Trotsky spoke of the Butenko and Reiss factions in the bureaucracy. Butenko was a Soviet functionary who went over to the fascists, whereas Ignace Reiss, an officer of the GPU, declared for the Fourth International before he was murdered by Stalin's agents. What Trotsky meant was that, within the ranks of the bureaucracy, there were a whole range of tendencies, from open counterrevolutionaries like Butenko up to genuine Leninists like Ignace Reiss. He added that the former were much more numerous

than the latter, especially in the upper reaches. But not even Trotsky could have foreseen the ghastly degeneration of the Stalinist bureaucracy.

The main reason for this was the fact that the Stalinist regime in Russia lasted far longer than Trotsky had originally anticipated. The prolongation of the bureaucratic regime for almost three generations had profound effects on all classes and strata of Soviet society. The degeneration of the upper layers&emdash;now the grand children of bureaucrats "born in the purple," as they used to say of Byzantine emperors&emdash;went far further than Trotsky, or we, had ever thought possible.

By the physical extermination of the Old Bolsheviks, Stalin succeeded far more than we realised in extirpating the old traditions and breaking the umbilical chord connecting the working class to the ideas of October. At least two generations grew up in the nightmare regime of Stalinist totalitarianism. Lacking all experience or knowledge of the democratic and internationalist ideas of real Leninism, their consciousness was thrown far back. This partly explains the temporary disorientation of the Russian workers in the last period. This is an important element in the equation, and one that we did not sufficiently appreciate at the time.

Nevertheless, it would be completely wrong to assume that the traditions of Bolshevism have been entirely eradicated from the psychology of the Russian workers. On the contrary. In contrast to Eastern Europe, where Stalinism, in addition to all its other crimes, was seen as a "foreign import" associated with national oppression and rule from Moscow, Bolshevism is the only real tradition of the Russian proletariat, schooled in three revolutions, the Civil War, the Five Year Plans and the heroic struggle against Hitlerism. The fact that, despite everything, the mass of the Russian workers still look to the "Communist" Party is a striking proof that the idea of Communism and October still lives in the hearts and minds of millions.

Trotsky's prediction of civil war has so far not materialised. But that can change. There has not yet been a turning point which would decisively alter relations between the classes. The relative passivity of the working class, as a result of decades of Stalinism, has been the decisive factor that has conditioned the whole situation, as we have pointed out many times. But the vote in the December election served notice of an important shift in the mood of the masses. Even more significant, the mass strikes of miners and teachers demanding payment of back wages shows that the temporary passivity of the class is drawing to a close. At a certain stage, probably not far off, the class will move into action against the hated Mafia-capitalism and the section of the Nomenklatura which rests upon it. From that moment, the whole situation will be transformed.

As Lenin frequently pointed out, the mass of workers learn from experience. They have just passed through a very hard school indeed! And now they are beginning to draw conclusions. Suffice it to recall that the miners only a few years ago were supporting Yeltsin. This is precisely how the class learns. The example of the Russian miners, many of whom had illusions in "the market" and who have now voted over whelmingly for the Communist Party, is significant.

The December elections

The December elections were an important stage in the process. What tendency did they reveal? At any rate, not one in the direction of capitalism! This was a massive vote of no confidence, not only in Yeltsin, but in the "market" and all its works. True, an election result is never decisive, and this one least of all. The Bonapartist constitution leaves all power in the hands of Yeltsin and his clique. Nothing has been solved. But that is precisely the point. The problem of establishing a viable capitalist regime in Russia has not been "solved." The December election was a clear indication of the hurdles that the nascent bourgeoisie must clear before it does so.

The December elections in Russia represented a body-blow to the supporters of capitalist restoration in Russia. The Communist Party got 22% of the votes in the constituencies where candidates were elected on the basis of party lists. It also did well in those which elected individuals ("single member constituencies"). Together with the Agrarians and other parties describing themselves as Communists, they received about one third of the vote.

Vladimir Zhirinovsky's LDP saw its votes in the party-list elections halved from 22% in 1993 to 11% now, winning only one seat in the single-member constituen cies. This indicates that a growing number of people have seen through his "populist" demagogy and recognised the reactionary nature of the LDP. Alexander Lebed, the latest candidate for the role of the Russian Bonaparte, an avowed admirer of Pinochet, got only 4%, although he may get more in the Presidential election in June&emdash;if it takes place.

However, the most shattering defeat was re served for those parties and politicians who openly espoused the cause of the "market economy" reform, which has led to a catastrophic collapse of production and living stan dards. Claims of the government that the economy had improved rang hollow to millions of Russian workers who are owed two or three months' wages.

The voters took their revenge by massively rejecting the pro-capitalist parties. "Russia's Choice," the inappropriately-named party of the extreme pro-marketer Yegor Gaidar, was wiped out. It got less than 5%, and Gaidar lost his seat in the parliament (Duma). Grigorii Yavlinsky's Yabloko did better with 7%, but he has been demagogically attacking the government's reform programme for months. Most damaging of all for Yeltsin and the West was the humiliating result of the party of Prime Minister Viktor Chernomyrdin, "Our Home is Russia." This party, specifically set up to defend the government, with access to huge sums of money and unlimited access to the media, got less than 10%.

When the final result was published, the CP and its allies were the largest group by far in the Duma, with 190 seats out of 450, followed by Zhirinovsky with 51, and Yavlinsky with 45. "Our Home is Russia" has only 55 seats, a very weak base from which to campaign for the presidential election.

The imperialists reacted with horror to these results, which represent a massive vote of no confidence in "market reform," precisely when the West is pressing Yeltsin to hurry the programme through, in a desperate effort to make the process irreversible, regardless of the social consequences. The election results entirely con firm the perspectives that the movement towards capitalism, far from being completed, is in serious trouble.

The "Communist" Party and the unions

The most striking development is the rapid re covery of the "Communist" Party of the Russian Federation (CPRF). Even before the December elections, the party, which claims 550,000 members, in October, swept the board in local elections in Volgograd, taking almost every seat on the council. The rapid recovery of the CP is a very striking proof of the law worked out by Marxists that, when the working class begins to move, it always expresses itself through its traditional mass or ganisations, although in a surprising way which we did not anticipate. In the past, the CPSU was not a workers' party at all, but an organ of the bureaucracy. It acted as an appendage of the state, consisting mainly of aspiring bureaucrats, careerists, spies, informers and agents. Through the Party, and also the state-controlled "unions," the totalitarian regime ex tended its tentacles into every factory and workers' district. This was one of the factors that allowed it to sur vive for so long, giving it the appearance of monolithic stability.

But with the collapse of the Soviet Union and the crisis of Stalinism, the old relations have undergone a transformation. The party is no longer an asset to that wing of the bureaucracy which wants to move towards capitalism. On the contrary. The party and the unions are dominated by that section of the bureaucracy which has gained nothing from the "reform" and is hostile to it. The chairmen of collective farms, managers of big state owned enterprises and the host of lesser officials, party and trade union secretaries and the like, who have be come obstacles in the road of the nascent bourgeoisie.

After the defeat of the 1991 coup, the pro-bourgeois faction led by Yeltsin lost no time in radically separating both the CP and the unions from the state and depriving them of their privileged position. The CP and union officials were compelled to lean on the working class in order to maintain some kind of base. In the absence of any alternative, the workers have turned to these organisations, which now play a similar role to that of the traditional mass workers' organisa tions in the West. The leaders of this party have, in fact, much the same outlook, programme and philosophy as the reformist leaders in the West.

The fact that the CP was persecuted and even temporar ily illegalised by the bourgeois Yeltsin government undoubtedly gained it widespread support, on the principle "the enemy of my enemy is my friend." This development is another salutary lesson in the dialectical way in which even the most apparently hopeless and moribund organisations can be transformed, once the workers begin to move. Despite the reformist illusions of the leaders, the fact that the CPRF now has a mass base in the working class is a very important new element in the situation.

A similar process has occurred in the trade unions. The old unions, which contained both workers and factory managers, were no more genuine organisations of the working class than the Spanish "vertical trade unions" under Franco. But that situation no longer applies. The trade unions are no longer linked to the state, and have moved into semi-opposition. By contrast, the leaders of the so-called "Independent Unions" have gone over to the bourgeois counter revolution lock, stock and barrel. Even the supposedly "socialist" SOTSPROF has gone over. In any case, they represent an insignificant force, whereas the overwhelming major ity of the workers are in the old "official" trade unions.

Even in the big strike movement of 1989, which pushed the official unions to one side, there was no mass exodus from them. The workers set up unofficial strike committees to organise the struggle, but once the strikes were finished, they still had the need of stable organisations with national structures. The existence of a deep crisis made the union organisations still more necessary, the more so since in the USSR the unions always played an important role in the field of health, social security and the like.

The main reason, however, is simply that there was no alternative. Boris Kagarlitsky and Renfrew Clarke describe the evolution of the "Independent Unions" as fol lows:

"The first generation of activists in the independent labour movement held numerous hopes that turned eventually into cruel disappointments. The leaders of the workers' committees took a suspicious attitude to the intelligentsia, but were readily co-opted by government apparatchiks and local political leaders who used the miners to further their own intrigues. Within a few years many leaders of the strike committees became prosperous business entrepreneurs and state officials. The slogan 'The workers' movement should stay out of politics!' was used to justify a refusal to pursue an independent working class political course, and later, to bind the worker' committees to the policies put forward by Yeltsin and his neo-liberal associates&emdash;policies that were anti-worker in their very essence."

The attempt to build independent unions such as the Independent Union of Miners (NPG) and the Association of Socialist Trade Unions (SOTSPROF) ended in failure. SOTSPROF first changed the word "socialist" to "social," then dropped it altogether. Later, the anarchists and socialists who had been active in SOTSPROF from the early days were expelled. There were scandals involving corruption in both SOTSPROF and the NPG. "After two years," the authors write, "the 'old' and 'new' unions had effectively swapped roles. The 'alternative' union organisations merged increas ingly with the authorities, while the traditional unions took on the role of an independent opposition force."

The old All-Union Central Council of Trade Unions was abolished and the General Confederation of Trade Unions took its place. After the collapse of the USSR, this was transformed into an "international or ganisation." The Russian unions set up the Federation of Independent Trade Unions of Russia (FNPR) headed by Igor Klochkov. Some of the new leaders were people who had been active in the strikes of 1989 and

1990. There was thus a partial renewal of the union leadership, with the entry of new elements, ready to break with the past of the "official" state controlled unions.

After August 1991, when the Communist Party was suspended and the structures of the USSR collapsed, the unions remained practically the only mass organisations in Russia. More than 80%, according to Kagarlitsky and Renfrew Clarke, "remained faithful to their organisations despite the changes that had taken place." There was a process of radicalisation within the unions, even at leadership level, reflecting the growing discontent of the workers with the social costs of pri vatisation:

"But as the social costs of the reforms became obvious, the FNPR officialdom underwent a radicalisation. The trade unions fought for the indexation of wages, and for the setting of the minimum wage at a level equal to the subsistence minimum income. Privatisation, accompanied by job losses and often by the shutting down of enterprise union organisations, aroused acute dissatisfaction among unionists. Within the FNPR, the conviction grew that the social interests of workers were being defended far better in state sector enterprises than in privatised ones. This, of course, ran directly counter to the philosophy of the Russian government."

Throughout 1993, there were mass meetings and stoppages in the Urals, a one-day warning stoppage of miners in Rostov Province in the South, a general strike in the Maritime Province in the Far East, in which the strikers demanded the resignation of the government. Unlike the movements in 1989 and 1990, the struggles in the Summer of 1993 were led by the trade unions and took place on an all-Russian basis. However, the union leaders, lacking a clear perspective or a coherent alternative to the government's policy, confined themselves to "constructive opposition." The attempt to conciliate were redoubled after the crushing of parliament by Yeltsin in October 1993. The bombardment of the White House produced panic among the union tops. Mikhail Shmakov, leader of the Moscow Trade Union Federation (MFP) advocated "moderation" while trying to bring the situation under control.

The pusillanimous policy of the leadership clashes head long with the growing mood of anger and frustration that is building up in the factories and mines. There is no hope of conciliating between the nascent bourgeoisie, whose interests demand the ruth less driving down of living standards, and, ultimately, the destruc tion of trade union organisation, and the working class which is engaged in a life-and-death struggle for survival. The opposition trend within the unions will develop parallel with the tendency for the unions themselves to adopt a semi-opposition or even an openly opposition stance. It is absolutely necessary for the Marxists to find a way to the rank and file of the Russian trade union movement, which, together with the CPRF, is the key to the whole situation.

Constitutional illusions

The big swing to the CP does not mean that the workers accept Stalinism. Having gone through the experience of "market" reform, they correctly conclude that "things were better before." They would like to enjoy the benefits of full employment and the other

advantages of a nationalised planned economy, but without the oppressive totalitarian rule of the bureaucracy. In reality, they aspire to a regime of workers' democracy on the lines of 1917, but on a higher level. This would really be possible now, on the basis of a developed modern economy. It would be possible introduce immediately a four day working week and six hour day. Russia could start to move in the direction of socialism. The prior condition for this is that the workers take power into their own hands, through genuine soviets&emdash;workers' councils. If Zyuganov were a real Communist, he would make the setting up of workers' councils the basis of his campaign. Such a demand flows from the entire situation.

The threat that Yeltsin will call off the election is very real. Yeltsin's constitution concentrates most of the power in the hands of the president, who is supposed to come up for election in June. But Yeltsin knows that, as things stand, he would be slaughtered. One poll in late December gave him just 6%. He may therefore be tempted to postpone, or even cancel the election. But it is not certain he could get away with this. Yeltsin al ready rigged the referendum, so he is no stranger to such methods. He must know that, on the present basis, his chances of winning a fair election are negligible. Even in his home town of Yekaterinburg his support has melted away. In a desperate attempt to get the signatures necessary for Yeltsin to stand, his henchmen have intimidated railway workers, threatening them with the sack if they did not sign. When this was exposed, Yeltsin threatened to beat his campaign manager. Such things suggest that there is already panic in the President's camp.

Afflicted with the disease of constitutional cretinism, Zyuganov is waiting for Presidential elections which may never take place, or, if they do, may be rigged. He expects to win the election and spends most of his energies trying to conciliate the bourgeois and Western "public opinion." These attempts will fail. Despite all his "reasonable" speeches to the Moscow Chamber of Commerce, the nascent bourgeoisie is not convinced. Nor are the imperialists, who were alarmed at the December result. They are not impressed by the "moderate" speeches of CP leader Gennady Zyuganov, but want to know what he will do if he comes to power. In an attempt to placate the fears of foreign governments and businessmen, Zyuganov turned up at the World Economic Forum at Davos. The reaction of those present was predictable:

"What the Davos suits are really worried about is how come Communism is back on the agenda all of a sudden? Anxiously they press Zyuganov on every occasion, but he never quite gives the answers they want to hear. 'It's a natural thing, a market,' he says with a shrug. Yes, he wants a larger private sector. How large, ex actly? WellÉ Yes, he wants to bring some of the re publics back into Russia. How? WellÉ Yes, he does worry about Nato spreading to the Russian borders. How much? WellÉ" And The Independent commentator concludes:

"The fact that the word 'Communism' still wins big electoral support in Russia does suggest to me that there is unfinished business thereÉ That they might wish to elect Zyuganov is nothing in itself; that they might still wish to elect Communists is every thing." (The Independent, 7/2/96.)

The Economist on the 10th of December 1995, ex pressed very clearly the fears of the West. "The Party," it wrote, "might still seek to rebuild the former Soviet Union ('voluntarily,' of course), reduce the presidency to a figurehead, put Boris Yeltsin on trial and renationalise swathes of Russian industry."

The serious representatives of the bourgeoisie have a far more realistic grasp of the situation than the ex-Stalinist Zyuganov. The problem yet again is the absence of the subjective factor. By voting massively for the Communists, the workers have demonstrated their opposition to the "market" and all its works. If Zyuganov were really a Communist, the problem would be solved. But the leaders of the CPRF are very far removed from Communism of any sort. These ex-Stalinists, like their colleagues in Poland and Hungary, are so bankrupt and myopic that they are attempting to embrace the "market" at the very moment when the masses have drawn the conclusion that capitalism is the source of all the ills of society.

As early as 1928, Leon Trotsky warned that the theory of "Socialism in one country," if adopted, would in evitably lead to the national-reformist degeneration of all the parties of the Communist International, At that time, the prediction was greeted by ridicule by the CP leaders, who still considered themselves revolu tionary internationalists. But history has taken a cruel revenge on those who so haughtily dismissed Trotsky's warn ing. Everywhere, without exception, the leaders of the "Communist" parties have abandoned any pretension to stand for the ideas of Marx and Lenin which, in practice, they had ditched decades ago. They have capitulated to the pressures of reformism even more completely than the leaders of the Second International in 1914. And just as the collapse of the Second International laid the basis for the emergence of the revolutionary internationalist tendency of Leninism, so the collapse of Stalinism is clearing the decks for the rise of the genuine Marxist current which stands on the basis of the ideas of Lenin and Trotsky.

Ex-Stalinists like Zyuganov and Kwasniewski like to imagine themselves as "realistic statesmen." This is a delusion which they share with all reformist leaders. But there is even less of a rational basis for this delusion in Russia and Poland than in Britain, Spain or Sweden. The crisis of capitalism signifies the crisis of reformism. This observation is far truer in Russia than anywhere else. The frightful collapse of the productive forces provides no basis for reforms. Any attempt to increase state expenditure would lead immediately to the nightmare of hyperinflation, a further steep collapse of investment and the rouble and a social and economic catastrophe.

Capitalism can only be established in Russia on the basis of driving down wages below their minimum level in order to accumulate the necessary capital for invest ment. Such a policy is incompatible with free trade unions, the right to strike, and, ultimately, the existence of any democratic rights. Thus, the idea of Zyuganov that it is possible to combine "market reform" with the welfare state and democracy is an at tempt to square the circle. If he comes to power with such a programme, it could only lead to a new catastrophe, preparing the way for a ferocious dictatorship of one kind or another.

This peculiar situation is caused by the horrific degeneration of Stalinism. Zyuganov and co. do not represent the working class, but that section of the Nomenklatura which has not benefited from the move towards capital ism, and wishes to lean on the workers in order to recover its lost power and privileges. It is not even clear that they would do this by going back to the so-called "command economy" of the past. They would be will ing to compromise, up to a point, in the field of con sumer production, leaving a part of light in dustry in private hands. The precise proportion would depend on the correlation of forces. If the CPRF moves towards the renationalisation of industry, that would have a tremendous effect throughout Eastern Europe. The CPs in Poland and Hungary would either follow the lead from Moscow or split.

While a section of the bureaucracy would undoubtedly be in favour of this, the utterances of Zyuganov suggest that the ruling clique of the CPRF wants to continue the "reform" albeit at a slower pace, that is to go down the "Polish road." If, as is possible, to judge by the speeches of Zyuganov, the leaders of the Russian "Communist" Party come to power and try to pursue capitalist policies, they will be compelled to administer the kind of medicine prescribed by the IMF. This will inevitably usher in a new period of economic, social and political convulsions which will make the past period look like a tea-party by comparison. The process is a contradictory one, however, and Zyuganov may not be able to follow the "Polish road."

It is impossible to say what will happen on the basis of what Zyuganov says. The fact is that Zyuganov himself does not know what he is going to do. These ex-Stalinists have nothing in common with Marxism. They have no strategy for taking power, no ideas, no principles, and, of course, no intention of appealing to the working class, except to vote for them. The so-called "Communist Party" is, in reality, only a new, even more repulsive, version of a reformist party. So why are the bourgeois worried?

Given the depth of the crisis, it is not ruled out that Zyuganov might be forced to move in a different direction. The leading reformist Yegor Gaidar, in a recent interview, warned of just such a possibility: "Do not assume," he said, "that Russia's reforms are irreversible or that the Communists are benign." (The Independent, 17/10/95.) Of course, Gaidar has a vested interest in frightening the West about the "Communist threat." Nevertheless, what he says is not at all impossible. The utterly corrupt and degenerate Russian Mafia-capitalism has an extremely feeble and unstable character. Once in power, Zyuganov, who likes to be all things to all men, may be compelled to go further than he intends. The decisive element in this equation is the Russian working class, which is slowly beginning to recover from the recent traumas and draw conclusions. That is the real meaning of these elections and the strikes that followed.

The miners' strike

The only reason the process in Russia could take the form that it did was the absence of pressure of the working class. This is now beginning to change. The more far sighted strategists of capital realise the danger of a social explosion in Russia. The inertia of the powerful Russian proletariat will not last forever. Last December, even before the

elections, we repeated yet again that: "Strikes, demonstrations and uprisings are inevitable at a certain stage. Paradoxically, a slight improvement in the economy, which the government is hoping for, could be the signal for an outburst of strikes. However, in the immediate period, it is more likely that the workers will turn to the political front and vote for the "Communists" in the hope that they will bring better days. When this does not materialise, the stage is set for a stormy period in Russia." This prediction materialised far sooner than we anticipated with the mass strikes of miners and teachers in January.

Up to half a million miners in Russia and an other mil lion in the Ukraine went on strike to demand payment of back pay. The strike movement swept through the coalfields of Southern Russia, North Urals and Siberia, precisely the areas which provided the backbone for Yeltsin's faction in 1989. This fact, better than any thing else, illustrates a fundamental shift in the consciousness of the masses. The strike was solid. Even Rosgul, the state coal monopoly admitted that 118 out of 182 were on strike. The real figure must have been higher.

Actions ranged from refusing to deliver coal for a limited period to the demand for an all-out strike. Political demands were also present. Miners marched through the streets of Vorkuta in the far North demand ing the resig nation of Chernomyrdin. The new spirit of defiance was summed up in the phrase of one miner reported in The Independent (2/2/96): "A miner can work on his knees on the coal face, but he cannot live on his knees and never will."

In the Ukraine, about 400,000 miners stopped work in 76 pits out of a total of 277. In a further 91, the miners refused to deliver coal. The Kiev government refused to negotiate with the strikers, on the grounds that they were bound by an agreement with the IMF. The miners had not been paid since October 1995. In the Donbass Basin 30 pits are threatened with closure under a frame work plan proposed by the IMF. Le Monde (8/2/96) described the mood of the Ukrainian miners as follows:

"When the Donbass miners meet to discuss their strike, they do so under a portrait of Lenin, with an inscription: 'Coal is the bread of industry.' When they demonstrate, it is in front of a statue of Lenin in Lenin Square. The Donbass, the huge mining basin in the Eastern Ukraine, is in the grip of a 'proletarian protest.' Here, people address each other as 'tovarishch' ('comrade'). Not just out of habit; they do it from conviction. Because 'the class struggle has broken out again' a toothless old miner declares, and there seems to be no alternative. 'We must choose between Lenin and Coca Cola!' exclaims one striker, frustrated at seeing shops emptied of local products and full of imported goods which he cannot afford.

"Anyway, there is not much the miners of Donbass can afford. They have been on strike since the first of February, because their wages (the equivalent of $100 a month) have not been paid for five months. Nor pensions, nor invalidity benefit, and there are many on the latter in Donbass. 'In what civilised country do miners go to work on an empty belly?' an indignant trade unionist asks at a meeting."

The strike movement gives the workers a sense of their own power and identity as a class. "'We will bring them to their knees!' intones Vasil Khara, a trade unionist, when speaking of the Ukrainian government. 'This will be like 1989,' he adds, alluding to the big strike of Soviet miners which dealt a death blow to Mikhail Gorbachov's perestroika."

Once the class begins to move, they rapidly begin to draw political conclusions, linking their problems to the general state of society. Anatoly Gerevich, a forty year old striker quoted by Le Monde, curses the "market economy," which he defines as follows: "Just take any businessman. The sausage he sells is ours. His shop is ours. But the suitcase full of money belongs to him."

The conclusion is inescapable: things were better before. "Before we lived in a rich and respected country. Now we are citizens of a banana republic." This is no isolated phenomenon. An opinion poll organised by the International Foundation for Electoral Systems published one year ago established that 92% of Ukrainians were "dissatisfied with the general situation," and 90% thought that it was the government's responsibility to guarantee people a job. When asked whether the economy should return to state control, 46% said yes, as against 31% who wanted to reduce the state's role, and 24% who did not know or failed to answer. The opposition to capitalism will have increased still further after the Russian elections and the miners' strike.

The stormy strike movement caused shock waves in the political establishment in Moscow. It is significant that the Communists, who are now the biggest block in the Duma, immediately passed a vote of solidarity with the striking miners. This little incident is an indication of how a Zyuganov government would find itself under the pressure of an aroused working class&emdash;a detail which will not be lost on the imperialists.

The strike went ahead despite the attempts of Yeltsin to deflect it by offering to pay up. He blamed poor organisation for the delays and threatened to sack the local bureaucrats responsible. But the problem of unpaid wages, which is widespread throughout Russian industry is not the result of the bungling of local officials, but the in evitable result of the disorganising of industry through the dismantling of central planning. Anatoly Yakunin, a Rosugol official, blamed the crisis on energy plants and factories that owe mines more than $400 million for de liveries. This problem will not be solved by demagogic speeches or by sacking a few offi cials. On the contrary. The plan to proceed with the wholesale closure of facto ries and the withholding of government subsidies will make the situation a thou sand times worse. Although the miners have temporar ily suspended the strike, on the strength of government promises, there is no doubt that this marks a turning point in the situation. The patience of the Russian workers is reaching its limits.

The threat of Bonapartism

In such a context, the prospect of a return of the "Communists" fills the nascent capitalists with dread. No amount of reassuring speeches by Zyuganov can calm these fears, which are not as irrational as they seem. Lacking any real understanding of the

broad his torical processes, these people possess enough cunning to know how to distinguish between words and deeds. They know that the masses have learned enough about market economics to be completely hostile to "reform" and that the new rich are hated. They also know that a Zyuganov government will be under intense pressure from the workers, and that the Communist Party is divided. Can Zyuganov be trusted? The answer to this question lies, not in his subjective intentions or moral character, but in the class balance of forces.

After five years, the movement towards capitalism has succeeded in creating a serious social base. According to some estimates, the nascent bourgeoisie is something like ten percent of the population, with a further ten percent dependent on their activities in one way or an other. 20% is approximately the figure we get if we add up the votes of all the openly pro-capitalist parties in the December elections, so this estimate is probably quite accurate. One fifth of the population of Russia is a not inconsiderable force. Although most of them consist of "human dust"&emdash;crooks, spivs, black marketeers, petit-bourgeois&emdash;they have vested interests to defend, and access to large supplies of arms. Against these forces, we have the millions of workers who vote for the CP and its allies&emdash;roughly one third of the total. Moreover, the class balance of forces can never be reduced to a purely arithmetical relationship.

The core of the CP's support lies in the heavy indus tries, where huge numbers of workers are concentrated in big enterprises. Many of these are owed large amounts of back pay. They have seen their living standards destroyed and their families reduced to poverty, while the new rich flaunt their wealth under their noses. The burning indignation of the workers threatens to boil over in a social explosion which could sweep all before it. The recent miners' strikes were a serious warning to those who had written off the Russian proletariat. The key to the whole situation to date has been the absence of an independent movement of the proletariat. Given its enormous size and power, once the Russian working class begins to move, it can swiftly transform the entire position. At this stage, the workers are mainly looking to the electoral front to solve their problems. But the inevitable intrigues set in motion by the bourgeois and Yeltsin to stop the CP from coming to power can easily trigger a violent conflict between the classes.

The possibility of such a social explosion is implicit in the situation. Given the colossal weight of the Russian working class, it could not be theoretically ruled out that such a movement might lead to the overthrow of the regime, even before the working class has had time to organise a party&emdash;a new edition of the Paris Commune. After all, this was what occurred in Hungary in 1956. The rotten nascent bourgeoisie would not be able to offer serious resistance to a general movement of the Russian workers They would be brushed aside like an insignificant mosquito. Such a development, it is not necessary to emphasise, would completely transform the whole world situation. Needless to say, a revolutionary movement of the workers is something which fills all sections of the bureaucracy with dread. One of the reasons that Zyuganov has adopted his "reasonable" tone is that he wishes to avoid an open showdown between the classes in which he is not sure he could control the masses. That is why he is desperately trying to get an agreement with the nascent bourgeoisie and imperialism.

In In Defence of Marxism, Trotsky points out that it is necessary to give critical support to the Stalinist bureaucracy in struggle against capitalist regimes. At the same time, one had to distinguish clearly between situations where the bureaucracy is playing a relatively pro gressive role and where its ac tions are of a reactionary character. In connection with the Soviet invasion of Finland, he wrote:

"This bureaucracy is first and foremost concerned with its power, its prestige, its revenues. It defends itself much better than it defends the USSR. It defends itself at the expense of the USSR and at the expense of the world proletariat. This was revealed only too clearly throughout the entire development of the Soviet-Finnish conflict. We cannot therefore take upon our selves even a shadow of responsibility for the invasion of Finland which represents only a single link in the chain of the politics of the Bonapartist bureaucracy.

"It is one thing to solidarise with Stalin, defend his pol icy, assume responsibility for it&emdash;as does the triply infamous Comintern&emdash;it is another thing to explain to the world working class that no matter what crimes Stalin may be guilty of we cannot permit world imperialism to crush the Soviet Union re-establish capitalism and convert the land of the October Revolution into a colony. This explanation likewise furnishes the basis for our defence of the USSR." (Trotsky, In Defence of Marxism, p.219.)

What is the most pressing task for the Russian workers at the present time? To prevent the nascent bourgeoisie from liquidating what remains of the historical gains of October; to prevent the capitalist enslavement of the working people of Russia; to stave off the impending social catastrophe which threatens to push a large part of the people into physical and moral barbarism. The focal point of this struggle can be stated quite simply: The essential task in Russia at the present time is to defend state property against the nascent bourgeoisie, while simultaneously fighting for workers' democracy.

Incidentally, this shows the theoretical and practical bankruptcy of the idea of "state capitalism." According to this "theory," the regime in the USSR was already capitalist long ago. Why, then, should workers bother to defend the old forms of state ownership ("state capitalism") against the nascent bourgeoisie, since there is no difference between them? This line of argument, which would completely disarm the working class in the face of the capitalist counterrevolution, is a glaring example of how a false theory leads inevitably to a disaster in practice.

To the degree that one wing of the bureaucracy actually takes steps to oppose the capitalist restoration, we are obliged to support them. Of course, this does not mean in the slightest degree supporting their policies and methods, which are not aimed at mobilising the masses, but on defending the privileged position of the bureau crats. While supporting them against the nascent bourgeois, we will explain to the workers that the only real safeguard against restoration is to take the power into their hands. At the centre of our programme is the slogan of soviets&emdash;workers' councils, both as organs of struggle and future organs of workers' power.

In practice, that wing of the bureaucracy which stands for the defence of state ownership (however indecisively) is organised in the CP. This shows the stupid ity of those who entirely wrote off the CP in 1991, preferring to piddle around with so-called "independent" groups, with predictable results. If we pose the question concretely&emdash;do we give critical support to the CP against the parties of the nascent bourgeoisie? for any one except the most thick-headed sectar ian, the question answers itself. Not only would we give critical support, but we would certainly work inside the CPRF, and, of course, the unions, and attempt to win over the best of the workers and youth to the ideas of Trotskyism. Our method would be that of Lenin&emdash;"patiently explain." We would put forward the full programme of workers' democracy, while supporting the CP against the Yeltsinites. In contrast to Zyuganov's constitutional and parliamentary cretinism, we would warn against the danger of a coup and put forward a fighting programme to defeat reaction, based on the independent movement of the proletariat, organised in soviets.

The formation of action committees in every workplace, street, army barracks, college and collective farm would be the way to mobilise the population in defence of the most elementary democratic demands. This is the only way in which whatever elements of democratic rights that exist can be defended. Starting with defensive demands around opposition to postponing the elections, the non-payment of wages and the general social collapse, and linking these immediate issues to the demand for a nationalised planned economy under the democratic control and management of the working people, the Communist Party would get overwhelming support. Under such conditions, any attempt to call off the elections would lead to the swift overthrow of Yeltsin and the establishment of a genuine regime of soviet democracy.

If the Russian workers fail to take power, then the present unstable equilibrium of forces will have to be resolved, one way or the other. The democratic parliamentary illusions of Zyuganov and co. bear no relation whatever to the real position. Their failure to solve the problems of society will prepare a bloody outcome, perhaps even civil war. Zhirinovsky seems to have lost ground recently, as people begin to realise what lies be hind his rabid chauvinist demagogy. It is a condemnation of the CP leaders that, instead of combating this reactionary demagogue, they have flirted with nationalism. This is playing with fire!

If the extreme nationalists are in opposition, they would be the main beneficiaries of the failure of the CP to carry out a policy in the interests of the workers. Their support would grow. It is not likely that the military caste would hand over power to Zhirinovsky, who shows every indication of being clin ically insane. But there is no lack of suitable candidates for the role of the Russian Bonaparte, starting with Lebed. The same opinion poll which showed that two-thirds of Russians were opposed to capitalism also revealed that an astonishing 80% were disillusioned with all political parties. This fact indicates the existence of fertile soil for the spread of Bonapartist tendencies. When the ex-Stalinists betray the aspirations of the masses, the stage would be set for a coup.

Role of the Army

The possibility of Bonapartism flows from the fact that society finds itself in a complete impasse. The working class, paralysed by the leadership, is unable to take power, but the nascent bourgeoisie is too weak to set its stamp decisively on society. The deadlock between the classes enables the state to rise above society and acquire a large degree of independence, as Trotsky explains, following the classical analysis of Marx, Engels and Lenin:

"Caesarism, or its bourgeois form, Bonapartism, enters the scene in those moments of history when the sharp struggle of two camps raises the state power, so to speak, above the nation, and guarantees it, in appearance, a complete independence of classes&emdash;in reality, only the freedom necessary for a defence of the privileged." (Leon Trotsky, The Revolution Betrayed, p. 277.)

At the present time, the bureaucracy is divided between that section which wants to go towards capital ism, and another wing that is either opposed or unsure. Up till recently, the first group has set the tone. Their confidence has been based on three things. First, the complete impasse of the old bureaucratic system; second, the pressure and "support" of imperialism, which held out the prospect of aid, loans and investment; third, and most importantly, the lack of any serious counter-movement. Contrary to Trotsky's expectation (and our own), the working class did not move into action, at least in the first period. The boom in capitalism in the period 1982-90 was another factor, creating illusions not only in the bureaucracy, but even in sections of the working class. But the most important element was the absence of the subjective factor. If there had been a gen uine Leninist party of a few thousand, with roots in the factories, the whole situation would have been different. But there was nothing.

A section of the bureaucracy looks with alarm at the general economic and social collapse. The wing that is opposed to capitalism includes not just the lower strata of the bureaucracy which is in touch with the working class, but a section of the upper layer also. They are motivated by considerations, not of an ideological but of a purely practical character. Five years of market re form are enough to convince them that capital ism is not delivering the goods. Apart from the terrible economic collapse, there is the crime, the social disintegration, the loss of power, income and prestige, the humiliation on the international arena. The sensation grows that all this is wrecking Russia. This idea is particularly galling to the armed forces&emdash;not just the ordinary soldiers, whose demoralisation was starkly revealed in the Chechen conflict, but among sections of the officer caste. The army is only a copy of social relations. The top brass, represented by Pavel Grachev, are in cahoots with Yeltsin, and busy feathering their nests, but they represent a small minority. The great majority of officers, from the rank of colonel down, feel bitter and angry at the loss of their privileges, and outraged by their sense of national humiliation.

The bureaucracy came under enormous pressure from imperialism, especially in the first stages of the process. The relationship can be traced through the behaviour of Yeltsin in this period. The Russian "strong man" acted as a complete lackey and agent of imperialism, collaborating with NATO and the USA over Iraq, Bosnia, and everything

else. But now that has all changed. The officer caste has for some time been flexing its muscles. The downfall of the Foreign Minister Kozyrev, a typical "reformer" and apliant stooge of Washington, and his replacement with the "hard-liner" Primakov indicates both the inevitability of a period of increasing tension with the West and the increasing as sertiveness of the officer caste.

So far the army has remained uneasily on the sidelines. It has not really entered into the struggle. In October 1993, the officer caste waited till the last minute before finally coming down on Yeltsin's side. Even then, only a handful of officers actually participated in the assault on the White House, and some of them were reported to have been since murdered. The growing discontent in the military is an open secret. Recently, Defence Minister Pavel Grachev stated that the army had received only 40% of budgeted appropriations for June 1995. As a result, less than a third of Russia's two million military personnel were paid. The mood in the barracks was described in the British CP daily The Morning Star as follows:

"Underfunding has cut sharply into the military's cohe sion, spirit and ability to react to crisis. Corruption scandals in the general staff have damaged the army's public reputation and deepened the malaise in lower ranksÉBitterness has grown in the officer corps over the use of the armed forces in internal Russian conflicts, such as the storming of the former parliament building in Moscow in October 1993 and the ongoing war in Chechnya."

The threat of a coup is understood even by the CP leaders, who appear to be attempting to organise their supporters among the army officers. General Albert Makashov, one of the leaders of the armed defence of the White House in 1993 and now a CP member of parliament, says:

"We all understand that the Army, the structures of power, can finally resolve the power struggle. This is very well understood by the President and his team and they act accordingly. We must support the activities of those officers who help the CP. The time has come to create an analytical centre to co-ordinate professionally work with the military." (El País, 16/2/96.)

Nezavisimaya Gazeta also thinks that the main problem facing Zyuganov is that of "establishing the necessary contacts in the armed forces ministries and special services in order to prevent the introduction of direct presidential rule (a euphemism for a coup) after the announcement of the election results." The same paper considers that the army will stay neutral, and that the masses will come out on the streets to "force the Kremlin to recognise the victory of the Left candidate."

Towards a new October

The removal of General Lebed was a desperate attempt to prevent the crystallisation of an opposition within the armed forces. Lebed did poorly in the December elections, partly as a result of accepting second place on the list of a little-known politician. Lebed's

Bonapartist ambitions have not been dimmed by this setback, and he will stand for President. It is not sure whether his ambitions will be successful. The pre cise identity of the Russian Bonaparte cannot be pre dicted, and is an en tirely secondary question. If Yeltsin finally decides to call off the election and rule by decree, he might attempt to occupy this position himself, or it may fall to some unknown general. Such combinations have an accidental character. The underlying class mechanics do not.

The only question would then be: which direction would such a regime take? Lebed himself has made contradictory statements (which you would expect from a Bonapartist demagogue), but has said that he admires the Pinochet model. This has a certain logic. The only way capitalism might be consolidated in Russia is precisely under the heel of a ferocious military dictatorship which would ruthlessly reduce wages in order to reinvest the surplus. This is what occurred in Brazil under the military regime. But given the enormous weight of the Russian working class, such a regime would be neither stable nor long lasting. After the initial inertia wore off, within a few years, Russia would be facing a new October.

A Bonapartist regime in Russia would have to take measures against the Mafia which is swallowing a huge proportion of the productive resources. But it is impossible to say where the Mafia ends and the capitalist class begins! In reality, they are one and the same thing. Any serious attempt to clamp down on the criminal element would involve an attack on the nascent bourgeoisie it self. This may well lead to violent clashes, and even civil war. The outcome of such a struggle would ultimately determine the direction in which Russia moves.

The above scenario is not the only possibility. It is by no means certain that a military regime in Russia would go down the capitalist road. Even Lebed might say one thing and do something quite different. A lot will depend on the world situation. A recovery of the capitalist economy would lend an impetus to the pro-capitalist tendencies. A downturn would have the opposite effect. The second variant is far more likely. The US economy is already showing signs of slowing down. Most likely there will be a new recession in the next two years or so, although it is impossible to be precise about the timing. However, the outlook for a capitalist regime in Russia, given the present world situation, does not look bright. One thing is abundantly clear. There is no possibility of establishing a stable, democratic capitalist regime in Russia.

In any event, a regime dominated by the military wing of the bureaucracy would be strongly tempted to move in the direction of recentralising the economy. The breakdown of central planning has had the most harmful effects at all levels, including the army's supplies and pay. The miserable performance of the Russian army in Chechnya was itself a devastating comment on the poor morale of the armed forces. Under certain conditions, it is quite possible that the generals will decide that the "free market" offers no future either for them as a privileged caste or for the Russian nation, in whose name they purport to speak. Any move to crush the criminal bourgeoisie would count on the enthusiastic support of the working class, including those sections which previously had illusions in capitalism.

The only way in which Zyuganov could defeat the mass of bourgeois gangsters is by appealing to the working class. The main reason why it is impossible to re-estab lish a Stalinist dictatorship of the old kind is that the bureaucracy is faced with an entirely different working class. This is not the weak, exhausted, illiterate work ing class of 1922-29, but a powerful industrial proletariat with a relatively high cultural level. For this reason, a neo-Stalinist regime in Russia would necessarily have a weak and unstable character. Within a few years, there would be a new movement of the working class, this time free from any illusions in capitalism, in the direction of the political revolution. On the basis of experience, the Russian workers would soon rediscover the traditions of the past&emdash;the spotless traditions of workers' democracy and internationalism which alone provide the answer for the problems of the working class in Russia and on a world scale.

It is impossible to reconstruct the Stalinist regime of the past in Russia. That was based on a huge army of spies and informers that no longer exists. Trotsky explained that a dictatorial regime based only on the army and police cannot be stable. The recentralisation of the economy, and the repression of the criminal elements, would undoubtedly act as a stimulus to production in the short run, giving the regime a breathing space. But in the absence of a workers' democracy, they would soon find themselves faced with the same problems as before: rampant corruption, inefficiency and bureaucracy.

A Stalinist regime which is compelled to base itself on the working class would be more similar to the regime of 1923-30. In the early period, Stalin could lean on the working class at various times. But now the situation is different. The proletariat is massively stronger. Moreover, it is an aroused working class, which has passed through the experience of a totalitarian regime and has no wish to go back. Under these circumstances, the bureaucracy would not be able to maintain itself in power for long.

The class balance of forces would be entirely different to the past, when Stalin was able to maintain himself in power by balancing between the working class, the peasantry and the bureaucracy, leaning on different layers at different times. Under modern conditions, a Stalinist regime would be a regime of crisis. Very rapidly, the workers would see the stultifying role of the bureaucracy and move to overthrow it and establish a regime of genuine workers democracy.

The outcome would partly depend on events on an international scale and the world balance of forces. In any event, Zyuganov would not have a happy time. Unlike Stalin, he would not be able to totalitarianise the state without the resistance of the working class, the trade unions, and the rank-and-file of the Communist Party. To this extent, the scenario would be far more akin to the situation which Trotsky envisaged in the early 1920s, but without a mass peasantry and in a far more favourable situation for the working class.

Once the Russian workers move to take power, the bureaucracy would be paralysed. Under such conditions, the transfer of power might be relatively painless. In that event,

world imperialism would be shaken to its foundations. Far from contemplating armed intervention, as in 1918-20, they would be faced with mass movements of the working class at home. A successful revolution in Russia would have a far more electrifying effect than the October Revolution, because of the world crisis of capitalism, and the changed class relationship of forces in the advanced capitalist countries and the Third World. It would immediately lead to the collapse of the rotten and degenerate right wing reformists. The Left would take over everywhere, preparing the way for the creation of genuine mass revolutionary currents and parties. Thus, a victory of the Russian working class this time would be inevitably the prelude to world revo lution.

It is not possible at this stage to be categorical about how the situation will resolve itself. But one thing is clear&emdash;Russia has entered into a new period of storm and stress, the outcome of which will have a decisive ef fect on the history of the world. The land of October is once more a decisive factor in the world revo lution.

London, 20/2/96

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