

Marxism and the Struggle Against Imperialism: Third World in Crisis

by Ted Grant and Alan Woods

It is nearly seven years since George Bush, the then president of the US, made his famous "New World Order" speech. This was in 1991. In the build-up to the Gulf War the main imperialist power on earth promised a world without wars, without dictatorships and, of course, a world firmly under the control of a single all-powerful world policeman--the US. After the fall of Stalinism, US imperialism really thought that the world would be firmly under their command and they would be able to dictate the destiny of each and every country. All conflicts in the world were to be solved through dialogue in a kind of "Pax Americana." Now all these dreams have been reduced to rubble.

The crushing domination of imperialism in the world arena, which was strengthened after the fall of Stalinism, has meant an increased exploitation of the Third World as a whole. The domination of the metropolitan countries is, if anything, still greater than in the past. The only difference is that the old direct military-bureaucratic control by individual colonial masters has been substituted by the collective domination of the colonial world by a handful of wealthy exploiter states through the mechanism of the world market. Under the banner of "globalisation" and "opening up of the markets" imperialism has forced through a policy of lowering the tariff barriers and privatisation of the utilities throughout the Third World. These policies are a result of the crisis of capitalism in the West which forces it to constantly look for new markets and fields of investment. But they spell bankruptcy for the local industries of the countries affected which cannot compete unaided against the big multinationals. This situation has produced the most ruinous consequences, and has produced results not foreseen by President Bush.

Typically, the strategists of the US were very short-sighted. They failed to understand what Trotsky had explained even before the Second World War. He predicted that the United States would emerge victorious from the forthcoming war, but as a result would have dynamite built into its foundations. Now we see that this prediction is coming true. The collapse of the USSR has transformed the relations between the powers, establishing the USA as the only world superpower. Never in human history has a single country enjoyed such a crushing economic and military domination. Yet in one crisis after another it has become manifest that US imperialism is a colossus with feet of clay. Despite its military victory in the Gulf War, it was unable to remove Saddam Hussein. The attempt at a military intervention against the barefoot militias in Somalia ended in a humiliating defeat. Now the crisis in Asia and especially the events in Indonesia have placed revolution firmly on the agenda. To the South, the USA faces a general crisis in Central and Latin America, with social and political upheavals in Mexico, an implacable guerrilla war in Colombia and an explosive situation in Argentina and Brazil. Wherever it looks, US imperialism can see not one single stable bourgeois regime. The whole world has entered the most convulsive period for a hundred years.

The debt burden

The ruthless over-exploitation of the Third World, intensified after the collapse of Stalinism has meant an enormous transfer of wealth from these countries to the coffers of the big multinational companies and banks. This can be seen in the burden of the debt, which has reached such proportions that even before the G8 meeting in Birmingham (May 1998) there was some talk about debt relief initiatives for some of the poorest countries. In the end nothing was agreed. The World Bank has also started a Highly Indebted Poor Countries (HIPC) programme aimed at cutting the debt burden of 41 countries which spend more than 20 per cent of their export earnings in debt service payments--never mind about actual repayment of the debt.

All these plans are not born out of the good will and charitable intentions of the World Bank and IMF executives. There are three main reasons for this. First of all it is very unlikely that these countries are ever going to be able to pay their debts at all. Therefore they have decided to recognise reality and make the Western governments pay back what is owed to the lending banks with taxpayers' money. In this way the banks never lose. The main aim of these debt relief initiatives is, on the one hand, to make sure the bankers get their money back and on the other to lift these highly indebted countries to a point where they are able to ask for more loans! Secondly, the amount of the debt that these highly indebted countries owe as a percentage of the total debt of former colonial countries is very small. And thirdly, these plans come with a lot of conditions attached. The countries involved have to put in practice the "recommendations" (that is, orders) of the IMF.

The IMF's infamous Structural Adjustment Plans (SAPs) have now been around for long enough to know what their consequences are. To give just one example, Zambia was a relatively developed country, with schools and hospitals, an education service and a modern infrastructure built mainly on the basis of the income from the copper mines. A decade of "Structural Adjustment" managed to push life expectancy down from 54.4 years in 1991 to 42.6 years in 1997. Literacy rates are declining, and, as a direct result of the increase in hospitals charges, there are now 203 infant deaths per 1,000 births compared to 125 in 1991. Access to clean water is declining and 98.1 per cent of the population live on \$2 a day or less. Debt represents 225 per cent of the GDP. It is no surprise therefore that there have been recently food riots in Zambia --and in other African countries, like Zimbabwe and Tanzania.

The debt burden of the world's poorest countries represents 94 per cent of their annual economic input. For the countries in line for the HIPC programme this figure averages 125 per cent. The percentage of the debt in relation to export earnings has reached unheard-of levels: Somalia 3,671 per cent, Guinea-Bissau 3,509 per cent, Sudan 2,131 per cent, Mozambique 1,411 per cent, Ethiopia 1,377 per cent, Rwanda 1,374 per cent, Burundi 1,131 per cent. And the situation, far from improving, is actually worsening. In 1980 the total debt of underdeveloped countries was \$600 billion. In 1990 it had gone up to \$1.4 trillion and in 1997 the figure was a staggering \$2.17 trillion. It is important to note that in the 1990-97 period, when the total debt increased by \$770 billion, these

countries had actually paid \$1.83 trillion just on debt servicing! An even more scandalous picture emerges if we compare debt servicing payments with aid given to these countries: for every \$1 they receive in aid, they pay back \$11 dollars in debt servicing.

The effects of this situation are evident. The situation in the whole of Sub-Saharan Africa is a nightmare. According to The Economist (6/6/98), "Nearly half the continent's 760m people are 'profoundly poor', surviving, it is said by the ADB African Development Bank], on less than \$1 a day. Despite encouraging signs in some parts of the continent, average real GDP growth fell in 1997 to 3.7 per cent from 5 per cent the previous year. Africa's recovery is still fragile and as vulnerable as ever to commodity prices and bad weather. Globalisation of world trade É could push the continent's economy further towards the margins. According to the World Bank, Africa attracted just 1.5 per cent of the world's foreign direct investment in 1996. The biggest recipient, getting 32 per cent of the total, was Nigeria, which, apart from having a lot of oil, is not reforming its economy in the way that the World Bank says is essential for attracting foreign investment."

Increased impoverishment of the population in most of the colonial world has given rise to an increase in criminality, black market and the "informal economy". In some cases the black market represents a bigger share of the economy than the official market and infiltrates all sections of the state apparatus. They try to protect their interests in the political arena through fundamentalist and "populist" forces. These are powerful economic forces which in many cases have interests which enter into conflict with those of imperialism. Thus, at all levels, the decay of capitalism undermines the very basis of civilised human existence for two-thirds of the planet. As Lenin warned, the prolonged existence of capitalism signifies "horror without end."

The role of the working class

Marx, Engels and Lenin always laid stress on the leading role of the proletariat in the revolution. They explained that only the working class can bring about the socialist revolution. No other class can fulfil this role. Why was this? It was not a caprice or an arbitrary assumption. It is based upon the role of the workers in production, and the fact that participation in collective ("social") production means that the working class alone develops a socialist (collectivist) consciousness. This is not the case with any other class. The peasantry is a class of small proprietors. Even the landless peasants, the rural proletarians, frequently aspire to the possession of land; hence the slogan "land to the tiller"--which, despite its tremendous revolutionary significance, has a bourgeois, not a socialist, content. The students and intellectuals have a strong tendency towards petty bourgeois individualism, which frequently manifests itself even when they try to adopt a revolutionary position.

Through his or her life's experience, the proletarian learns to understand collective organisation and discipline. This is the result of the hard school of capitalist production and exploitation, which prepares the worker for the class struggle. The normal weapons of the proletariat are the methods of mass struggle--the strike, the general strike, mass demonstrations, which act as a school that prepare it for the ultimate task of taking the

running of society into its hands. The workers' movement everywhere is a school of democracy. Before the workers decide to strike, there is a democratic discussion in which opinions for and against are heard. But once the vote is taken, the workers act as one. Those who attempt to defy the democratic decision of the workers and break the strike are treated as scabs ought to be treated. The picket line is the concrete expression of the will of the majority. In the course of the strike, the workers participate, think and discuss. Every worker knows that you learn more during one day on strike than in years of "normal" activity. In effect, every strike contains elements of a revolution, and a revolution is like a strike on a vast scale. Many of the processes that occur in the class are analogous, although the two are qualitatively different of course. But in both cases the key element is the active and conscious participation of the working class, which begins to take its destiny into its own hands instead of leaving the important decisions in the hands of other people--trade union leaders, parliamentarians, councillors and bureaucrats. This is the essence of socialism, or, more correctly, of workers' power.

Socialism is democratic or it is nothing. From the very first day of the socialist revolution, there must be the most democratic regime, a regime that will mean that, for the first time, all the tasks of running industry, society and the state will be in the hands of the majority of society, the working class. Through their democratically-elected committees (the soviets), directly elected at the workplace and subject to recall at any moment, the workers will be the masters of society not just in name but in fact. This was the position in Russia after the October revolution. Let us recall that Lenin laid down four basic conditions for a workers' state--that is, for the transitional period between capitalism and socialism:

- 1) Free and democratic elections with right of recall of all officials.
- 2) No official must receive a higher wage than a skilled worker.
- 3) No standing army but the armed people.
- 4) Gradually, all the tasks of running the state should be carried out by the masses on a rotating basis. When everybody is a bureaucrat in turn, nobody is a bureaucrat. Or, as Lenin put it, "Any cook should be able to be prime minister."

Only on such a basis can society begin to move in the direction of socialism--the highest stage of human society which Engels described as humanity's leap from the realm of necessity to the realm of freedom. Clearly such a development requires a high development of the productive forces. That is why Marx and Engels thought that the socialist revolution would begin in France, be continued in Germany and be finished in England. At that time the working class only existed in these countries. Marx and Engels, and even Lenin until 1917, did not even consider the possibility of the working class coming to power in a backward country first. Socialism demands a certain level of development of industry, agriculture, science, and technique at the outset. Only on this basis could the workers have sufficient free time--on the basis of the reduction of the working day--to participate in the running of society, industry and the state.

However, the situation was radically altered after the death of Marx and Engels by the advent of imperialism, the highest stage of capitalism analysed by Lenin in his famous

book of that name. Lenin explained that one of the main features of imperialism is the export of capital from the advanced countries to the colonies and semi-colonies. On the basis of the law of combined and uneven development, a powerful working class grew up in backward countries like tsarist Russia, a fact which did not alter its character as a backward, semi-feudal and semi-colonial country. The main point of polemic between the different tendencies of the Russian labour movement before 1917 was precisely the character of the Russian revolution, and the relation between the classes in the revolution. Undoubtedly, the theory that anticipated and explained what actually took place in 1917 was worked out by Trotsky.

The permanent revolution

The theory of the permanent revolution was first developed by Trotsky as early as 1904. The permanent revolution, while accepting that the objective tasks facing the Russian workers were those of the bourgeois democratic revolution, nevertheless explained how in a backward country in the epoch of imperialism, the "national bourgeoisie" was inseparably linked to the remains of feudalism on the one hand and to imperialist capital on the other and was therefore completely unable to carry through any of its historical tasks. The rottenness of the bourgeois liberals, and their counterrevolutionary role in the bourgeois-democratic revolution, was already observed by Marx and Engels. In his article *The Bourgeoisie and the Counter-revolution* (1848), Marx writes:

"The German bourgeoisie has developed so slothfully, cravenly and slowly that at the moment when it menacingly faced feudalism and absolutism it saw itself menacingly faced by the proletariat and all factions of the burgers whose interests and ideas were akin to those of the proletariat. And it saw inimically arrayed not only a class behind it but all Europe before it. The Prussian bourgeoisie was not, as the French of 1789 had been, the class which represented the whole of modern society vis-a-vis the representatives of the old society, the monarchy and the nobility. It had sunk to the level of a kind of social estate, as distinctly opposed to the crown as to the people, eager to be in the opposition to both, irresolute against each of its opponents, taken severally, because it always saw both of them before or behind it; inclined to betray the people and compromise with the crowned representative of the old society because it itself already belonged to the old society; ". (K. Marx, *The Bourgeoisie and the Counter-revolution*, in MESW, vol. 1, p. 140-1.)

The bourgeoisie, Marx explains, did not come to power as a result of its own revolutionary exertions, but as a result of the movement of the masses in which it played no role: "The Prussian bourgeoisie was hurled to the height of state power, however not in the manner it had desired, by a peaceful bargain with the crown but by a revolution". (K. Marx, *The Bourgeoisie and the Counter-revolution*, MESW, vol. 1, p. 138.)

Even in the epoch of the bourgeois-democratic revolution in Europe, Marx and Engels mercilessly unmasked the cowardly, counterrevolutionary role of the bourgeoisie, and emphasised the need for the workers to maintain a policy of complete class

independence, not only from the bourgeois liberals, but also from the vacillating petty bourgeois democrats:

"The proletarian, or really revolutionary party," wrote Engels, "succeeded only very gradually in withdrawing the mass of the working people from the influence of the democrats whose tail they formed in the beginning of the revolution. But in due time the indecision weakness and cowardice of the democratic leaders did the rest, and it may now be said to be one of the principal results of the last years' convulsions, that wherever the working class is concentrated in anything like considerable masses, they are entirely freed from that democratic influence which led them into an endless series of blunders and misfortunes during 1848 and 1849." (F. Engels, *Revolution and Counter-revolution in Germany*, MESW, vol. 1, p. 332.)

The situation is clearer still today. The national bourgeoisie in the colonial countries entered into the scene of history too late, when the world had already been divided up between a few imperialist powers. It was not able to play any progressive role and was born completely subordinated to its former colonial masters. The weak and degenerate bourgeoisie in Asia, Latin America and Africa is too dependent on foreign capital and imperialism, to carry society forward. It is tied with a thousand threads, not only to foreign capital, but with the class of landowners, with which it forms a reactionary bloc that represents a bulwark against progress. Whatever differences may exist between these elements are insignificant in comparison with the fear that unites them against the masses. Only the proletariat, allied with the poor peasants and urban poor, can solve the problems of society by taking power into its own hands, expropriating the imperialists and the bourgeoisie, and beginning the task of transforming society on socialist lines.

By setting itself at the head of the nation, leading the oppressed layers of society (urban and rural petty-bourgeoisie), the proletariat could take power and then carry through the tasks of the bourgeois-democratic revolution (mainly the land reform and the unification and liberation of the country from foreign domination). However, once having come to power, the proletariat would not stop there but would start to implement socialist measures of expropriation of the capitalists. And as these tasks cannot be solved in one country alone, especially not in a backward country, this would be the beginning of the world revolution. Thus the revolution is "permanent" in two senses: because it starts with the bourgeois tasks and continues with the socialist ones, and because it starts in one country and continues at an international level.

The theory of the permanent revolution was the most complete answer to the reformist and class collaborationist position of the right wing of the Russian workers' movement, the Mensheviks. The two stage theory was developed by the Mensheviks as their perspective for the Russian revolution. It basically states that, since the tasks of the revolution are those of the national democratic bourgeois revolution, the leadership of the revolution must be taken by the national democratic bourgeoisie. For his part, Lenin agreed with Trotsky that the Russian Liberals could not carry out the bourgeois-democratic revolution, and that this task could only be carried out by the proletariat in alliance with the poor peasantry. Following in the footsteps of Marx, who had described

the bourgeois "democratic party" as "far more dangerous to the workers than the previous liberals", Lenin explained that the Russian bourgeoisie, far from being an ally of the workers, would inevitably side with the counter-revolution.

"The bourgeoisie in the mass" he wrote in 1905, "will inevitably turn towards the counter-revolution, and against the people as soon as its narrow, selfish interests are met, as soon as it 'recoils' from consistent democracy (and it is already recoiling from it!). (Lenin, Collected Works, vol. 9, p. 98.)

What class, in Lenin's view, could lead the bourgeois-democratic revolution? "There remains 'the people', that is, the proletariat and the peasantry. The proletariat alone can be relied on to march on to the end, for it goes far beyond the democratic revolution. That is why the proletariat fights in the forefront for a republic and contemptuously rejects stupid and unworthy advice to take into account the possibility of the bourgeoisie recoiling" (Ibid.)

In all of Lenin's speeches and writings, the counter-revolutionary role of the bourgeois-democratic Liberals is stressed time and time again. However, up until 1917, he did not believe that the Russian workers would come to power before the socialist revolution in the West--a perspective that only Trotsky defended before 1917, when it was fully adopted by Lenin in his April theses. The correctness of the permanent revolution was triumphantly demonstrated by the October Revolution itself. The Russian working class--as Trotsky had predicted in 1904--came to power before the workers of Western Europe. They carried out all the tasks of the bourgeois-democratic revolution, and immediately set about nationalising industry and passing over to the tasks of the socialist revolution. The bourgeoisie played an openly counterrevolutionary role, but was defeated by the workers in alliance with the poor peasants. The Bolsheviks then made a revolutionary appeal to the workers of the world to follow their example. Lenin knew very well that without the victory of the revolution in the advanced capitalist countries, especially Germany, the revolution could not survive isolated, especially in a backward country like Russia. What happened subsequently showed that this was absolutely correct. The setting up of the Third (Communist) International, the world party of socialist revolution, was the concrete manifestation of this perspective.

Had the Communist International remained firm on the positions of Lenin and Trotsky, the victory of the world revolution would have been ensured. Unfortunately, the Comintern's formative years coincided with the Stalinist counter-revolution in Russia, which had a disastrous effect on the Communist Parties of the entire world. The Stalinist bureaucracy, having acquired control in the Soviet Union developed a very conservative outlook. The theory that socialism can be built in one country--an abomination from the standpoint of Marx and Lenin--really reflected the mentality of the bureaucracy which had had enough of the storm and stress of revolution and sought to get on with the task of "building socialism in Russia". That is to say, they wanted to protect and expand their privileges and not "waste" the resources of the country in pursuing world revolution. On the other hand they feared that revolution in other countries could develop on healthy

lines and pose a threat to their own domination in Russia, and therefore, at a certain stage, sought actively to prevent revolution elsewhere.

Instead of pursuing a revolutionary policy based on class independence, as Lenin had always advocated, they proposed an alliance of the Communist Parties with the "national progressive bourgeoisie" (and if there was not one easily at hand, they were quite prepared to invent it) to carry through the democratic revolution, and afterwards, later on, in the far distant future, when the country had developed a fully fledged capitalist economy, fight for socialism. This policy represented a complete break with Leninism and a return to the old discredited position of Menshevism--the theory of the "two stages".

Role of the Communist Parties

This theory was to play a criminal role in the development of the revolution in the colonial world. In China the young Communist Party was forced into the ranks of the national bourgeois Kuomintang which then proceeded to liquidate physically the Communist Party, the trade unions and the peasant soviets during the 1925-27 Chinese revolution. The reason why the second Chinese revolution took the form of a peasant war in which the working class remained passive was to a large extent determined by the crushing of the Chinese proletariat as a result of Stalin's policies which Trotsky characterised as "a malicious caricature of Menshevism." Wherever it has been applied in the colonial world, the Stalinist theory of the "two stages" has led to one catastrophe after another.

In Sudan and Iraq in the 1950s and 1960s, the Communist Parties were mass forces able to call demonstrations of a million people in Baghdad and two million in Khartoum. Instead of pursuing a policy of class independence and leading the workers and peasants to the taking of power, they looked for alliances with the "progressive" bourgeoisie and the "progressive" sections of the army. The latter, having taken power on the backs of the Communist Parties, then proceeded to eliminate them by murdering and jailing their members and leaders. In Sudan, the same process happened not once but twice. Yet, even to this day, the leaders of the Sudanese Communist Party have a policy of a "Patriotic Alliance" with the guerrillas in the South (now backed by US imperialism) and the "progressive" bourgeoisie in the North against the fundamentalist regime. These so-called Communist leaders are like the Bourbons of old who "forget nothing and learn nothing." Their policies are a finished recipe for one bloody defeat after another.

The most tragic example of the disastrous consequences of the two stages theory is that of Indonesia. In the 1960s the Indonesian Communist Party was the main mass force in the country. It was the biggest Communist party in the world outside the Soviet Bloc, with 3 million members, as well as 10 million affiliated to its trade union and peasant organisations and even claimed the support of 40 per cent of the army (including sections of the officers). The Russian Bolsheviks did not have as much organised support at the time of the October revolution! The Indonesian CP could have easily taken power and started the socialist transformation of society which would have had a tremendous effect

in the whole of the colonial world, setting off a chain of revolutions in Asia. Instead of that, the leaders of the CP (under the control of the Chinese Maoists) had an alliance with Sukarno, a bourgeois nationalist leader who at that time had adopted a "left" phraseology. Those policies left the Communist Party completely unprepared when the bourgeoisie (under direct instructions from the CIA) organised a massacre of Communist Party members and sympathisers in which at least 1.5 million people were slaughtered.

Despite all defeats and setbacks, the workers and peasants will inevitably take the road of struggle time after time. The recent events in Indonesia are a graphic indication of this fact. They are an anticipation of what will happen in one Asian country after another. And this is only the beginning of a revolutionary process that will unfold over a period of years. If a genuinely Leninist party existed, this could end in a proletarian revolution on classical lines. The question of guerrillaism or proletarian bonapartism would not arise. Here, as always, the subjective factor is decisive. Unfortunately the leaderships of the Communist parties in these countries are repeating all the same old mistakes which led to defeat and slaughter in the past. Although Japan is not a colonial country, it is worth noting the spectacular growth of the Japanese Communist Party as a result of the country's economic crisis. The JCP has become the first party in number of local councillors, is the second biggest party in the Tokyo Metropolitan Assembly and its daily paper has a circulation of 2.3 million.

The wave of radicalisation that is sweeping through Asia has also affected the Japanese working class. This year's May Day celebrations in Japan were the biggest in years. No fewer than 2 million workers participated in rallies up and down the country. This is a clear example of how consciousness can change at lightning speed when conditions change. But unfortunately the policies of the JCP leadership are completely remote from the real tasks facing the Japanese working class. According to Kimitoshi Morihara, vice-head of the Japanese Communist Party's international department, "we work towards the establishment of a democratic government which seeks to resolve these problems, within the framework of capitalism, by early next century." (interview in Green Left Weekly issue 317). They have perfected the old Stalinist two stage theory by adding an extra stage! This is the "perspective for social progress in Japan: democratic coalition government, democratic revolution and socialist revolution."(?). This is even more puzzling since, as Japan is already the second industrial power on earth, one would imagine it could do without a "democratic revolution". It seems that any excuse will do to put the socialist revolution off the agenda.

For many decades the working class of the colonial and ex-colonial countries has demonstrated its colossal courage and revolutionary potential. Time and time again it has moved to carry out the revolutionary transformation of society. In Iraq, Sudan, Iran, Chile, Argentina, India, Pakistan and Indonesia, the workers have shown that they wished to be the masters of society. If they failed, it is not because they could not have succeeded, but because they lacked the indispensable prerequisite for taking power. In every case, they beat their heads against a brick wall because the parties and leaders that they trusted to lead them to the socialist transformation of society became transformed into gigantic obstacles.

In order to take power, it is not enough that the workers are prepared to fight. If that were the case, the working class could have taken power in all these countries long ago. It would have been easy, because they were in a far stronger position than the Russian workers in 1917. But they did not take power. Why not? Because the working class needs a party and a leadership. To deny this elementary fact of life is mere childish anarchism. Marx explained long ago that, without organisation, the working class is merely raw material for exploitation. Despite its numerical strength and its key role in production, the proletariat cannot transform society unless it becomes a class "in-and-for-itself" with the necessary consciousness, perspectives and understanding. To wait until the class as a whole possesses the necessary understanding of all that is required to take power and transform society is an utopian proposition which is tantamount to postponing the revolution indefinitely. It is necessary to organise the most advanced layers of the class, to educate the cadres, and imbue them with the perspective of revolution, not only on a national but on an international scale, to integrate them in the masses at every level, and to patiently prepare for the moment when the partial struggles of the masses become combined into a general revolutionary offensive.

Without a revolutionary party, the potential power of the proletariat will remain just that - a potential. The relationship between the class and the party is similar to that between steam and a piston box. But even the existence of the party is not enough to ensure success. The party must be led by men and women who are equipped with the necessary understanding of the tasks of the revolution, of tactics, strategy and perspectives, not only the national but also the international perspectives. The objective situation in Indonesia in 1964-65 could not have been more favourable. The masses had defeated Dutch Imperialism. The Communists had the support of the overwhelming majority of the working class and peasantry. But a false policy and perspective were sufficient to bring about the total ruin of the revolution. If the October revolution proves the correctness of the permanent revolution in a positive sense, the Indonesian catastrophe furnishes us with a negative proof in the most terrible way.

The peculiar distorted way in which the colonial revolution has unfolded since 1945 is not only the result of backwardness, or the delay of the socialist revolution in the advanced capitalist countries. It was not something inevitable and determined in advance by the laws of history. It was above all the result of the absence of the subjective factor, of a genuine revolutionary party and leadership which could have imparted an entirely different character and direction to the revolution. Objectively speaking, there was nothing to prevent the revolution in China, for example, from playing the same role as the Russian revolution of 1917, on condition that the Chinese Communist leaders had behaved like Lenin and Trotsky. But the Stalinist leaders feared the independent movement of the working class and did everything in their power to prevent it. The peculiar way in which the Chinese revolution came about in 1949, as a distorted revolution in the image of Stalin's Russia, meant that it had little appeal to the workers of the advanced countries, although it gave an important stimulus to the revolution in Africa, Asia and Latin America. The same was true of the other regimes of proletarian bonapartism that came into existence later. Although they undoubtedly represented a step forward, they were really an aberration and a departure from the norm of proletarian

revolution established by Lenin and made reality in October 1917. This fact must be firmly borne in mind if we are to understand the real significance of the colonial revolution after 1945.

The Chinese revolution

From time to time it is necessary to draw a balance sheet of our ideas and theoretical positions. How did they work out in practice over the past fifty years? If there is a major contribution of our tendency to Marxism, this is our analysis of the colonial revolution and the development of proletarian bonapartism, beginning with our analysis of the Chinese revolution after 1945. It was precisely the impasse of capitalism in these countries and the pressing need of the masses for a way forward which gave rise to the phenomena of proletarian bonapartism. This was due to a number of different factors. In the first place, the complete impasse of society in the backward countries and the inability of the colonial bourgeoisie to show a way forward. Secondly, the inability of imperialism to maintain its control by the old means of direct military-bureaucratic rule. Thirdly, the delay of the proletarian revolution in the advanced capitalist countries and the weakness of the subjective factor. And lastly, the existence of a powerful regime of proletarian bonapartism in the Soviet Union.

The victory of the USSR in the Second World War, and the strengthening of Stalinism after the War with its extension to Eastern Europe and the victory of the Chinese revolution were all factors that combined to condition the development of proletarian bonapartism as a peculiar variant of the permanent revolution which was only understood by our tendency. This was an entirely unprecedented and unexpected phenomenon. Nowhere in the classics of Marxism was it even considered as a theoretical possibility that a peasant war could lead to the establishment of even a deformed workers' state. Yet this is precisely what occurred in China, and later in Cuba and Vietnam.

We characterised the Chinese revolution as the second greatest event in world history, after the Russian revolution of 1917. It had an enormous effect in the subsequent development of the colonial revolution. But this revolution did not take place on the classical lines of the Russian revolution in 1917 or the Chinese revolution of 1925-27. The working class played no important role. Mao came to power on the basis of a mighty peasant war, in the traditions of China. The only way Mao was able to win the civil war of 1944-49 was by offering a programme of social liberation to the peasant armies of Chiang Kai-shek, who was armed and backed by American imperialism. But the Stalinist leaders of the peasant Red Army had no perspective of leading the workers to power as did Lenin and Trotsky in 1917. When Mao's peasant armies arrived at the cities, and the workers spontaneously occupied the factories and greeted Mao's armies with red flags, Mao gave the order that these demonstrations should be suppressed and the workers were shot.

Initially, Mao did not intend to expropriate the Chinese capitalists. His perspectives for the Chinese revolution were outlined in a pamphlet called "New democracy" in which he wrote that the socialist revolution was not on the order of the day in China, and that the

only development that could take place was a mixed economy, i.e. capitalism. This was the classical "two stage" Menshevik theory which had been adopted by the Stalinist bureaucracy and had led to the defeat of the Chinese revolution in 1925-27. But our tendency understood that under the concrete conditions that had developed that Mao would be forced to expropriate capitalism.

Not only that but we also predicted in advance the fact that Mao would be forced to break with Stalin. Already in early 1949 we wrote: "The fact that Mao has a genuine mass base independent of the Russian Red Army, will in all likelihood provide for the first time an independent base for Chinese Stalinism which will no longer rest directly on Moscow. As with Tito, so with Mao, despite the role of the Red Army in Manchuria, Chinese Stalinism is developing an independent base. Because of the national aspirations of the Chinese masses, the traditional struggle against foreign domination, the economic needs of the country and above all, the powerful base in an independent state apparatus, the danger of a new and really formidable Tito in China is a factor which is causing anxiety in Moscow (É)

"However, the subordination of the Chinese economy to the benefit of the Russian bureaucracy, with the attempts to place puppets in control who will be completely subordinate to Moscow--in other words, the national oppression of the Chinese--will create the basis for a clash with the Kremlin of great magnitude and significance. Mao, with an independent and powerful state apparatus, with the possibility of manoeuvring with the imperialists of the West (who will seek to negotiate with China for trade and try and drive a wedge between Peking and Moscow) and with the support of the Chinese masses as the victorious leader against the Kuomintang, will have powerful points of support against Moscow.

"Stalin's very efforts to try and forestall this development will tend to accelerate and intensify the resentment and the conflict." ("Reply to David James", reprinted in E. Grant, *The Unbroken Thread*, p. 304.)

These lines were written more than a decade before the outbreak of the Sino-Soviet conflict, when the Chinese and Russian bureaucracies seemed to be inseparable allies.

The victory of Mao's peasant armies in China was due to a number of factors: the complete and utter impasse of Chinese capitalism and landlordism, the inability of imperialism to intervene because of the war-weariness of the imperialist troops after the Second World War, and also because of the colossal power of attraction of the nationalised planned economy in Stalinist Russia which demonstrated its superiority during the war with Hitler's Germany.

The fact that the peasantry was used to carry through a social revolution was a completely new development in the history of China. China was the classical country of peasant wars, which took place at regular intervals. But even when these wars were victorious this merely resulted in the fusion of the leading elements of the peasant armies with the elite in the towns, resulting in the formation of a new dynasty. It was a vicious

circle which characterised Chinese history for over 2,000 years. But here we had a fundamental departure. The peasant army under Mao was able to smash capitalism and create a society on the image of Stalin's Moscow. Of course, there could be no question of a healthy workers' state as in Russia in November 1917 being established by such means. For that, the active participation and leadership of the working class would be required. But a peasant army, without the leadership of the working class, is the classical instrument of Bonapartism, not workers' power. The Chinese Revolution of 1949 began where the Russian Revolution had ended. There was no question of soviets or workers' democracy. From the very beginning it was a monstrously deformed workers' state. Our tendency underlined that on the world scale the only class which can bring about the triumph of socialism is the proletariat.

Once Mao had taken power and created a state apparatus on the basis of the hierarchy of the Red Army he did not have any need to ally himself with the bourgeoisie. In a typical bonapartist fashion, Mao balanced between the different classes. He leaned on the peasantry and to a certain extent on the working class to expropriate the capitalists, but once these had been defeated he then proceeded to eliminate any elements of workers' democracy that might have existed. This phenomena was possible precisely because of the delay of the world revolution and the impasse of society. He had the powerful example of Stalinism in Russia, where a strong bureaucracy was parasiting the planned economy and benefiting from it, so he decided to follow the same model. Despite its monstrously deformed character, the Chinese Revolution nevertheless represented a gigantic step forward for hundreds of millions of people who had been the beasts of burden of imperialism.

Proletarian bonapartism

In working out the processes that occurred in the colonial revolution in the period after the Second World War, we took as our basic starting point Trotsky's theory of the permanent revolution, which, as we have seen, has been brilliantly confirmed by history. But in practice theories do not necessarily work out in a pure, chemically distilled way. There can be all kinds of peculiar variants, distortions and departures from the norm. This can be seen in all sorts of ways.

The classical period of the bourgeois-democratic revolution commenced two or even three hundred years ago with the revolutions in Holland, England and France. Marx took the French revolution of 1789-93 as his model for the bourgeois-democratic revolution in the political sense (while England provided the economic model). But there were always exceptions to the classical norm, for example, Germany, where the basic tasks of the bourgeois-democratic revolution were carried out in a peculiar way, from the top, by the old feudal Junker state under Bismarck. Of course, there were many contradictions and elements left over from feudalism which were only cleared away by the revolution of November 1918--a defeated proletarian revolution, in which the workers overthrew the old state, and then the Social Democratic leaders handed power over to the bourgeoisie. Similarly in Japan, it was the old feudal state that began the process of the bourgeois-democratic revolution in the 1860s, under the pressure of external forces, and the process

was only completed by the American occupying forces after 1945, in an attempt to prevent revolution in Japan.

The phenomenon of proletarian bonapartism bears a similar relation to the theory of permanent revolution as do the processes that took place in Germany and Japan to the classical norm of the bourgeois-democratic revolution, that is as aberrations that arose from a specific historical concatenation of circumstances. This phenomenon can only be understood on the basis of the complete impasse of these societies and the delay of the revolution in the West. The masses in the colonial countries could not wait any longer. That is the fundamental explanation. But we must also take into consideration the specific peculiarities of the colonial and ex-colonial countries, which make them different from the advanced countries of capitalism, and therefore permit certain peculiar variants which were not foreseen by the classics of Marxism. We refer here specifically to the state.

Marxism would be a very simple affair if it were merely a question of learning by rote the elementary formulas derived from the classical texts and applying these in a thoughtless and mechanical fashion to each and every situation. The dialectical method demands that we proceed from an objective consideration of the given phenomena, taking each case in its concreteness and regarding it from all points of view. A serious analysis of the colonial and ex-colonial states reveals profound differences with the type of state that exists in the developed capitalist nations and which provided the basic model for the classical works of Engels and Lenin. These had been created and perfected by the bourgeoisie as a tool for its rule. At every level these states were staffed by loyal representatives formed and trained to serve its interests. Above all these advanced industrial countries could develop the productive forces. But the newly-formed states in these countries were completely different from the ones created and developed over generations by the bourgeoisie in the West. In places like Syria or Burma these societies were in an impasse, could not develop the productive forces and were in complete turmoil.

It is an elementary proposition of Marxism that the state is not an independent force, that it must reflect the interests of a group or class within society. In normal times they reflect the position of the ruling class. But in periods of crisis and social instability the state and the army are split and divided in numerous factions. The states which had been created on the basis of the withdrawal of imperialism, although bourgeois in character, were very weak. In these countries--Burma, Syria, Angola, Mozambique, Ethiopia, Somalia, Afghanistan and other states which moved to proletarian bonapartism--the state was subjected to continuous coups and crisis. With the complete impasse of the regime and the delay of the revolution in the West, the example of Stalinism, which at this stage was developing the productive forces, became an irresistible force of attraction for certain layers within the apparatus of the state.

The example of China reinforced the attraction of Stalinism as a way forward not only for the masses of poor peasants in former colonial countries, but also for sections of the state apparatus in these countries. A whole series of states which were in a situation of collapse and disintegration, moved in the direction of proletarian bonapartism. Sections of the

officer caste rested on the working class and the peasants to carry through a revolution, to overthrow capitalism and landlordism. They saw Stalinism as a regime which was taking society forward but at the same time allowed for a bureaucratic caste to have privileges and run society. This was the process especially in the most backward of the colonial countries like Ethiopia, Angola, Afghanistan, etc., where the proletariat was (and still is) very weak or almost non-existent.

Another important factor in the movement towards proletarian bonapartism in all these countries was the world-wide tendency towards statisation. This phenomenon was already dealt with by Engels, who refers to the "invading socialist economy" and later by Lenin, who described it as state monopoly capitalism. The fact that private ownership of the means of production has reached its limits is expressed by the fact that in all capitalist countries large sections of the economy are in the hands of the state, although, of course, the key elements, the most profitable sectors remain in private hands. The state sector did not play an independent role, but merely served as the handmaiden of the private sector, providing the capitalists with cheap steel, cheap electricity, cheap coal, etc.

The same process affected the third world, not only in the regimes of proletarian bonapartism, but even in the relatively more developed bourgeois states like Argentina, Mexico, India, etc. Many of these bourgeois leaders described themselves as "socialists" (like Nasser in Egypt, Nyerere in Tanzania, Nehru in India and Nkrumah in Ghana) and nationalised large sections of the economy. In cases such as Syria, Ethiopia and others, a section of the officer caste actually carried the process to a conclusion, leaning on the working class to expropriate the bourgeoisie entirely. They established regimes in the image of Moscow and Beijing, in which capitalism was abolished but the workers were subjected to a new tyranny in the form of bureaucratic one-party totalitarian regimes. Of course, such regimes had nothing in common with socialism or even a healthy workers' state. In every case where the historical tasks of one class have been carried through in a distorted way by another class, there is always a price to be paid. We explained that, in order to advance in the direction of socialism, a new revolution would be necessary. Not a social revolution to establish new property relations (since this had already been done), but a political revolution against the ruling bureaucratic caste in order to establish a genuine regime of workers' democracy. Nevertheless, the abolition of landlordism and capitalism in these countries represented a step forward and a blow against imperialism and, as such, was welcomed by the Marxists.

In most if not all of these cases, Moscow and Beijing played no role. More often than not, they were opposed to the overthrow of capitalism, and did what they could to prevent it. The Cuban CP supported Batista against Castro. Later, the Russian and Cuban bureaucracies put pressure on the sandinistas not to carry through the expropriation of capitalism in Nicaragua. Of course, where the process took place anyway, they took advantage of it to improve their own position vis-a-vis US imperialism. This was also the case in Afghanistan, where the Stalinist army officers carried through the revolution from the top, without any reference to Moscow. The Russian bureaucracy had very good relations with the bourgeois regime of Doud in Kabul, and were even prepared to sacrifice the CP to the latter. But once the revolution was a fact, they had to accept it.

The imperialists responded to the revolution in Afghanistan by arming and financing groups of bandits and lumpens which waged war against the new regime. Had the latter pursued the same policies as the Bolsheviks, basing themselves on the masses in the struggle against imperialism and reaction, they might have won, although it must be admitted that in conditions of such terrible backwardness even a healthy workers' state would have faced enormous difficulties. It would have been necessary to proceed gradually and with great caution, especially on the question of religion. But the attempt to foist change on society from the top, in a heavy-handed bureaucratic character, reinforced by the Russian invasion and the monstrous purging and in-fighting that resulted, fatally weakened the revolution in the face of the concerted onslaught of the counterrevolutionary forces backed by America and Pakistan.

A similar process occurred in Africa, where the imperialists utilised the services of South Africa to overthrow the proletarian bonapartist regimes in Angola and Mozambique. As in Afghanistan, they armed and financed an army of mercenary cut-throats and bandits. This was not a political struggle, but merely the mobilisation of the "Dark Forces" to murder, burn, rape and pillage. Imperialism could not tolerate the existence of even deformed workers' states in the heart of Africa because of the example it would represent for South Africa. Rather than see this happen, they preferred to plunge Angola, Mozambique and Afghanistan into the dark ages.

Are new regimes of proletarian bonapartism possible?

Basing ourselves on this analysis, what are the possibilities for the formation of new regimes of proletarian bonapartism? In order to answer this question, it is necessary to proceed from general world perspectives. The world-wide tendency towards the intervention of the state in the economy was reversed after the 1974 slump and turned into its opposite, especially since the process of privatisations started by Thatcher in the 80s. This reflects the impasse of capitalism on a world scale and the bankruptcy of the old model of Keynesianism. The colonial countries have been largely forced through the dictates of the IMF and the World Bank to "open up" their markets and privatise the nationalised industries. This is really a looting of the state. It will have far-reaching consequences in the next period. Far from being an advance as they try to claim, it is an expression of the crisis of capitalism. They have created a whole new language ("downsizing", "liberalisation", "opening up of the markets", "freeing the economy", etc.) to cover up for what is really a massive destruction of productive forces and jobs. This reminds one of the "Newspeak" of George Orwell's 1984, where the Ministry of Plenty presides over shortages, the Ministry of Peace is the Ministry of War, and the Ministry of Love is the secret police.

The advocates of the "free market" conveniently forget that capitalism developed precisely on the basis of high tariff barriers and protectionism. In the early phase of capitalism British capitalism sheltered behind high trade barriers in order to defend its own national nascent industries. Only when its industry became strong did the British bourgeoisie become a fervent advocate of the "principle" of free trade. The same was true of France, Germany, America, Japan and all the others who now preach the virtues

of free trade to the nations of Africa, Asia and Latin America. But this process creates new contradictions. Sections of the state apparatus and the national bourgeoisie see how this cuts their own share of the cake and also fear an explosion on the part of the masses. This leads some of them to oppose (at least in words) imperialism, for fear of losing their position--or even their own heads.

This is the case with the Nigerian junta, which is opposing some of the privatisation plans of the IMF. Sections of the ruling PRI in Mexico are starting to make noises against "neoliberalism" because they see how it erodes their traditional base of bureaucratic control in society. Even Mobutu, Zaire's dictator, opposed privatisation in his last days in power-- a policy obviously not dictated by any desire to alleviate the burden of the population, but in order to defend his own vested interests. Already, as a result of the crisis in South East Asia we see the development of protectionist, anti-Western attitudes in some of these countries. This is the case in South Korea and even on the part of Suharto, who in his last days, like Mobutu, clashed with the IMF. The same is true of the "anti-imperialist" demagoguery of Mahathir in Malaysia. This is no accident. Since the collapse in Asia, the imperialists have moved swiftly to buy up property at bargain prices and force the Asian economies to accept an even more humiliating dependence than before. These are just some indications of the fact that the ruthless exploitation of the former colonial countries through the IMF and the World Bank is preparing a massive backlash against the policies of privatisation, "globalisation" and so on. Even in the West we can see the beginnings of mass movements against the cuts in the Welfare state and privatisation. In the next period we will see a massive swing in the opposite direction, especially with the coming world economic slump.

It is necessary to have a dialectical understanding of the process, not merely accept the "accomplished fact" as something fixed for all time. It is precisely the empiricism of the bourgeois and its strategists which blinds them to the real processes and compels them to stagger on along the path leading inexorably to disaster. In pursuit of short-term gains, they are provoking the masses in Asia--and the ex-colonial world in general--to the limits of their endurance. At a certain point, the whole process we have seen in the last decade or so will be thrown into reverse. Therefore we can conclude that in the next period, given the impasse of capitalism in the colonial countries, the backlash against privatisation and the pressing needs of the masses in these countries, we will witness new movements in the direction of proletarian bonapartism. This will be the case especially in the weakest of these countries. The outcome of the process of capitalist restoration in Russia and China will, of course, have an enormous effect on these developments one way or another. But that is a separate question. Sufficient to say that, in the event of a deep slump on a world scale, the plans for capitalist restoration in these countries will inevitably be thrown back into the melting pot. It is entirely possible that the first candidate for a reversion to some form of proletarian bonapartism could be Russia itself. That perspective depends on the entire course of developments in Russia and on a world scale. We must be prepared for all eventualities, while fighting for the cause of workers' power, in order not to be taken by surprise by events.

The Cuban Revolution

The extension of proletarian bonapartism in the colonial world also raised another issue--that of the role of the peasantry in the revolution. For a whole period it looked as if the classical analysis of Marxism concerning the leading role of the proletariat in the revolution had been falsified by history. Practically every other tendency with the exception of ourselves accepted the new-fangled theories of guerrilla warfare. We were the only ones to explain that no other class other than the proletariat can lead to the establishment of a healthy workers state.

As we have pointed out, no reference or hint at the possibility that the peasantry can bring about a socialist revolution can be found in the writings of Marx, Engels, Lenin and Trotsky. The reason for that is the extreme heterogeneity of the peasantry as a class. It is divided into many layers, from the landless labourers (who are really rural proletarians) to the rich peasants who employ other peasants as wage labourers. They do not have a common interest and therefore cannot play an independent role in society. Historically they have supported different classes or groups in the cities. The only class able to lead a successful socialist revolution is the working class. This is not for sentimental reasons but because the place it occupies in society and the collective character of its role in production.

Marxists have always conceived the peasant war as an auxiliary of the workers in the struggle for power. That position was first developed by Marx during the German revolution of 1848, when he argued that the German revolution could only triumph as a second edition of the Peasants' War. That is to say, the movement of the workers in the towns would have to draw behind it the peasant masses. The Bolsheviks also explained that it was the workers in the cities who had to lead the peasants behind them. It is important to note that during the Russian revolution the industrial working class represented no more than 10 per cent of the population. Yet the proletariat played the leading role in the Russian revolution, drawing behind itself the multi-millioned mass of poor peasants--the natural ally of the proletariat.

This perspective seemed to be falsified after the Second World War when a number of guerrilla wars ended up in victory in Cuba, Vietnam, Angola, Mozambique, etc. The Cuban revolution was yet another peculiar case, though in its essentials it was similar to China. It is not generally realised that Castro started out as a bourgeois-democrat. His model was the American Revolution of 1776! But then Mao also originally had the perspective of a long period of capitalist development in China. In both cases the logic of the situation dictated the outcome which was different to that envisaged by the leadership.

Having smashed the old Batista state (against the advice of the Cuban CP who condemned Castro as a petty bourgeois adventurer), Castro found himself in an entirely unforeseen position. He attempted to introduce reforms and tax the US companies, who replied with a campaign of sabotage, although the taxes they were being asked to pay in Cuba were less than in the USA. Washington began a blockade of Cuba. In reply, Castro seized all the US assets in Cuba. Since nine-tenths of the economy was owned by US imperialism, this meant that practically the whole economy was nationalised, so they

decided to finish the job and nationalised the remaining ten percent. With the model of Moscow before them, the Cuban leaders manoeuvred to set up a proletarian bonapartist regime.

The Cuban revolution acted as a beacon to the oppressed workers and peasants of Central and Latin America. In several countries, there were attempts to follow the Cuban road of guerrilla warfare, but, despite its initial attraction, especially to the student youth, it failed everywhere, with catastrophic results. Our tendency explained that many of these victories were achieved not by the guerrilla war itself but by the workers declaring general strikes in the cities as the decisive factor. That was the case in Cuba and also in Nicaragua. We also explained that a guerrilla war, even if victorious, could at most lead to a deformed (proletarian bonapartist) workers' state. The very nature of the organisation of a guerrilla army does not allow a democratic structure and the lack of participation of the workers in the overthrowing of the regime in an organised way meant that the hierarchy of the guerrilla army would form the new state bureaucracy.

Therefore, our tendency, while giving critical support to the different guerrilla movements, as an expression of the struggle of the peoples against oppression, insisted that the main factor was the conscious organisation of the working class to change society. The working class in almost all of the countries where guerrilla wars developed was at least as big as it was during the Russian revolution in 1917, and much bigger as a proportion to the total population. Under the leadership of a genuine Leninist party, the workers could carry out a classical proletarian revolution on the lines of the October revolution, in all but the most backward of countries. Moreover, in many, if not most, of these countries, the majority of the population now lives in urban areas. The working class is numerically far stronger than was the case in Russia in 1917. Only the lack of the subjective factor--a revolutionary party and leadership--has prevented this from coming about.

All the so-called "Trotskyist" groups at the time started to defend guerrilla war in the Third World as the only means for a socialist revolution. They even went so far as to declare guerrilla war as the main tactic even in countries where the peasantry did not represent a sizeable section of the population, developing the crazy idea of "urban guerrillaism" which led to the destruction of a whole generation of revolutionary youth in countries like Argentina, Uruguay and others.

The organic opportunism of the CP leaders, their embracing of the bourgeoisie under the banner of the "two stages" theory, pushed a large section of the student youth in the direction of adventurism--individual terrorism and guerrillaism--in search of a short cut. This led to a catastrophe in Latin America, where these tactics led to the massacre of an entire generation of young revolutionary cadres and, ultimately, to the nightmare of military dictatorships in Argentina and Uruguay. Criminally, the so-called Trotskyists not only did not combat these tendencies, but actively encouraged them and even participated in them. This fact shows just how far the degeneration of these people had gone. Ideas that had already been discredited in the prehistory of the movement now re-emerged from the dust-bin of history, parading as something new and original. But Russian Marxism

was born in struggle against all forms of individual terrorism and "guerrillaism". Such methods must lead to defeat, but even if they succeed, they cannot lead to the establishment of a healthy workers' state, but only a bureaucratic caricature.

Guerrilla war

The failure of the guerrillas in El Salvador and Guatemala showed the limitations of this tactic. Whereas the Cuban revolution took the imperialists by surprise, they were better prepared to deal with the problem elsewhere. Even so, with a correct policy and tactics, the revolution could have succeeded in El Salvador, where conditions existed at the outset for a mass movement in the towns. The petty bourgeois leadership was infatuated with the idea of guerrilla warfare and led the movement to a bloody defeat. In Nicaragua, the sandinistas had been waging guerrilla war for decades with no result. What decided the issue was not the guerrillas but the fact that there was a mass insurrection and a general strike in Managua.

Here again we see the counter-revolutionary role of Stalinism. The sandinistas could easily have gone to the end and carried through the socialist revolution. Of course, in a small country like Nicaragua, they could not have held out for long. But herein lies the central point of the permanent revolution. The Central American revolution is, in reality, a single whole. Having taken power in Nicaragua, the sandinistas should then have appealed to the workers and peasants of Guatemala, Honduras, El Salvador and Costa Rica to follow their example. Above all, it was necessary to spread the revolution to Mexico. The Nicaraguan revolution will conquer as part of the revolution in Central and South America or not at all. Probably the sandinista leaders would have been prepared to carry the revolution through to the end by abolishing capitalism in Nicaragua. But they were prevented from doing this by pressure from Moscow and Havana. The Russian and Cuban bureaucracies, motivated by narrow national considerations, did not want to provoke Washington and persuaded the sandinistas to halt the revolution half-way. This was a disaster for the revolution. The US imperialists organised and armed the counterrevolutionary Contras and slowly throttled the Nicaraguan revolution.

The imperialists have learned the lesson of guerrilla wars and seek to destroy them at an early stage. In the last period a number of different guerrilla groups have abandoned their tactics and reached agreements to participate in civilian politics. But this has been more as a result of the demoralisation of their Stalinist-leaning leaders rather than a genuine solution of the problems which gave rise to guerrilla war in the first place. We can see how in countries like El Salvador or Guatemala, the army-organised death squads still operate freely and the problem of the land is far from being resolved. Therefore the possibility of new outbreaks of guerrilla war is still present in the situation. In Nicaragua for example different groups have taken arms again when the promises for land and cheap credits to work in them were not fulfilled by the government.

The fact that the guerrillas have given up in a number of countries does not rule out the possibility of new guerrilla outbreaks. On the contrary. They are inevitable in the next period, and may even end in victory in some cases. The same factors that led to guerrilla

wars in the past are still present. The desperate situation of the peasantry in most of the colonial countries, the need to liquidate the remains of the feudal system of land property which still exists in many places--all these factors make new guerrilla wars inevitable. A clear indication of this was given by the emergence of the zapatista army (EZLN) in Chiapas, Mexico in 1994. In the absence of a genuine revolutionary alternative, there is a danger that a layer of the youth will be inclined to resort to the methods of guerrillism and terrorism. Yet the EZLN is a good example of the need for the peasant movement to link up with the labour movement in the cities. Every time the Mexican army has tried to go in and smash the zapatistas the mass demonstrations in the cities have stopped them. The programme of the EZLN is at best a bourgeois-democratic programme, but even their limited demands cannot be achieved within the limits of capitalism. This is a confirmation of the theory of the permanent revolution. The lack of alternatives on the part of the EZLN leaders has allowed the government to go on the offensive and try to dismantle the different "autonomous municipalities" under zapatista control one by one.

The leaders of the EZLN do not have a programme which could appeal to the workers and their efforts to go beyond their basis of support amongst the peasants have been oriented mainly to the petty-bourgeois intellectuals and middle classes in the cities. We must remember that in Mexico today, 70 per cent of the population live in urban areas. The key to the revolution in Mexico, and in the rest of Latin America lies, not in the peasantry, but in the multi-millioned ranks of the labour movement.

In Colombia, the guerrilla movement is not only still active but controls some 60 per cent of the country's territory and continues to advance. It is not ruled out that they could take power. US imperialism is so worried about this prospect that it is sending military advisers to the country. Let us remember that this is just how the US involvement in Vietnam started in the early 1960s. The analogy has already been made by bourgeois observers. Ever since the Vietnam war, US imperialism has tried to avoid committing ground troops in foreign conflicts, preferring to rely upon air bombardment. But wars cannot be won by bombing alone. It is possible that, if the Colombian guerrillas look like coming to power, the US involvement will escalate, as it did in Vietnam. Such a development would have incalculable results in the whole of Central and Latin America, and in the USA itself. That is just what Trotsky meant when he spoke of dynamite being incorporated into the foundations of US imperialism as a result of its role as world policeman in the epoch of imperialist decay.

Interimperialist contradictions

One important effect of the fall of Stalinism has been the intensification of interimperialist contradictions. In the past they were to some extent united against the common enemy of Stalinism, but now that this has disappeared--at least for the time being. The conflicting interests of the different imperialist powers have come to the fore. The division of the whole world into three giant blocs continues apace. The EU, dominated by Germany with France as a junior "partner" is busy carving out spheres of influence in Eastern and Central Europe, and also has a whole series of semi-colonies in North Africa, Africa and the Caribbean. The USA is attempting to increase its

stranglehold on Central and South America, and at the same time is asserting its dominant influence on a world scale. This sometimes brings it into conflict with its European and Japanese "allies", as we have seen. For reasons we have already explained in other documents, under modern conditions, a world war between the major powers is ruled out. But "small" wars in the Third World involving surrogate armies from client states will take place continuously.

The bourgeois press invariably tries to present wars and conflicts in these countries as "racial" or "ethnically motivated". As a matter of fact, poverty, caused by the ruthless over-exploitation of these countries by imperialism, is one of the main factors sparking these conflicts and wars. Another one is the divide and rule policy of the old imperialist masters and the artificially drawn border of these countries. Eight of the 10 most indebted countries have suffered civil war or violent conflict since 1990. Of the 25 most indebted countries, 15 suffer from such conflicts. In some countries, notably, but not exclusively, in sub-Saharan Africa, we are witnessing the destruction of the very structures of society and the state and the reappearance of elements of barbarism. Countries devastated by decades of imperialist pillage and looting in which armed gangs of people rule in a permanent state of in-fighting and the bourgeois state has collapsed. These is the case mainly in those countries where the working class has always been extremely weak. As examples of this phenomena it is sufficient to recall Somalia, Sierra Leone and Afghanistan.

The imperialists are fighting bitterly for every market and every strategic position in the world arena. This gives rise to enormous instability and produces a situation far more similar to that of the turn of the century than the long period of relative stability in international relations in the half century that followed the Second World War. This can be seen clearly in Africa where we are witnessing the struggle between a decaying imperialist power (France) and a rising power with few previous interests in the continent (the USA). This inter-imperialist conflict has been an important underlying factor in the wars in the Central Lakes region in Africa, in the former Zaire, in Congo-Brazzaville, in Sudan, etc. Thus, Uganda has become one of the important pawns of Washington in the region helping Washington to win positions in Rwanda, Burundi and Zaire which have, in effect, switched to the US sphere of influence. France was the loser in this conflict.

In Sudan we can see a combined campaign of US-backed countries (Uganda, Rwanda, Ethiopia) to oust the Islamic government in the North by supporting the guerrillas in the South. France, once again, finds itself on the wrong side of the equation. But the most startling example of the great imperialist powers fighting over natural resources over the dead bodies of thousands of ordinary people was, without doubt, the war in Congo-Brazzaville during the Summer of 1997. This was a war openly fought between French and US oil companies (with the backing of the governments of Paris and Washington and their allies in the area) for the control of the country's oil resources. A few months after, the country was almost completely destroyed, 10,000 people had died, and the French oil company Elf had regained its contracts over the Congo's resources. This same conflict of interests is repeated all over the world. France, Russia and the USA are fighting over the oil in the Middle East (especially in Iraq), and in Central Asia. Afghanistan is still being

torn apart by rival factions, each of which is backed by one or another foreign power-- Pakistan, Iran, Saudi Arabia, Russia, the USA. The whole of Asia is the arena of a vast struggle for markets by all the main imperialist powers.

Imperialism forced to retreat

For the imperialist powers direct military domination in the colonial world had by 1945 become too expensive. Even before the Second World War, Trotsky explained that the cost of direct imperialist domination of the colonial world was greater than the tribute that they received in exploitation. However, many of the imperialist countries were reluctant to withdraw from these countries and therefore there were mass movements in South East Asia against French and US imperialism; in Africa (Kenya, Ghana and Nigeria) against British imperialism and against French imperialism in Algeria. But even where independence was granted, it did not solve the problems of the masses in these countries. This independence was only formal, as the imperialist domination continued through, more subtle, economic means.

This domination is mainly exercised through the mechanism of the world market and the unequal terms of trade, where commodities which represent more labour are exchanged for commodities which represent less labour. Imperialism forced many of these countries into monocrop economies, whether it consists of agricultural products, like coffee, cocoa, bananas, cotton, etc., or minerals like copper, diamonds, tin, etc. The prices of these products are heavily controlled by a few multinationals and the general tendency has been going down for decades. At the same time, the prices of manufactured products bought in exchange have been rising creating a vicious circle from which it is impossible to escape. It is not a coincidence that the Rwandan crisis was preceded by a steep fall in prices of coffee. This ruined thousands of mainly Hutu peasants who moved to the cities where they became fodder for the gangs who organised the genocide. Prices of raw materials and agricultural products are now lower in real terms than they were 70 years ago during the Great Depression.

The whole history of the world since 1945 only serves to confirm the theory of the permanent revolution, which was already demonstrated by the Russian Revolution itself. Let us not forget that, before 1917, tsarist Russia was an extremely backward, semi-feudal and semi-colonial country (its complete dependence on foreign imperialism was not altered by the fact that it was also itself a weak imperialist power.) As early as 1904, Trotsky explained the basic inability of the bourgeoisie to solve any of the problems facing Russian society. This is true of the national bourgeoisie of all the former colonial countries in the era of imperialist domination. For this reason, in the Second Congress of the Communist International, Lenin insisted in rejecting the phrase "bourgeois-democratic revolution", replacing it with the slogan of the national-democratic revolution. This was to underline the rottenness of the colonial bourgeoisie, its utter inability to play any progressive role in the modern epoch. This is most clearly shown by the case of India.

India

For over half a century, the Indian bourgeoisie has had plenty of time to show what it is capable of. And now it stands condemned before history. Fifty years after independence, despite the colossal productive capacity of India, the Indian bourgeoisie has not been able to solve any of the urgent problems of the country. Although there has been a certain development of industry (India now has more industry than Britain), India is today as dependent on imperialism as it was when it achieved formal independence, and the problems of the land, the national question and even the caste system remain unsolved.

The Indian bourgeoisie was only able to rule after independence because of the policies of the Communist Party which declared a truce during the struggle for independence. The same anti-Leninist policy of the "two stages" was pursued by all the CPs in the colonial world: support the "progressive national bourgeois" against imperialism, relegating the fight for socialism to the dim and distant future. In reality, India achieved formal independence as part of the process of the mass movements of the colonial people's which took place in the period after the Second World War. This was probably the biggest movement of the peoples in the whole of history. The multi-million masses of the colonial countries fought against imperialism and defeated it in most of the cases winning independence.

The Congress Party under Nehru proclaimed itself to be both secular and "socialist". Yet half a century later, we see the victory of Hindu fundamentalism in the form of the reactionary BJP. This is the price that India has paid for the rule of the bourgeoisie. The main responsibility lies with the leaders of the pro-Moscow CPI and pro-Beijing CPI (M) who had an agreement with Congress (the "two stages" again). Yet it was not Congress but the millions of Indian workers and peasants who freed India from British rule. For 300 years the British had ruled India with Indian troops. Once the Indian people stood up and said no, the British realised that the game was up. General Auckinlech telegraphed London to say that he could hold India for no more than four days. Moreover Congress betrayed India by accepting the bloody and reactionary partition in which anything between 10 and 20 million people were slaughtered. This was a crime of British imperialism which, under the pretext of "preventing bloodshed", cynically divided the living body of India, thus sowing the seeds of new wars and conflicts.

The fall of Stalinism meant important changes for the colonial world. In the past the colonial countries had the opportunity of balancing between the USA and the USSR and get some advantages out of it. This is no longer the case. This has decisively affected countries like India, which in the past, relying to a certain extent on their trade and political links with the Moscow bureaucracy, achieved a relative independence from Washington. Now that is no longer the case. Under the pressure of imperialism India is being ruthlessly forced to open up its markets, with catastrophic consequences for local industry. The same picture can be seen all over the ex-colonial world. The dreams of progress through independence have been exposed as a cruel fraud. Under the capitalist system, the winning of formal independence--though in itself a progressive development--can solve none of the most fundamental problems of society in backward countries.

At present, 70 per cent of India's budget goes on debt repayment, and now the BJP government has announced a big increase in arms expenditure. This will impose new and harsh burdens on the shoulders of the workers and peasants, who will soon see the BJP government for what it is. As *The Economist* sarcastically put it, the BJP's slogan of "self-reliance" really means: "You had better get used to being poor." As a result, already the BJP government is beginning to come apart at the seams. In the first of June budget announced shortly after the nuclear test, the government announced big cuts in fertiliser subsidies and raised fuel prices to market levels. But so weak is the coalition that when opposition parties protested, Finance Minister Yashwant Sinha immediately backed down, reducing the subsidy cut by one half and dropping the fuel price increases, saying that they were "mistakes."

Since then, the stock exchange has fallen by 30 percent, the rupee has fallen 7 percent against the dollar, and, in the first week of June alone, \$130 million worth of foreign investments left India. And this is before sanctions have begun to take effect. According to some estimates, sanctions could cut India's growth to 4 percent, far too weak to create the jobs needed to combat unemployment. And inflation, which was only 4.5 percent, could rise to 10 percent. Thus, the BJP will preside over a rise in unemployment and prices and a further fall in living standards. Once the fog of chauvinism whipped up over the nuclear test has blown away--and this has already begun to happen--the stage will be set for big movements. If the CPI and CPI (M) had a genuine communist programme, the future of the Indian revolution would be assured. Unfortunately, both parties are pursuing a reformist line, based on pacts and alliances with different sections of the national bourgeoisie. On this road lies only the perspective of defeat and reaction. In the course of struggle, the Indian workers, beginning with the most conscious sections of the CPI and CPI (M), will have to find the road to a real Leninist policy which can alone guarantee success.

Pakistan

For 26 out of the last 51 years, Pakistan has been under army rule. It has staggered from unstable democratic regimes to dictatorship and back again, without solving any of the problems. On the contrary, the problems have got steadily worse. The majority of the budget goes on defence spending and debt repayment. The IMF is demanding a reduction in military spending--though not debt repayment! The imperialists do not want a coup and they certainly do not want a war between India and Pakistan. But the testing of a nuclear device by India immediately provoked the Pakistan regime to follow suit. This shows the limited ability of imperialism to control the situation. The ruling class in both India and Pakistan are undoubtedly using the nuclear question as a diversion, whipping up chauvinist sentiments in order to try to prevent the development of revolution. But this can only be a temporary phenomenon. Once the effects wear off, the attention of the masses will once more be focused on their most pressing needs, for work, land, bread and shelter.

Pakistan capitalism remains extremely weak and unstable. All the contradictions have been piling up for decades, producing an explosive situation. Under the remorseless

pressure of imperialism, Pakistan reduced its tariffs. As a result, 3,462 medium and large companies closed. The country is, effectively, bankrupt. In the last quarter of 1996 alone, \$550 million went on servicing the foreign debt. If it were not for the huge black economy (drugs, gun-running etc.) the economy would collapse altogether. But in any case, the present situation cannot be maintained for any length of time. There is constant pressure from the IMF to raise indirect taxes on kerosene, gas, electricity, and so cut the already miserable living standards of the masses. But they are playing with fire. As in India, the Pakistan ruling clique tried to divert the anger of the masses to the external enemy and whip up patriotic sentiment over the issue of the nuclear test explosion. Probably Nawar Sharif had no alternative but to follow the example of India. The military caste would have accepted nothing less. But the consequences for Pakistan will be far more serious than for India. The cutting-off of US aid will have far worse effects on the finances of a state that is already teetering on the edge of bankruptcy. New Delhi has \$26 billion in foreign-exchange reserves, while Pakistan has only \$1.2 billion, barely enough for five weeks of imports. The merciless squeezing of the masses is preparing an explosion in both countries. The 1968 revolution was sparked off by a 10 per cent rise in the price of sugar. The same thing can happen again.

There are many parallels between Pakistan and Russian tsarism. Like Russia, Pakistan is a semi-feudal society upon which capitalism has been grafted in a few areas, mainly Karachi and parts of the Punjab. The national question is also similar, with the dominant Punjabis oppressing the Sindhis, Baluchis, Pushtoons etc. If the working class does not take power, it is quite possible that Pakistan could break up in the future. This possibility was already seen with the bloody breakaway of Bangladesh (the former East Bengal.) Given the mixing up of populations that has occurred (for example, Sindhis are in a minority in Karachi, and Baluchis are in a minority in the cities of Baluchistan), the break-up of Pakistan into its constituent parts would be an absolute nightmare. Only the united revolutionary struggle of the Pakistani working class can prevent this and solve the national question on the basis of a democratic socialist federation, which could be the starting-point for the Socialist Federation of the Indian Sub-continent. Only this can prevent the horrors of wars and communal violence which will inevitably result from the crisis of capitalism.

The PPP government of Benazir Bhutto was corrupt, but the present government of Nawar Sharif is even worse. It is a government of the most rotten sections of the compradore bourgeoisie, linked to the drug barons, which leans on open fundamentalist reaction. The present unstable situation cannot last for long. In the second half of 1997 500,000 jobs were destroyed as a result of the imposition of IMF policies. This has temporarily had a stunning effect on the working class with thousands of factories being closed. The population of Pakistan is growing at a rate of 3.3 per cent per annum. The growth of the economy cannot match this population growth. With the highest birth rate in the world the country has among the lowest literacy rates and one of the worst health care records in the world. The state spends on medicine about five pence per person per year. The infrastructure of the country is collapsing. In the last few years 7,500 kilometres of rail track have been closed. All state assets are being prepared for privatisation. But even if they sold all these assets (about £5 billion worth) it would not

even be enough to pay one year's interest on the debt which amounts to £7 billion. It is in the midst of this social and economic crisis that the Pakistani ruling class is going ahead with its nuclear arms programme. It reflects the deep impasse facing the ruling class. In order to divert the attention of the masses away from the real problems they are building up the outside enemy, India. This will not save the Pakistani ruling class from the wrath of the masses once these begin to move.

All the signs indicate that the objective situation is beginning to change. The mood of the masses is turning against the Nawar Sharif government. The PPP called a demonstration in Karachi recently where Benazir Bhutto spoke. She was expecting a turn-out of 5,000, but she found herself addressing a gathering of 500,000. Just the kind of support that she doesn't want. The leadership of the PPP would prefer a situation where strikes are unsuccessful and demonstrations only attract a small number of people, so that they can discourage the masses by saying that the situation is difficult. To have half a million people on a demonstration can only serve as a boost to the workers and students of Pakistan. Apart from that demonstration there are many other indications that a changing mood is taking place even in Karachi.

Democracy or dictatorship?

Another important characteristic of the current situation in the colonial world is the shift of imperialism from supporting military rule to supporting "democratic rule" wherever that has been possible. We saw that in Haiti, in the Philippines and in a number of other countries, where Washington withdrew its support from puppets on whom Washington based itself in the past. The two main reasons for this change are on the one hand the fact that Stalinism is no longer a threat and therefore, under the pressure of the masses, they are able to concede formal democracy, as long as it does not threaten their economic and strategic interests. On the other hand dictatorial rule tends to acquire a dynamic of its own. Dictatorships create a massive and expensive bureaucratic apparatus, and the dictators themselves have a tendency to cronyism and to luxury which eats up part of the cake which the multinational companies are able to extract from these countries. Some of them even dare to challenge their masters and cause trouble for the Americans. This was the case with Noriega in Panama and with Saddam Hussein in Iraq, to name just a couple.

As long as the pressure of the mass movement does not threaten the very existence of the capitalist system, democracy is the most economical means of government from the capitalist point of view. In any case, the most important decisions will still be taken in Washington, Paris and London. The fact that, for the time being, imperialism prefers "democratic" rule does not mean that it is always able to achieve it. We should not forget that two of the countries which were supposed to have smooth transitions to bourgeois democracy as part of the New World Order scheme were Mobutu's Zaire and Nigeria. In both these countries the military rulers had other ideas and cancelled the processes, much to the chagrin of the imperialists.

This is also linked to the reluctance of US imperialism to get involved in direct military intervention abroad. Our tendency has explained that the defeat of the US in the Vietnam

war was mainly due to mass opposition at home and the restless mood amongst the troops. One US general actually compared the situation amongst the soldiers in Vietnam to that of the Petrograd garrison in 1917. If the American Socialist Workers Party had had a genuine revolutionary programme, the US would have been on the verge of a revolutionary situation even at that time. That was the first time ever that the US had been defeated in a war. At the time our tendency explained that would prevent them from intervening with ground troops in a foreign country. The only exception that we made was that of the Middle East, where we explained that the key importance of oil for imperialism could force them to intervene in the case of a revolutionary situation in Saudi Arabia.

Since then we have seen the US, the most powerful imperialist power in history, withdraw its troops from Lebanon and Somalia. The only cases of actual intervention with ground troops have been in tiny countries like Grenada, Panama and Haiti where it was a question of a quick operation against small and weak countries with very little risk.

By contrast, the Gulf war against Iraq was mainly based on aerial bombing. Even when they smashed through the Iraqi lines and the road to Baghdad lay open, they failed to march on Baghdad. They feared getting bogged down into a protracted guerrilla war which would face mass opposition at home once the soldiers started to be sent back in body-bags. Thus, we have the contradictory situation of the most powerful imperialist power in history which at the same time is impotent to intervene militarily with ground troops even in a small weak country like Somalia. Nevertheless, this sudden "love affair" of imperialism and democracy will only last for as long as formal democracy is able to guarantee their economic domination. In any case, what sort of "democracy" is this? At most, we can consider it as a semi-democracy, a fraud and a fig-leaf to cover the domination of the banks, monopolies and imperialism. And as soon as the working class and the peasantry present any serious challenge to capitalist rule, they will resort again, without hesitation, to the same old methods of ruthless dictatorships.

In Latin America, most of the dictatorial regimes fell and we now have "normal" bourgeois democracy in almost the whole of the continent. But even here, as the class conflicts became more acute, sections of the state apparatus are already displaying their eagerness to go back to open repression against the labour movement and its organisations. Already in Peru we have a regime of parliamentary bonapartism in which increasingly the Army is being given a bigger role in running the state, the justice system, etc. In many Latin American countries the ruling class resorts to hired assassins to settle matters with trade union activists. In Honduras, Colombia, Brazil, Argentina, to name just a few formally democratic countries, trade union and peasant activists have been killed in open daylight. From this to open dictatorships there is still a step, but one which the ruling class in these countries, with the full backing of US imperialism, will not hesitate to take when conditions demand it.

However, they will only resort to this when the movement of the workers fundamentally threatens the rule of capital. At the moment, in Latin America, the pendulum has already started to shift to the left. We have seen massive movements of the working class in the

last period. Strikes, general strikes and virtual regional insurrections have taken place in most of these countries. In Ecuador the general strike, which had insurrectional features, overthrew the hated Buccaram government, but because of the lack of a political alternative, this was replaced by a more "normal" bourgeois government. Bolivia is the clearest example of the limitations of militant trade unionism without a political alternative and expression. In Bolivia we have seen the heroism of the workers organising all-out general strikes almost on a yearly basis. But without a revolutionary party, no way out is possible. Under conditions of capitalist crisis, even the stormiest strikes cannot solve the fundamental problems of the working class.

Mexico

On the surface it would seem that the Mexican economy has fully recovered from the currency collapse of 1994/95, and some international analysts are even saying that Mexico is the example the Asian economies should use to get out of their recession as quickly as possible. Reality, however is very different. After a horrific economic contraction in 1995 of 6.2 per cent, the economy grew again in 1996 and even reached an impressive (official) 7 per cent growth in 1997. If these figures are averaged out over this three year period we get a mere 1.8 growth rate a year which is lower than the annual 1.9 per cent increase in population. Real wages for workers, far from growing, have been falling, according to a university study, by 34.5 per cent in the last three years. This decline in wages is part of a more long term trend, for instance, the purchasing power of the legal minimum wage is now only 25 per cent of what it was in 1980.

One of the main reasons for this economic growth is precisely the increased competitiveness of Mexican exports as a result of the devaluation of the peso. This has mainly benefited the "maquiladora" sector, of assembly factories for US companies concentrated in the US-Mexican border with appalling working practices. This sector is facing increased competition from South East Asian exports, now much cheaper after the collapse of their currencies. (Incidentally, the maquiladora workers are starting to organise in a similar process to the one in SE Asian low wage economies). This is putting pressure on the Mexican currency, and another collapse of the peso is not ruled out, especially when one takes into account that bad debts represent 42 per cent of the total. The Mexican government is trying to prevent this with a policy of controlled devaluation.

The fall in the price of oil has also badly hurt the Mexican economy because, although oil exports represent only 9 per cent of GNP, they account for 40 per cent of state revenue. So far this year the government has introduced two packages of budgetary cuts directly as a result of the fall in oil prices. Taking all these factors into account, and in the context of a bleak perspective for the world economy, the official forecast for economic growth in 1998 of 5.2 per cent is quite clearly exaggerated (and in fact the government has already revised this figure down twice).

Given the weak economic situation it comes as no surprise that the process of decomposition of the regime (which started at the end of the 80s and accelerated after the zapatista uprising in 1994) has continued. Increasingly, sections of the PRI bureaucrats

are leaving the party, like rats deserting the sinking ship, forming their own parties, or joining the left wing PRD or the right wing PAN. In 1997 even an important section of the official union bureaucracy split off from the official trade union federation (the CTM) and formed their own National Workers Union (UNT), which maintains their old anti-democratic internal practices but nevertheless opposes the government's economic policy, which is undermining their wealth and privileges as trade union leaders.

The developing crisis is shown by the splits in the ruling elite. There are sections of the state apparatus and the bosses who favour a "tough" policy against all opposition movements. Their main concern is the zapatista movement and they have taken a number of measures in order to force them to surrender or eliminate them. They passed an indigenous rights law in Parliament which is opposed by the PRD and breaks all previous agreements between the government and the EZLN. They have launched a campaign to expel foreigners working in different NGOs from Chiapas (200 of them so far have been expelled) in order to get rid of unwanted witnesses. Finally they have stepped up the army presence in Chiapas, setting up army check-points, with army helicopters and planes flying at low height over the zapatista communities, etc. The government is also financing, arming and training paramilitary organisations, not only in Chiapas but in other conflict-ridden areas of the country. A number of the zapatista-created "autonomous municipalities" in Chiapas have already been disbanded by the army and recently the army carried out a massacre in Guerrero, allegedly trying to disband a unit of the People's Revolutionary army (EPR).

The repression is not, of course, aimed only at the zapatistas. Trade union activists, debtors organisations, peasant leaders, etc. all have been harassed with illegal arrests (like in the case of trade union leader Aquiles Magaña), assassination attempts (like in the case of debtors organisation leader and Marxist Federico Valdez in Chiapas) and actual murders (more than 600 PRD members have been murdered in the last 10 years). This increase in repression, nevertheless, is not a sign of strength on the part of the PRI regime, but of weakness. Increasingly, people are losing their fear of repression. Although strike levels are low, mainly due to high unemployment and job insecurity, the process of formation of democratic currents within the official unions is accelerating. Workers and peasants are joining the PRD as the only channel where they can express their aspirations for change, despite the corrupt and careerist nature of many of its leaders. The working class is the main factor in the situation in Mexico (and most of the other countries in Latin America) and has proved this time and again. The participation of the workers in the political scene, especially in the million strong May Day demonstrations in 1994 and 1995 marked an important milestone in the decomposition of the PRI regime.

The rise of the PRD is illustrated by their election victory in the Federal District (DF) last summer, which everyone thought it was going to be won by the PAN, and also by the fact that the PRI lost the overall majority in Congress for the first time. Now the PRI bureaucracy and national government are trying to undermine and sabotage Cardenas as mayor of Mexico City in order to weaken him in the run-up to the presidential elections in 2000. Nevertheless the masses still have considerable illusions in the PRD (especially

in Cardenas who, together with Manuel López Obrador, represents its "left" wing). Inside the PRD the divisions between the left and the right (represented by Muñoz Ledo) are on the increase. The recent PRD Congress declared that the party was a "left wing party", a move which obviously reflects the pressure from below. The DF organisation of the party is controlled by the so-called Democratic Left Current.

It is possible that the PRD will win the elections in the year 2000. But if the PRD comes to power and does not carry out a revolutionary programme, it will inevitably prepare the way for reaction and a worse situation than before. In the context of a world slump and a collapse of the Mexican economy, they would come under the enormous pressure of contradictory forces. On the one hand imperialism would try to use the PRD's authority amongst the masses to carry through a policy of even more cuts and privatisations. On the other hand the workers and peasants would expect a PRD government to solve their most urgent problems: wages, trade union democracy, corruption, the land, etc. The initial euphoria would rapidly dissipate under conditions of capitalist crisis and the masses would go on the offensive, not even waiting for the government to act. The pressure of the mass movement will be reflected in the PRD with the emergence of a more clearly defined left wing increasingly faced to those leaders more openly linked to the bourgeoisie.

Nigeria after Abacha

After South Africa, the key country in Africa is Nigeria. It is the biggest country in Black Africa with a population of over 100 million. One in five Africans live in Nigeria. Since its formal independence in the early 1960s, Nigeria has experienced continual political crisis, civil war, and lengthy periods of military rule. The civilian government of Shagari, which presided over widespread corruption, the doubling of foreign debt and the destruction of the country's manufacturing base, prepared the way for the military coup of General Babangida in 1985, who in turn was replaced by Abacha. Under the military the country slipped further into economic crisis. Today Nigeria has debts of £19 billion. Despite its exceptionally valuable resources--Nigeria is the world's fifth-largest oil producer--the country suffers from an acute energy crisis. The breakdown in infrastructure has led to a position where only one of its refineries is working and its power stations are operating at only 32 per cent of their normal capacity. The impasse of Nigerian society is revealed by the fact that 64 per cent lack access to clean water and sanitation, half of the population is illiterate, and life expectancy is only 51 years.

As with the rest of the ex-colonial world, aid was linked to arms deals. Between 1988 and 1992 arms poured in to Nigeria: Italy provided \$143 million worth, Czechoslovakia \$134 million, France \$74 million and Britain \$75 million. Even after the annulment of the 1993 elections, and the hanging of Ken Sara-Wiwa, finance and arms came in from abroad.

In August 1994 the military government disbanded the national executives of the Nigerian Labour Congress, and the oil and gas workers' unions. The regime has clamped down hard on opponents, attacking trade unionists, closing universities and arresting oppositionists. But the Nigerian working class is one of the most powerful in Africa and

has a militant tradition. The death of Abacha opens up an entirely new and stormy situation in Nigeria. On the 12th March 1998, we wrote to the Nigerian Marxists: "The bourgeoisie will move to abandon the military government when they feel the ground trembling beneath their feet. They may go towards a popular front--where the representatives of the working class are brought into the government to do the dirty work."

Far sooner than we anticipated, this perspective has been confirmed by events. The sudden death of Abacha is unlikely to have been the result of natural causes. More likely the imperialists, who have big interests in Nigeria were terrified of an explosion, which was clearly being prepared, and decided to get rid of him, since all their pressure had no effect. But in the same way that the resignation of Suharto marks the beginning of the revolution in Indonesia, so the death of Abacha is the first episode in the revolution in the most important country in Black Africa. The masses spontaneously came out onto the streets to express their joy at the removal of the hated oppressor. But now the bourgeoisie and the imperialists will move quickly to try to head off the movement of the masses, by shifting from the right boot to the left.

Whatever bourgeois regime is established we do not give it any shred of support politically. However, we must use the limited democratic rights that may be granted to step up our propaganda for the overthrow of the bourgeois regime and the coming to power of the working class. Again, we will stress the working class has to rely on its own power, its own strength, its own organisation and its own independent strategy and tactics. In no way can the Marxists support the so-called "democrat" Abiola. An independent position must be maintained. Even when Lenin stood for bourgeois democracy in Russia, he always opposed the liberal bourgeoisie under tsarism and in other countries. He constantly hammered away at the main theme: no faith in the bourgeois liberals! Trust only in your own forces to find a solution to the problems of the working class! It was the Stalinists who poisoned the movement with their class collaborationist ideas and their support for the liberals. The same thing is true for Nigeria. Were he alive today, Lenin would say to the Nigerian masses: rely on your own forces, strength, organisation. Have no illusions whatsoever in the liberal bourgeoisie. Of course, after a long period of military dictatorship there will be illusions in bourgeois democracy. We must take this into account and fight for all serious democratic demands, especially the demand for a Constituent Assembly. But we must link democratic demands to the socialist demands in a transitional way.

We do not call for support for one bourgeois government as opposed to another. However, the overthrow of the Junta, even if it leads to a new bourgeois government, would be a step forward. New conditions would be created that would permit the proletariat to organise more freely and give us new platforms for our ideas. Every single democratic right that is gained by the working class is a step forward to be used to further the cause of the socialist revolution. At the same time, we have no trust in any new "democratic" bourgeois government. That was the position of Lenin and Trotsky in 1917, as opposed to the conciliationism of Stalin and Kamenev who wanted to support the Provisional Government "in so far" as it supported the revolution.

The whole history of Nigeria, which has swung between "democracy" and dictatorship, is indicative of the instability of society. Only the force of mass action and revolution can force the Junta out, and lay the basis for the conquest of all the democratic demands. That was the reason NOT to vote for Abiola in the elections of June 1993. We must not reinforce any illusions in him. It was entirely false to urge the workers to vote for Abiola as the "lesser evil". The two parties are both in reality government parties. The military allowed the election on the basis of two official government-approved parties alone. That was a farce and we could not support it. Either way the ruling clique would win! In the United States we would not support any of the bourgeois candidates for the presidential election. That would be a betrayal of our class position. We campaign for the US Labour Party to put up a candidate against the bourgeoisie. When in Nigeria the Junta annulled the election, the only way forward was mass action by the trade unions and the working class. We are obviously in favour of the overthrow of the Junta, but have no illusions in the type of bourgeois democrats that are now being pushed forward.

The Nigerian bourgeoisie is afraid of bourgeois democracy because it fears the masses. Only when there was the threat of revolution did imperialism intervene to support the bourgeois democrats, as in Latin America. Even Abiola had, in effect, supported the Junta, allowing himself to be selected as a "reliable" man for the election. For that very reason he is now being pushed forward again as a supposed "democratic alternative". He poses no threat to the ruling elite or imperialism. The leadership of the Nigerian Labour Congress, now staffed with government stooges, is not prepared to fight, as it would mean conducting a revolutionary struggle. We must base ourselves on the working class, particularly its more militant sections like the oil workers. The Nigerian Marxists correctly call for committees of action to co-ordinate mass action and advance transitional demands such as the confiscation of the property of the imperialists, nationalisation, Constituent Assembly--this is the only really revolutionary policy: one that links the democratic demands with an anti-capitalist programme.

For the mass, a solution to their problems would be in "elections" or an "assembly" of some kind. A military police dictatorship always reinforces illusions in bourgeois democracy amongst the mass. All eyes are centred on the fall of the dictatorship and the return to "democracy". The masses see "democracy" as a means to solve their problems. For the "democratic" bourgeois it is a means of heading off the revolutionary potential in the masses. The Marxists have to take this situation into account. Trotsky makes the same point in relation to the Chinese revolution and the need for the Trotskyists to take into consideration the desire for democratic rights after being under the heel of Bonapartist dictatorship. This is a natural feeling after the experience of the military junta. "We want our basic democratic rights" will be a widespread feeling. We must use this feeling to our advantage. Our task is to link the desire for democratic rights--the right to organise trade unions and political parties, the right to strike, freedom of the press, freedom of assembly, etc.--to the question of and a programme for, the socialist revolution. We must give a class content to this expression for democratic rights. We must expose the bourgeoisie's claim to be the champions of "democracy". This approach will give us the ear of the masses and an opportunity to explain the Marxist case.

The position of "democracy" first, then socialism later is a variety of Stalinism. Of course, the Constituent Assembly remains a rallying point for the working class, but is no solution in and of itself. Only by a workers' government taking over the economy can the problems begin to be solved. Of course only by spreading the revolution to the rest of Africa and the West can there be a real solution.

In view of the radicalisation of the masses and the fear of an uprising, the bourgeois reformists and left reformists are clearly afraid of this development and wish to avoid it. We cannot support a class collaborationist policy. Instead of adapting to the pressure of the petty bourgeois, the Marxists need to put forward clear class ideas. Of course, under conditions of semi-legality or illegality, it is difficult to maintain a clear class position. The truth of this assertion is shown by the experience of the Bolsheviks in 1917 when Stalin, Kamenev and Zinoviev wavered and succumbed to the pressure of the bourgeois and petty bourgeois public opinion and took the line of least resistance. But it is necessary to fight against the stream. Without a clear and independent class position, no way out is possible.

South Africa

South Africa remains the key country in the whole of Africa. For decades, the magnificent black proletariat has given ample proof of its bravery and its marvellous revolutionary instinct. Only the lack of the subjective factor stood in the way of a classical proletarian revolution in South Africa. Although events have evolved differently to what we had originally envisaged, the fundamental perspectives remain the same. On a capitalist basis there is no future for South Africa, any more than any other country. The main reason was that the ANC leadership, especially Mandela, after the fall of Stalinism, were quite prepared to make a deal with the white ruling class so that they would become part of it. In exchange they assured them that nothing fundamental would change. The ANC leaders committed themselves to capitalist policies, to the acceptance of the continued rule of the white big business community, no actions to be taken against those responsible for past crimes against the people, and so on. In other words, they agreed to a complete sell-out.

US imperialism had for some time recognised that the situation could not be maintained as before. The pressure and militancy of the black working class had become too strong as to be put down simply by repression. As always, reforms are a by-product of revolution. Terrified of the danger of a revolution in South Africa, Washington put heavy pressure on De Klerk and the other representatives of the white ruling class to force them to accept some kind of "majority rule", with a number of conditions. For once, overruling his petty bourgeois Afrikaner followers, De Klerk reached a deal with the ANC-- something that we had not expected. In the past, whenever it looked as if a deal would be done against their interests, they always split away and succeeded in turning the situation back again. The National Party was itself the result of such a split before the War. It seemed most likely that something of the sort would occur again. But the specific weight of the Afrikaners (mainly farmers) had declined over the past few decades, to the point where they could not exercise the kind of decisive influence as in the past. In the moment

of truth, the Afrikaners were reduced to impotent gestures and terrorism. It was big business and imperialism that decided.

Incidentally, it was by no means a foregone conclusion that the deal would be struck. All the elements that we based our perspectives on were present in the process. There were many instances in which the process seemed to be breaking down. One of them was after the assassination of Chris Hani when the black youth rioted and demanded action on the part of the ANC leaders. The only reply they got was "maintain calm". The white Afrikaners also resorted to violence and the actions of the ABW and the extreme right wing elements within the state apparatus were directed to try and destabilise the situation. They also resorted to a campaign of terror, making use of the services of the reactionary "Zulu" Inkatha movement which nearly prevented the elections from taking place in some regions. But in the end the elements working in favour of the agreement were stronger than what we had thought and the elections went ahead.

The fact that things have turned out differently to what we expected does not at all invalidate our general perspectives for South Africa. Even now there is no majority rule in South Africa, in any meaningful sense. The agreement arrived at between de Klerk and the ANC was for a National Government to be formed with representatives from all parties. It will not be until after the 1999 general elections that a normal procedure for the formation of governments will be in place.

We should not underestimate the effect of the conceding of some democratic rights amongst the black population. Inevitably, at the beginning, there were some illusions. The concession of some things like electricity and clean water in the townships, in particular, will be seen by the blacks as a major advance. But the hopes placed in the ANC leaders by the masses far exceed such concessions. The black workers and especially the youth have grown increasingly angry at the conduct of the ANC leaders. After generations of what amounted to slavery, the mass of black South Africans aspire to real equality and civilised conditions of existence. For the masses the question of democracy is always a concrete question, linked to jobs, wages and housing. The ANC-led government introduced through the misnamed Growth, Employment and Redistribution plan (GEAR) a number of attacks on trade union rights, privatisation of the utilities, etc. This forced the COSATU leaders (which described GEAR as a "programme of finance capital") to call a number of important strikes and movements. They did so mainly to let-off steam and maintain their prestige within the movement, but the clashes between an ANC coalition government and COSATU reflect a deeper trend.

As we said in 1992: "the 'reform' will not prevent social upheaval, especially in the event of a downturn in the world economy, which would be a catastrophe for the black population. It would also threaten the jobs and privilege of the whites, who would begin to desert de Klerk and move towards reaction. In the same way, as the mass of blacks realise that they have been deceived, the ANC's base will begin to decline. Crises and splits will open up within the ANC itself. Despite everything, it is not certain that agreement will be reached. But even if a deal is signed, that would solve none of the

fundamental contradictions in South African society. It would usher in a new period of social upheavals and turbulence." (World Perspectives, August 1992)

We can see that already happening. There is a growing discontent within the ANC rank and file and the unions about this government and the way a new black elite has joined the white bourgeoisie leaving the majority of the black population still living in conditions of poverty.

The extent to which the ANC leaders have retreated could be seen in the 50th ANC Conference. In a report for the Australian magazine GreenLeft Weekly, Oupa Lehulere writes that: "Nelson Mandela singled out only Chief Mangosuthu Gatsha Buthelezi's Inkatha Freedom Party for praise and personally introduced the IFP representative to loud applause. The ANC public is being prepared for a possible merger of the two organisations, and the accession of Mangosuthu Buthelezi to the position of the deputy presidency of South Africa. The new ANC deputy president, Jacob Zuma from KwaZulu-Natal, is believed to favour such a merger."

We already warned in 1992 that "as the mass of blacks realise that they have been deceived, the ANC's base will begin to decline." (WP, 1992). The same report comments: "Organisational weaknesses, falling membership and non-functioning branches also conspired to help smooth the victory of the ANC right at Mafikeng. The Eastern Cape delegation, once the strongest ANC region, was only half its 1994 strength due to falling membership." (GreenLeft Weekly)

At the end of the day, the masses will judge the success of "democracy" by its ability to provide houses, jobs and decent living conditions. The ANC leaders promised all these things. But now it is becoming clear that the improvement in living standards is being confined to a small minority of middle class blacks. The great majority have gained little. Some blacks have succeeded in entering the boards of directors of the big monopolies where the white elite has made room for them. This includes a number of prominent ANC leaders, who have joined the ruling class. Thus, the whole swindle of "reform" is reduced to the enrichment of a tiny handful of privileged blacks and the preservation of the rule of the same old white oligarchy under the protection of the ANC. Thabo Mbeki is the consummate representative of this layer of black bourgeois.

A statistical report recently published described South Africa as having the second widest gap between poor and rich, after only Brazil. The poorest 40 percent of the South African population earns a mere 11 percent of the country's income, and the richest 7 percent an astronomical 40 percent. But while in the past this gap was associated with the racial divide this is not so much the case now, as an enormous gap has opened amongst black South Africans. Those at the top now live in the same conditions and neighbourhoods, go to the same clubs, etc. as the white businessmen while those at the bottom have seen their living standards plunge. There are actually more blacks than whites in the country's top income group.

The report graphically explains how "the share of national income earned by black South Africa's poorest 40 percent has shrunk by 48 percent, whereas the share of the richest 10 percent has grown by 43 percent". This is the reason behind the much publicised rise in criminality and lawlessness, not the "legacy of the methods used in the struggle against apartheid" as the bourgeois press likes to claim. The wealthy live in fortified houses, in fear of the wrath of the poor. The situation is turning into a nightmare for all sections of society--blacks, coloureds and whites alike. And on the basis of the crisis of capitalism, things can only get worse. The ANC leaders want to attract foreign investors, but at the same time must try to keep the masses quiet by at least the semblance of reforms. This policy will in the end satisfy nobody.

The black workers did not struggle for decades for this. The discontent and anger of the workers will result in a new wave of struggle like those of the past, but on a higher level. Having got rid of Apartheid (at least in its formal sense), and thrust the ANC leaders into power, the workers will come to understand the need for class politics. The way will be open for the formation of a genuine Marxist tendency. Particularly important in this respect is the SACP. There is the possibility of the South African Communist Party splitting off from the ANC and making an alliance with the powerful union confederation COSATU. This is without doubt an expression of the enormous pressure of the rank and file members.

Cape Town's daily "Die Burger" draws the same conclusion as Marxists: "The government's policy has effectively enriched the rich, especially rich blacks, and largely left the poor of all races to their fate. Thus a time bomb is being created that may yet see Marx's revolutionary dreams being realised in South Africa." (Die Burger (Internet Version) in English 16 June 98).

South Africa's GDP grew only by 0.2 per cent in the first quarter of 1998 and the coming world slump is likely to have serious consequences on the country's economy. The growing frustration of the black working class will find an expression through its organisations provoking splits and turmoil within the ANC, the SACP and COSATU. With the revolutionary traditions of the black proletariat and youth we can expect big class battles in the coming period in South Africa.

The Middle East

There is not a single stable regime in the Middle East. Even Saudi Arabia is in crisis, as the falling price of oil undermines its revenues. There are no longer the same possibilities for buying the allegiance of the population with lavish subsidies. The splits and crises at the top are an indication of the impasse of the regime. The crisis in Bahrain has already led to disturbances and a "pro-democracy" movement. This in turn has split the Saudi ruling elite. One section (king Fahd) is said to favour concessions, while officially the Saudi government, headed by the weak acting prime minister Prince Abdullah, is opposed to concessions. The ferment of unrest was shown by the car-bomb that killed five Americans and two Indians in a US-managed office in Saudi Arabia. A revolution in Saudi Arabia is not at all ruled out in the next period. That is why Saudi Arabia was

anxious to avoid a new US attack on Iraq, which could have provoked mass opposition at home, and even led to the downfall of the regime. Such a turn in the situation would have the most serious consequences as a result of the key economic and strategic importance of Saudi Arabia for US imperialism. The USA would be forced to intervene, which would provoke a revolutionary explosion throughout the Middle East and beyond.

In the Middle East the policy of the two stages has had its most pernicious results, leading to the defeat of the revolution in one country after another, and the rise of fundamentalist reaction. The bourgeois and imperialists, who at first backed the fundamentalists as a counterweight to the danger of revolution, are now terrified of the consequences of their own actions. In Algeria, the masses showed tremendous courage and determination in the war of liberation against French imperialism. That could have led to the socialist revolution in both Algeria and France, had it not been for the policies of the French Stalinists and the national limitedness of the leaders of the FLN. The latter did not see the need to make a class appeal to the French working class, but adopted a purely nationalist policy. Consequently the one and a half million French settlers, many of them skilled people whose services would have been useful to the Algerian people, fled the country, causing great difficulties to the economy. The petty bourgeois nationalist leaders of the FLN called themselves socialists and carried through measures of nationalisation, but did not finish the job of expropriating capital and breaking with imperialism. (The Chinese Stalinists, in the person of Chou En Lai actively discouraged them from doing this.) As a result, they prepared the way for reaction, first with the coup of Boumediene, and later, with catastrophic results, the rise of fundamentalism.

After almost four decades of independence on a bourgeois basis, Algeria is in a mess despite huge potential oil wealth. Millions of young people are unemployed and have no future. The crisis of capitalism means that the safety valve of emigration to France is virtually closed. The brilliant success in the war of liberation has turned to ashes in their mouths. In desperation, they turn to fundamentalism. This is a terrible irony, since the traditions of the Algerian revolution were secular and progressive. Islamic reaction--in common with Jewish, Catholic, Protestant and Hindu fundamentalism--combines in equal proportion religious fanaticism and black reaction. The anti-imperialist demagoguery they use does not change this fact. The real face of fundamentalism is shown by the barbaric massacre of men, women and children, although many of these massacres are clearly the work of the state forces. There is nothing to choose between them. The bloody impasse in Algeria is the result of the failure of the FLN to carry through the revolution to the end. It sharply reminds us of Marx's famous statement of the choice facing humanity--socialism or barbarism. The same kind of barbarism we see in Algeria will face other nations, and not only in the Third World, if the working class does not take power.

At the heart of the crisis in the Middle East is the Israel-Palestinian conflict. This has already led to four wars, and is still unresolved. The so-called peace deal brokered by US imperialism has solved nothing. Washington would like a peaceful settlement because it does not want conflicts that could place in jeopardy its huge investments in the area, and despite its close links with the ruling elite in Saudi Arabia, it will always in the end come down in favour of Israel, because it remains the only firm ally it possesses in that part of

the world. Despite its annoyance at the provocative policy pursued by Tel Aviv, it has no alternative but to accept.

Our tendency consistently opposed the insane policies of terrorism and guerrillaism (it was really the same thing) pursued by the PLO leadership in the past. This led to one disaster after another and did nothing to bring about the solution of the problems of the Palestinian people. On the contrary, it played into the hands of the Israeli ruling class and alienated the Jewish masses. We must remind ourselves that we were the only ones to point out that the only way to defeat Israeli imperialism was through the development of mass struggle in the occupied territories, especially the West Bank.

This perspective was shown to be correct by the magnificent Intifada--something the PLO leaders had not expected and did nothing to prepare. The Intifada was a partial success. It could not be more than partial in the absence of a conscious leadership capable of making a class appeal to the Jewish workers and soldiers. That is the key to success. It is necessary to build a fighting alliance between the Palestinian masses and the working class in Israel. The latter is subject to the attacks of the Israeli ruling class, and are fighting back. The early pioneers of Israel were really utopian socialists who stood for the nationalisation of the economy. The trade union, the Histadruth actually owns a large slice of the economy. But, in common with all other capitalist countries, the Israeli ruling class is carrying out a vicious policy of cuts and privatisation. This has led to an explosion of the class struggle in Israel.

At the beginning of December 1997, Israel was rocked by a general strike called by the General Federation of labour, Histadruth. The strike started on December 3rd, lasted for five days and ended in victory. 700,000 workers participated in the open ended strike despite the media attacks and the threats of the Netanyahu government to use the law against the strikers, fine the union and jail their leaders, and the courts declaring the strike "non-legal". One year before Sholo Shani, Histadruth's number two, was arrested for "contempt of court" over a wave of strikes and also that the first attempt of Histadruth's to call a general strike last September was halted after a few hours by the courts. The general strike was not just an isolated issue but part of the general concern over the growing economic crisis hitting Israel. There have been a number of bitter strikes, like the occupation of the Kitan textile factory in Nazareth Elite by its workforce protesting against closure, the struggle of the Tel Aviv refuse collectors against privatisation, the struggle at Haifa Chemicals, etc. In some of them, like the protests at the "development town" of Ofakim against unemployment, Jewish and Arab workers have demonstrated together. It was actually the Histadruth members at different works councils the ones who forced their leaders to call the general strike.

This new divide in Israeli society over class issues has also had an effect in its politics. There has been talk of the need to create a party based on the unions and the works councils, and even the Labour Party MP and general secretary of Histadruth Amir Peretz, has made sympathetic comments about the idea. The Labour Party, traditionally based in the more middle class Ashkenazi Jews (of European origin), and during the general strike showed no support at all for it, and actually some of their leaders said if they were in

power they would apply the same politics as Netanyahu. The divisions are also affecting Likud, traditionally based in the poorer, working class Sephardic Jews (of Middle Eastern origin) which has been seen as abandoning its traditional supporters by applying an openly "thatcherite revolution" programme. This is the reason behind the resignation of one of Netanyahu's coalition government ministers, David Levy, because of his opposition to the cuts in social spending. He was obviously worried about the loss of support for his small party among Jewish workers. These developments show that a class based programme, would be able to unite Jew and Arab workers, Ashkenazi and Sephardic Jews cutting across national and religious hatred. But the tactics of groups like Hamas have precisely the opposite effect, pushing the Israeli masses behind the Likud, and giving help and encouragement to the most reactionary elements in Israeli society, while sacrificing some of the most courageous elements of the Palestinian youth who have given their lives to no purpose.

The madness of fundamentalism was never part of the Palestinian tradition. As in Algeria, it is the price that is paid for the refusal of the leadership to pursue a socialist policy. Only a programme based on class and internationalist policies can succeed in uniting the Arab and Israeli masses against the common enemy. The socialist revolution in Israel can be the starting point of the revolution throughout the Middle East. In order to succeed, it cannot be limited to Israel and the occupied territories, but must be fought for in the whole of the Middle East as a first step if it is to succeed at all.

The SE Asian "miracle"

The one place in the former colonial world where there had been a significant growth of the economy until very recently was in South East Asia, where the so-called "tiger economies" were held up as models of how capitalism could provide a formula for overcoming backwardness. In fact, there are specific historical reasons why Japan, South Korea and even Taiwan developed in this way. It was mainly as a result of the peculiar correlation of forces which developed after the Second World War. Trotsky made the point that reforms and all kinds of important changes are the by-product of revolution. This law is applicable, not just in a particular country, but internationally. The agrarian reform which was the fundamental task of the bourgeois democratic revolution in Japan and South Korea was introduced as a result of the fear of US imperialism of an extension of the Chinese revolution (in the case of Japan it was introduced directly by the US occupation forces after the Second World War). They carried through a profound reform from the top to prevent a revolution from below. Does that contradict the theory of the permanent revolution? No, it does not. These countries are precisely exceptions, not the rule. And if South Korea, Japan and Taiwan are exceptions, Hong Kong and Singapore are even more peculiar exceptions. They are not countries at all, but city-states which have benefited from certain developments in the world economy.

It is also worth noting that these economies did not develop on the basis of free market and opening up of the markets, but on the contrary on the basis of state intervention in the economy and high tariff barriers to protect their national industries. In South Korea there

were 5 year plans and banks were told which companies to lend money to, and the companies were told where to invest and what products to develop.

Only a year ago, Asia was held up as a brilliant example of the successes of capitalism and the market. The bourgeoisie was drunk with the illusion that Asia could guarantee a dazzling future of continuous growth and prosperity. These illusions even found an echo inside the ranks of the Marxists. The question was asked as to whether the development of Asia, together with new fields of investment like information technology and globalisation, did not signify a new period of capitalist upswing, like the one that followed 1945. We pointed out that there was nothing new about these developments. One can find analogous processes in every period in the development of capitalism, from the 16th century onwards. The rate of profits which the foreign investors originally got were huge--in the order of 20, 30 or even 50 per cent. That is a magnet for investment and growth. But Marx explained that this is only possible in the first stages. In the longer term the rate of profits tends to fall to the average rate.

That is exactly what happened in South East Asia. The development of the working class means the development of a strike movement, the fight against exploitation, which at a certain stage will lead to higher wages and the cancellation of the initial advantages. In the meantime the contradictions have become sharper. In other words you have the objective conditions for socialist revolution. The classical laws of capitalism apply in this case as in all others. Two or three years ago the bourgeois were euphoric about SE Asia and China. But now they are facing massive over capacity, or, in other words, over-production. What has happened in the countries of SE Asia--and that was easily predictable from a Marxist point of view--is that now they are entering a normal capitalist situation. They face massive over-capacity in all sectors of production: cars, semiconductors, consumer electronics, micro-chips and chemical processing. This is a classical capitalist model as described by Marx.

We welcomed the investment and the industrialisation of SE Asia. From a Marxist point of view it is a good thing, because it creates a strong working class and thereby creates the objective conditions for socialist revolution. As with tsarist Russia one hundred years ago, these foreign investments do not remove the social antagonisms but only exacerbate them. These processes are very similar to what happened in Russia at the turn of the century. In the 1890s there was a colossal development of the productive forces, although limited to certain regions. This was exclusively based in foreign capital in the area around Moscow, St. Petersburg, the Urals and the West of Russia. But Russia remained an extremely backward country. There were only 3 million workers out of a total population of 150 million. That is much more backward than the India of today. The kind of industries that were established in Russia then, because of the law of uneven and unequal development, were the most modern industries in the world, with very high rates of growth and high concentration of the labour force. And on the basis of very low wages, they got very high rates of profits. Exactly the same position we have seen in the "tiger economies" up until recently. The period of explosive economic growth in tsarist Russia ended in the revolutions of 1905 and 1917.

The bourgeoisie always looks for higher rates of profit and when it finds them they pile in it, and they invest like mad. The first ones to get there get massive profits, but because of the anarchy of capitalist production they eventually cause massive overproduction. That is the root cause of the crisis which in SE Asia (which was supposed to have escaped from the normal laws of capitalism and established a uniquely Asian model based on perpetual growth--like the old dream of a "perpetual motion" machine) now appears in its classical form. The problem is that the bourgeoisie only saw these countries as a market and field of investment. They did not realise that once the latter had build up their industry they would start to export. China has now overtaken Japan as the country with the biggest trade surplus with the USA, as a consequence of which, sections of the American Congress have developed a sudden pious concern for "human rights" in China. Every period of capitalist development has been accompanied by the opening up of new areas of the globe, from the discovery of the New World at the dawn of capitalism, through the development of colonialism in the 18th and 19th centuries, China, California and Australia in the last century, and so on.

Already in the pages of the Communist Manifesto, Marx and Engels already explained that the capitalist system, unlike all preceding modes of production, constantly develops the means of production by seeking new areas of investment. This was precisely the progressive side of capitalism. What is striking about the present epoch is not the existence of new areas of productive investment--without which the system could not exist--but the paucity of productive investment and the enormous amount of capital devoted to non-productive and parasitic activities: currency speculation, derivatives, gambling on the stock exchange, property, take-overs, and also the systematic looting of the state in all countries under the name of privatisation. All this is preparing the way for a deep slump on a world scale in the next period.

As far as "globalisation" is concerned, this was also dealt with in the Communist Manifesto. Even at the present time, it is a moot point whether the degree of integration of the world economy is, in fact, greater in the period between 1870 and 1914. It is true that the international division of labour and world trade have enormously expanded in the past period. This was the principal motor force of capitalist development for a whole period after 1945, acting as a colossal stimulus on investment and production. But, as we have explained in previous documents (see "A New Stage in the World Revolution") this has now reached its limits, and the expansion of world trade no longer has the same effects. True, in search of extra profits, the bourgeoisie has invested large sums of money in Asia and, to a lesser effect, in other "emerging markets" (Latin America, parts of Eastern Europe). Marx explains that one of the means whereby the capitalists can combat the tendency of the rate of profit to fall is precisely through world trade and specifically, trade with the colonial countries which involves the exchange of more labour for less.

Here a similar process occurs as when capitalists invest in a new branch of technology which cheapens products and enables them to capture a large share of the market. Those who get in first can make huge profits for a while. But this cannot last. Motivated by the greed for super profits, other capitalists pile in, causing a glut of production. The rate of profit again falls to the average. Eventually the over-investment outstrips the limited

demand, giving rise to over-production. Prices stagnate and then fall. Instead of a falling rate of profit, we saw a fall in the mass of profit, producing a slump which will last until all the surplus product is disposed of, along with the closure of factories, mass unemployment and the forcible destruction of the means of production that eventually creates the possibility for new markets and fields of investments and a new boom.

The investments in South East Asia and China have enormously developed the economy. The question is, has that resolved the contradictions of capitalism? On the contrary. The increased participation on world markets, the sweeping aside of all barriers to the movement of capital, merely reproduces the old contradictions on a higher level and in a more intense fashion, on a world scale. What is being prepared here is a truly global crisis of capitalism, which will hit the economies of Asia, Africa and Latin America with the greatest violence, enormously aggravating all the tensions that have been accumulating over decades. The present economic crisis in Asia is a warning of what is coming on a world scale in the next period. The theory of the permanent revolution does not say that you cannot have important economic development in a colonial country. It says precisely the opposite. What it does say is that the colonial bourgeoisie is not capable of resolving the problems of society. And here we see that this is absolutely true.

The reason why the Americans have begun to attack China for its record on workers' rights, and labour conditions and wages in South Korea is because these countries have built up their industry to the point where it is competing with Western products on world markets. But wages in South Korea are already too high, from the capitalist standpoint, compared to other regional competitors. In fact, South Korean companies, even before the crisis, were already moving to lower wage countries like Indonesia, Philippines and Malaysia. This created an explosive situation in South Korea, where the bosses are compelled to launch an attack on the wages, conditions and jobs of the workers. This led to an outburst of the class struggle in the form of the general strike of December of 1996/January 1997. These developments mark the awakening of the Asian proletariat, immensely strengthened by the development of industry in the last period. In fact, it is incorrect to call South Korea a colonial country now. This is now the eighth strongest economy in the world and its companies are investing abroad even in South Wales where labour costs are now actually lower than in South Korea.

As shown in South Korea, in all these countries the working class is in a position to play a leading role, provided it has a revolutionary leadership. The workers in South Korea have shown time and again their determination to fight against capitalism but time and again their leaders have let them down. Even the leaders of the illegal and militant trade union confederation, the KCTU, accepted class collaboration policies and signed the IMF tripartite agreements with the government and the bosses allowing mass lay-offs, at the beginning of the crisis. But the rank and file of the union immediately called a national meeting of workplace representatives in which the agreement was voted down and the leadership replaced by a more militant one made up of the representatives of the metal workers union. This was a significant development which shows how the mass organisations will be shaken to the foundations in one country after another as the crisis develops.

But not even this more radical leadership was up to the tasks, as shown in the recent movement in the beginning of June, when after a 200,000-strong warning strike, they cancelled the planned all-out general strike. This has led to a further ferment of criticism in the rank and file. This example illustrates the fact that, as militant as a union might be, in circumstances like this, if it is not armed with a political programme of socialist change in society, it is bound to fall under the pressure of capitalism. The situation in South Korea only admits two solutions: either the workers take over the chaebols or the policy of Kim Dae Jung must be swallowed whole--the "whole nation makes sacrifices to get out of the crisis" (i.e. the workers carry the burden of the crisis through mass redundancies, wage cuts, etc.). There is no middle way.

Marx on colonialism

Marx wrote very little about the colonial revolution, because at that stage the question of a socialist revolution in a backward country did not apply. But in the third volume of Capital there is a very interesting section on colonialism and the role of investment in the colonial countries which is completely applicable to the present situation. Marx explains, in the section on the tendency of the rate of profit to fall, that one of the ways in which capitalism combats this tendency is a) by participating in world markets, which is precisely what they are doing; and b) specifically through colonial trade and colonial investment. How does that work? The capitalists who invest in colonial countries, particularly the first ones, can benefit from a very low organic composition of capital: low wages, industries with a high labour content, and the way that this exploitation works through world trade is that they exchange less labour for more.

In the same way that the first capitalists to invest in new machinery can get an advantage, the first capitalists to invest in Asia obtained fabulous rates of profit, as we have already mentioned. These backward countries with huge populations, hungry for investment, Western industry and technique, seemed to open up an endless vista for expansion and profit-making. The same illusion has been repeated many times in the past. In the last century, Engels commented ironically on the illusions of the Manchester cotton manufacturers who believed that the China market (yes, China!) would guarantee a market for their products that would last forever. That dream ended in a slump, as it always does. But for a time, on the basis of low wages and new technology, huge profits--super-profits--were possible. But now all these economies have collapsed and are in deep recession. This has already sparked off the Indonesian revolution and important movements in other countries. The limits of Asia have been reached (from a capitalist point of view, of course, in practice, the development of Asia has scarcely begun.)

The huge amounts of investment have produced a vast glut of commodities which cannot be sold. The rapid expansion of capitalist production in Asia (the only area where such spectacular results were achieved) have come into collision with the limited purchasing power of the masses. Incidentally, low wages, in and of themselves are not necessarily a source of profits. There can be other factors which off-set the lower wages, for example low productivity. Many of these countries do not have a sufficiently large skilled working class, as is the case of Malaysia, Indonesia, Thailand, etc. In addition to this there are

taxes, corruption, bad infrastructure, transport costs to the European and US markets, etc. In any case, labour costs are rising in all these countries. If they want to compete, even amongst each other, they must drive wages down. But the Korean bourgeois are faced with a very strong working class which is not willing to surrender its gains without a fight.

Fabulous profits have been made from investment in South East Asia in the last ten years. And also in China, which is a very peculiar case, because although it remains a deformed workers' state, it has encouraged the development of capitalism in certain areas. Incidentally, Lenin intended to do something similar in the 1920s when he offered foreign investors all sorts of concessions, but always with the workers' state remaining firmly in control. The idea was to benefit from the modern technology which could have only been developed in the Soviet Union at a greater cost. But that was not possible because Russia was a fundamentally healthy workers state and instead of investing in it, the capitalists wanted to destroy the Soviet state. However, if the Bolsheviks could have got the investment they would have accepted it.

In China the situation is different since the bureaucracy, and not the working class, is in control and they do not represent a fundamental threat to capitalism world-wide. Therefore, the capitalists feel that this is a regime one can do business with! In fact, China has played the role they initially envisaged for Russia in the last period. There has been quite a lot of investment and economic growth has been impressive. (Incidentally, this economic growth, made possible by the participation in world markets, illustrates the madness of Stalin's and Mao's policy of autarchy.) The large amount of foreign investment in China gave rise to illusions on the part of the Western capitalists, and even among some Marxists. Could China and Asia open up a new period of capitalist expansion like the one that followed World War Two?

As a matter of fact, most of the investment in China has been limited to a few coastal areas around the Special Economic Zones and has created enormous imbalances and contradictions. Millions of peasants have moved from the more backward rural areas to the fast-growing urban centres creating a surplus labour force of millions. This could be maintained to a certain extent while the economy was growing at double-digit rates. But now that the economy is starting to slow down all the contradictions will come to the fore. There have already been numerous reports of riots involving tens of thousands both in rural and urban areas, and this is only the beginning.

To make matters worse, the collapse of the South East Asian economies and the steady fall of the Japanese yen have already cut most of the competitive advantage off Chinese exports and will eventually force it to devalue its currency--the only one which seemed stable during the SE Asian collapse. The level of bad debts of the Chinese banks is even greater than in the rest of the region and a serious economic crisis is only a matter of time. This will plunge the country into even deeper trouble. The Chinese authorities tried to suppress all news of the Indonesian revolution or presented it merely as an anti-Chinese riot. In 1989, before the Tian An Men Square massacre it was mainly the students who participated in the movement. Workers and peasants remained mainly

passive as their economic situation was still acceptable. This time it will be completely different, and even as we have seen in Indonesia, a movement starting with the students could lead to a mass uprising. This will be in the last instance what will decide the fate of China's pro-capitalist reforms. Faced with a movement of this character and an economic crisis, sections of the bureaucracy are bound to abandon the road to capitalism even if it is only out of pure self-interest.

China also facing revolution

The capitalists try to comfort themselves with the thought that at least China has not yet plunged into crisis. But China cannot stand aloof from the general crisis in Asia. On the contrary, everything seems to indicate that China is on the eve of revolutionary developments. The attempt to speed up the process of "reform" (i.e. capitalist counterrevolution) in China under conditions of capitalist crisis is provoking colossal social and economic dislocation. Deng was always cautious, moving slowly towards denationalisation, while ensuring the continued monopoly of political power in the hands of the bureaucracy. But now the ruling clique, dominated by the pro-capitalist wing, wants to speed things up. The result is a catastrophe for the Chinese people and an explosion of the class struggle. Pro-market reform in the villages has given rise to extreme inequality and a polarisation between a small minority who have done well and the big majority who have been impoverished. Millions have fled to the towns and coastal areas where industry, despite the rapid rate of growth, is unable to absorb them. At least 150 million are unemployed. The attempt to deregulate and privatise state-owned industry will cause this figure to multiply several times over. The slowdown in Asia has already begun to hit Chinese exports which largely accounted for the high growth rates in the last few years, causing a slowdown. This will have the most severe effects in China, not only economically, but socially and politically.

The fall in the value of the yen has caused alarm in Beijing. The devaluation worries come when unemployment is increasing rapidly. Economic growth could fall below 6.5 per cent by the end of the year, nowhere near the official 8 per cent target. China needs high growth to absorb the more than 5 million workers expected to lose jobs this year as a result of the restructuring of companies. The biggest threat to China's mid- and low-tech companies is not Japan itself, which exports high-end goods. What the Chinese are worried about is how a Japanese devaluation could affect Korea. If the yen weakens to 150 to the dollar, the Korean won is likely to be devalued in an effort to make Korean industry competitive. That would mean increased competition for Chinese companies already struggling to fend off the Koreans at home and in other markets. In China's steel industry, for example, profits are down, in part because of new competition from the Koreans. That's also true in the petrochemical industry, a sector in which prices have dropped 20 per cent since October. "There will be further pressure on domestic corporations," predicts Andy Xie, an economist with Morgan Stanley Asia Ltd. in Hong Kong.

Despite the confident claims that China will not devalue the renminbi, it is hard to see how this can be avoided in the next period. And a devaluation of the renminbi (or yuan,

as it is also called) would provoke a devastating chain of competitive devaluations in Asia and beyond and possibly drag the whole world into recession. The furious attempts by America and Europe to put pressure on Japan to reflate is directly linked to fears about China. As Business Week pointed out: "With US business leaders growing increasingly uneasy about the soaring dollar and Chinese leaders pressing for relief--to prevent a devaluation of the renminbi--Treasure officials began pondering an intervention over the weekend of June 13-14. After intense consultations with their Japanese counterparts over the next 72 hours, Rubin & Co. settled on a \$2 billion government purchase of yen.

"The biggest impetus was the mounting anxiety in Asia as the yen plummeted in the first two weeks of June. Especially alarmed were Chinese officials who feared their grand economic plans would be undone by a tumbling yen. The Chinese started lobbying the US privately for an intervention in advance of Clinton's arrival in Beijing on June 25. 'The Chinese have been complaining that we haven't been doing enough to stop the depreciation of the yen,' which makes Chinese exports less competitive, says a top Administration official. Meanwhile, public statements showed Beijing preparing the way for their own devaluation. Chinese sources indicate that Beijing finance officials figured a yen weaker than 150 spelled disaster and would force a defensive action." (BusinessWeek, 29/6/98.)

The perspective of a deepening economic crisis places the class struggle firmly on the agenda in China. Already there have been big movements. According to the French press agency Agence France-Presse (Hong Kong):

"Sporadic worker unrest has been on the rise across China, as government reforms forcing loss-making state-owned enterprises to profit or perish take hold. Hundreds of firms drowning in red ink have been allowed to go bankrupt, and the remainder are laying off millions of surplus workers to raise efficiency. The state sector will shed an estimated 11 million urban jobs this year."

The same source states that: "Hundreds of retired workers from a state-run factory in central Wuhan city marched on their former enterprise Tuesday to protest unpaid pensions. The general manager's office of the China Number-One Metallurgical Company denied any demonstration took place, but a security guard told AFP that between 100 and 200 people gathered in front of the factory. He said the ex-workers, mostly pensioners, were allowed to meet company officials before a noisy protest could develop and then left nearly three hours later. Contacted by telephone, a retired employee who chose not to participate, Li Qingrong, said the demonstration involved around 200 workers. The 71-year-old said in the last three months, the company had sent him only one partial monthly payment instead of the required three of 400 yuan (48 dollars) each."

The degree of worker unrest in China is widespread--although there is a conspiracy of silence about this in the Western press. In an article entitled 'Labor Turmoil Involving 100,000 Workers in Four Cities. A True Account of Workers Unrest and Riot in Heilongjiang', a Hong Kong paper reports: "From 25 November to 3 December, workers' and shopkeepers' strikes took place one after another in the cities of Qiqihar, Jiamusi,

Mudanjiang, and Yichun in Heilongjiang province. Strikers besieged party and government office buildings, locked up enterprise's party committee offices and plant managers' offices, set fire to party and government officials' cars and public security vehicles, stormed public security bureaux, detention houses, and airports, and took over airport control towers, and so on. They even clashed with public security and armed police personnel who were sent to the scene to quell the strikes. Casualties were reported in Jiamusi and Yichun."

According to an internal report released by the Heilongjiang provincial public security department on 10 December 1997, nearly 105,000 staff members, workers, cadres, and urban residents participated or were involved in the turmoil which burst out in the four cities of Qiqihar, Jiamusi, Mudanjiang, and Yichun, during the week from 25 November to 3 December. As the turmoil turned into riot, more than 70 people were injured; 25 public security and armed police personnel who rushed to the scenes to keep order were injured when assaulted by stones, iron-made objects, hunting rifles, and ordinary rifles, and four of these policemen died as a result of their injuries. This official report made no mention of casualties on the part of workers and ordinary people, but disclosed that a total of more than 150 people were arrested during the week of unrest and riot.

The Heilongjiang Provincial CPC Committee and provincial government noted that there were complicated political factors behind the unrest and riot, some of the incidents were "well engineered and organised by hostile elements who had sneaked into party and government organisations, and some were stirred up by outside hostile forces."

The provincial party committee and government also pointed out that the turmoil was stirred up in the wake of personnel lay-offs as a result of enterprise reform, corruption among enterprise cadres, unhealthy work styles among some cadres, and some contingent incidents such as traffic accidents. The provincial party committee and government also attributed the riot to "local party and government leaders overlooking the complicated conditions of the local community and their lost vigilance against latent hostile forces." In other words, the strikers were joined or perhaps even led by members of the Communist Party. This confirms what we have always maintained--that, once the working class begins to move, the lower ranks of the bureaucracy would come over.

Another report states that: "On 29 November, the staff and workers of the locomotive plant and timber processing plant went on strike and held rallies. They were supported by the workers from seven other state-owned enterprises in Qiqihar (of which two heavy-duty machinery plants, two electric appliance plants, and an integrated dairy complex belong to the foreign trade sector). More than 30,000 staff members and workers, together with their family members, joined the strikes and attended the rallies. Workers from some enterprises put forth such slogans as: 'all power and property belong to the people,' strike down power, economic, and political exploitation and oppression.' The staff and workers of United Timber Processing Plant sealed the plant manager's office and financial department with paper strips. They dashed into the plant party committee secretary's office and asked the plant manager and party committee secretary to produce a statement itemising the plant's financial expenses. They also resisted public security

officers who came to arrest them. The confrontation lasted from 1300 to about 2200. Public security officials called armed police to the site to maintain order, and place the area under control, and to arrest the strikers. Some 600 public security and armed police clashed with nearly 2,000 staff members and workers. More than 20 people were injured and more than 30 staff members and workers were arrested. As of 1 December Qiqihar United Timber Processing Plant had not resumed production." (Hong Kong Cheng Ming in Chinese, 1/1/98.)

This is highly significant. The struggles of the Chinese workers, to judge from these reports, are not only increasing, but tend to take on an insurrectionary character. The workers and peasants have passed through the school of capitalism, and have drawn the necessary conclusions. The workers oppose both capitalism and bureaucracy: "All power and property belong to the people!" This is the slogan of the political revolution in China. We must be prepared for sudden turns and explosive developments all over Asia, but particularly in China. The development of the productive forces has enormously strengthened the Chinese proletariat. A revolutionary movement in China under present-day conditions would not repeat the position of 1949, when the working class was far weaker and still not fully recovered from the defeats of the past. The class balance of forces has been completely transformed. If a Marxist party existed in China, there would be the possibility of a classical proletarian revolution on the lines of October 1917, in which the proletariat would put itself at the head of the multi-millioned peasant masses. The revolutionary potential of China was shown in outline by the Tian An Men Square events a decade ago. That heroic movement of the youth was defeated because it did not receive the active support of the workers in time. The economy was still going forward, and the ruling bureaucracy still had a margin of support. Now all that has changed. A new revolutionary movement of the youth is inevitable, and this time it will not be isolated. Once it is armed with the scientific programme of Marxism, such a movement would be invincible. A political revolution in China would shake the world. It would place revolution on the order of the day not only in the rest of Asia, but in Russia and also in the advanced capitalist countries. The destiny of the world revolution is therefore intimately bound up with the fate of China.

Indonesia and the permanent revolution

The present discussion is not at all of an academic character, but a burning issue for today's revolutionary developments in the Third World. The revolution has already started in Indonesia and this is a fact of decisive importance, not just for Asia, but potentially for the entire world. In the stormy period before the Second World War, at different times, Trotsky said that the key to the world situation was to be found in different countries--Germany, France, Spain etc. He insisted that the whole International should pay special attention to these developments, following them on a regular basis, drawing the necessary conclusions, political, tactical and organisational, mainly for the sake of educating the cadres, but also, to the degree that it was possible, to intervene. At that time, the small forces of Trotskyism were weak and isolated. The colossal strength of Stalinism on a world scale effectively blocked the road of the genuine Bolshevik-Leninists to the most advanced and revolutionary workers and youth in the ranks of the

Communist Parties. Now this is no longer the case. The collapse of Stalinism has completely transformed the situation. The best of the Communist workers and youth are looking for ideas. They are striving to find the revolutionary road, and we must help them to find it.

For decades our tendency has struggled to defend the banner, the programme, methods and traditions of the October Revolution and Bolshevism. We were forced to swim against the stream. Now, for the first time, we are beginning to swim with the current. The fact that our ideas are getting a favourable echo among Communists in Indonesia even now, at an early stage in the revolution, is an indication of what will be possible in the period that opens up before us. The important fact to grasp is that this would not have been possible ten years ago. It is a symptom that the whole situation is beginning to change on a world scale.

It is very important to understand what the theory of the permanent revolution means in practice and what concrete slogans should be advanced by revolutionaries in these conditions. On the one hand it is important to defend democratic slogans and demands (as the PRD is correctly doing). But at the same time the main task should be to explain that the national bourgeoisie is completely unable to carry them through. The workers and youth must be educated in a spirit of implacable opposition to class collaboration, to mistrust even the most radical-sounding bourgeois politicians of the "opposition", and to fight for an independent proletarian revolutionary line. Of course, it will be necessary to make temporary alliances for practical purposes with non-proletarian forces. But in the main these will be the petit bourgeoisie and peasantry, not the bourgeois Liberals. Secondly, the prior condition of any agreements is the maintenance at all times of a clear revolutionary programme and policy. The Bolshevik slogan was always: "March separately and strike together!" There must be no programmatic blocs, no mixing up of programmes and banners. The only kind of unity that we want is unity in struggle. Whoever is willing to fight against Suhartoism and imperialism in deeds not in words is welcome to do so. But we do not drop a single point in our programme to please anybody, and, while supporting even the smallest progressive action of the petit-bourgeois democrats, reserve the right to criticise their shortcomings, their hesitations and backsliding before the masses. Only by such means can we help them to overcome their hesitations and adopt a consistent democratic position.

Which way forward for Indonesia?

It goes without saying that a revolutionary party in Indonesia would agitate for democratic demands (legalisation of all political parties, trade unions and student's organisations, the right to strike, the repeal of all repressive laws, etc.), and as part of this would call for a Constituent Assembly to be democratically elected. While agitating for these demands, a revolutionary party would start to build committees of action (that is soviets with another name), based in every factory, working class neighbourhood, peasant village and university campus. These democratically elected committees of action should be linked at local level through democratically elected and recallable representatives. This linking up of the committees would eventually have to reach the national level, thus

becoming a counter power to the official existing power, be it the Habibie government or a government of the democratic bourgeois opposition. The building of committees (soviets) is key because without them the masses have no way of expressing in a direct and immediate manner the changes in their political awareness, their increasing frustration with the inability of the democratic bourgeois politicians to solve their most urgent needs: food, land and jobs.

At the same time we demand the immediate expropriation of the wealth of Suharto, his family and all the other cronies and collaborators, including those who now try to dress themselves up as "democrats." Such a demand would get an immediate echo among the masses, not only of the workers, but among the mass of peasants, middle classes and even small business people who have been ruined by the ruling clique. Moreover, it would signify the nationalisation of most of the Indonesian economy. There must be no question of compensation. These wealthy parasites have looted and robbed the people for long enough! And why stop at this? If the slogan of the national-democratic revolution means anything at all, it must signify a radical break with imperialism. Repudiate all foreign debts and deals with the IMF! Nationalise the property of the imperialists! Only such a programme can begin to make a reality of the national-democratic revolution. Anything less means a sell-out of the Indonesian people to imperialism. But such a programme would signify, in practice, the passing-over of the bourgeois-democratic revolution to the socialist revolution.

Under present-day conditions, it is impossible to separate them. A consistent struggle for national-democratic demands leads inevitably to the expropriation of the imperialists and their local office-boys, and thus, the expropriation of the basic points of support for capitalism in Indonesia. Under the democratic control and administration of the working people, the nationalisation of the means of production would be the first condition for putting an end to the economic crisis and thus preventing the catastrophe which menaces Indonesia. This is a question of life and death, since all the bourgeois commentators are agreed that in a few months, if drastic steps are not taken, the government of Jakarta will run out of money and imports of food will cease.

The reforms of the Habibie government mostly have a cosmetic character, and do not touch the root causes of the problems facing the country. The wealth of the Suharto family remains untouched. None of the criminals responsible for past atrocities have been put on trial. Newspapers still have to be licensed. Political prisoners still languish in gaol, although some have been released. The national question remains unsolved. Habibie's offer to the oppressed people of East Timor of a "special status"--like Jakarta--is an insult to their national aspirations. Their leader, Xanana Gusmao, remains in prison. Above all, the poverty and exploitation of millions of workers and peasants remains with no perspective in sight except more unemployment and hunger. And Habibie just smiles at the cameras and asks for "more time".

The Muslim "oppositionist" Amien Rais has already shown his true colours and is, in effect, backing Habibie. For her part, Megawati Sukarnoputri is waiting for the power to drop into her lap like a rotten apple. All these leaders do nothing to mobilise the masses

in struggle, because they are terrified of the mass movement. They could easily take power, but want to stay out of government as long as possible because they know they have no programme to solve the burning problems of the masses. The bourgeois politicians can afford to wait, but the masses cannot. The people will be faced with mass unemployment, poverty and starvation. By withdrawing their money, the imperialists hope to teach the Indonesian people a lesson and show them who is boss. A serious challenge, which demands a serious answer! But not one of the so-called bourgeois opposition leaders is prepared to pick up the gauntlet. The economic crisis is continually worsening. In the first quarter, the economy shrank by no less than 8.5 per cent. The rupiah, which has already lost 80 per cent of its value against the dollar, is still vulnerable, and likely to fall still further, forcing prices upwards. Inflation is expected to reach 80 per cent this year. The Economist (6/6/98) comments that the collapsing currency "has also forced Indonesian companies to reschedule a mountain of some \$80 billion of private sector foreign debt," but adds that "Even after they reached agreement with their creditors on June 4th, and even if the IMF, as expected, soon resumes doling out its rescue funds, confidence will not magically return. The banking system is still bust.

"Indonesia faces, in a particularly vicious form, a downward spiral seen in Thailand and, to a lesser extent, Malaysia. Interest rates are high--partly to stop further runs on the currencies, partly because governments are borrowing heavily to finance the emergency transfusions they are giving ailing banks. High interest rates and a drying up of credit in turn mean more companies are unable to repay debt. So banks' non-performing loans rise inexorably and governments take over more financial institutions, using up even more liquidity to keep them alive.

"Matters are made worse by the new weakness of the Japanese yen. It puts more competitive pressure on South-East Asia's currencies, which, with the exception of the rupiah, have no more of an edge against the yen now than they did three years ago. It also raises fears that China may devalue. In a nervous climate, the baht, the Malaysian ringgit and the Philippine peso have begun to slide again after months of relative stability."

The general crisis in Asia, despite all the optimistic predictions, shows no sign of being resolved. On the contrary. As this extract shows, it will get worse in the next few months, and maybe years, raising the real possibility of a slump in Japan which could be the signal for a slump on a world scale. Such a development would have profound social and political effects everywhere. Even without a slump, the economic crisis is having a serious effect in all the countries of Asia, particularly Indonesia. Food shortages are already being felt in the east of the country and may soon spread to the rest.

So what is the policy being put forward by the PRD (which is in effect the Indonesian Communist Party operates)? In a press release of May 25th, 1998, that is after Suharto had resigned and been replaced by Habibie, the PRD, after correctly stating that this was just a manoeuvre and should not stop the protests puts forward a number of demands:

- "1. Repeal Five Political Laws of 1985

- 2. Ending to Dual Function of ABRI
- 3. Responsibility and Trial for Suharto
- 4. Confiscation of the cronies' business assets
- 5. Confiscation of the wealth of corrupt officials
- 6. Free, democratic, multi-party election
- 7. Release of political prisoners"

We would agree with all the points except with 6) where we would put forward the idea of a democratic Constituent Assembly. The idea of a Constituent Assembly has been raised in a somewhat confused form by the PRD under the name of an "independent people's council". The main problem with this is that the confused way in which they put forward this slogan leads them to make decisive blunders in the key moments. The bourgeois opposition leaders created a coalition organisation called precisely "people's council" thus leaving the PRD activists without a clear alternative to the position put forward to the opportunist bourgeois "opposition". The lack of theoretical clarity of the PRD leaders led them to issue the following appeal to bourgeois opposition leaders during the mass demonstrations which led to Suharto's resignation:

"To Megawati Sukarnoputri, ousted leader of the Indonesian Democratic Party], Amien Rais head of the Muslim mass organisation Muhammadiyah], Budiman Sudjatmiko jailed chairperson of the PRD], Sri-Bintang Pamukas jailed chairperson of the Indonesian United Development Party and others. It is time for you to state your readiness to replace Suharto. This must be done soon because Suharto is no longer wanted by the people and is ready to step down." What does this mean in practice? That the leaders of the PRD are begging the bourgeois opposition to take power. But events have demonstrated that neither Rais nor Sukarnoputra are in any hurry to take power, preferring to leave it in the hands of Habibie. The "opposition" is propping up Habibie, that reactionary crony of Suharto, who, in turn, is doing everything in his power to protect his old boss and his family, and to leave as much as possible of the old regime untouched. But the mass of workers, peasants and students will never accept this. They did not fight against Suharto merely to see the continuation of the old system with just a few cosmetic changes. The bourgeois opposition leaders are acting as just the left cover for Habibie, who represents the continuation of the old regime. The PRD must not act as a left cover for the bourgeois opposition! They must be exposed before the masses for the treacherous role they are playing. The PRD must fight to win the masses away from the pernicious influence of the bourgeois pseudo-opposition.

This situation has striking parallels with the February revolution in Russia. The masses took to the streets and defeated the hated tsarist regime and the democratic bourgeois jumped on the bandwagon and formed the Provisional government. This is a normal development, in every revolution. The bourgeois try to rob the masses of the fruits of their victory, obtaining by fraud and trickery what the old regime could not defend by force. At the start of every revolution, there is a phase of democratic illusions, a sort of carnival in which the natural rejoicing of the masses at the overthrow of the old regime is accompanied by a general intoxication of democratic phrases and speeches that seek to conceal the reality that, in fundamentals, nothing has changed. The old exploiters and

oppressors of the people still hold onto power and are moving the threads behind the scenes, hatching all kinds of plots and conspiracies with the tops of the army, waiting for the masses to become tired and fall back into inactivity before staging a coup d'état.

All this is a well-known feature of revolutions. But it is necessary for the revolutionary party and its leadership to remain separate and apart from this democratic farce and explain to the masses that the problem has not been resolved--that there is still serious work to be done. As soon as he heard the news of the overthrow of the tsar, Lenin, still an exile in Switzerland immediately telegraphed the following message to the Bolsheviks in Petrograd:

"Our tactic: absolute lack of confidence; no support to the new government; suspect Kerensky especially; arming of the proletariat the sole guarantee; immediate elections to the Petrograd Duma; no rapprochement with other parties."

Unfortunately, the Bolshevik leaders in Petrograd (at that time, Stalin and Kamenev amongst others) took no notice of Lenin's advice. They were drunk with democratic illusions, affected by the general mood and the constant appeals for "unity of all democratic forces." Against Lenin's advice, they supported the bourgeois Provisional government. In the same way, the leaders of the PRD appeal to the bourgeois opposition leaders in Indonesia to take power, not understanding the real nature and role of these leaders.

Fortunately, this was not the end of the story in Russia. Lenin managed to change the course of the party after his arrival from exile in April 1917, although only after a sharp internal struggle. The policy of the Bolsheviks from then on was to "patiently explain" to the mass of the workers and peasants that the only way to get their most immediate demands was for the soviets to take power and not to put any trust in the Liberal bourgeois. This issue is obviously under discussion within the PRD itself as it is proved by a statement issued a few days later by the PRD in reply to a left wing intellectual who was proposing a transitional government of opposition forces and "democratic" army generals. First of all the statement correctly asks who mobilised the people:

"Who were the leaders of the crowds? Who mobilised them? Amien Rais, Megawati, or Gus Dur? Or was it the activists who had been struggling to start various actions by dozens of people, that then became actions of hundreds, then thousands, then tens of thousands, etc.? There were many of them and they were not given wide exposure in the mass media."

"Those people, especially in Jakarta, were without leaders. That was why they lost direction and could easily be provoked into rioting. Did Amien Rais direct them to launch a peaceful action, marching toward the Parliament building, or the Merdeka Palace, or the state radio station? Or, did Megawati, Gus Dur, or other figures do any of these tasks?"

These observations are one hundred percent correct and go right to the heart of the matter. If it was not the bourgeois democratic opposition who led the people in the streets, why should they be entrusted with the leadership of the masses?:

"Then, who should represent these people in this transitional government? For me, the people have to choose the leaders themselves. The only way to do it is by establishing people's councils from the lowest level (maybe the Kampung, campus, factory, offices, etc.). After electing the leaders at this lowest level, they can move to higher level, etc. up to the national level. This way a genuine leader will come out, i.e., a leader who is indeed a representation from below."

This is a programme which we would wholeheartedly support, and it proves that within the PRD there must be many honest activists looking for a real revolutionary programme. If the PRD was to adopt a programme of no confidence in the liberal bourgeois and start to create committees in every factory, campus and neighbourhood this, with time, would enormously increase its authority amongst the masses, preparing the basis for a transfer of power to the workers and peasants as did the work of the Bolshevik party in the period from February to October. It is essential that we establish contact with this layer as quickly as possible to assist in the development of a genuinely revolutionary current which, in the prevailing conditions, could rapidly acquire a mass character.

The programme of democratic demands and for the nationalisation of the economy should be combined with an internationalist appeal to the people's of South East Asia and the proletariat in the West to defend the Indonesian revolution. This is the second part of the theory of the permanent revolution. Trotsky stated that the proletariat can be victorious in a backward country and, starting with the bourgeois-democratic tasks of the revolution, go over to the socialist tasks. But, in the end, the necessary condition for holding onto power is the extension of the revolution to the advanced industrialised countries. The crisis of capitalism is creating favourable conditions for the extension of the revolution throughout the whole of Asia. In this process, the Indonesian revolution is the key. Suharto's resignation has had an enormous effect in the whole region and internationally. The process will be protracted, but a victorious revolution in Indonesia would spread like wildfire all over Asia, where the conditions faced by the masses in Thailand, Malaysia, South Korea, etc. are much the same, and would also have an electrifying effect in the West, especially if the Indonesian workers come to power on the basis of a classical proletarian revolution led by a genuine Marxist party with an internationalist policy and perspective.

The PRD now occupies a decisive position. It has the activists who in reality led the overthrow of Suharto. This is a huge achievement, but it is only half the task. The greater half still remains. In order to fulfil this task one thing is required. The fate of the Indonesian revolution depends on the building of a genuine Leninist leadership, armed with the necessary perspectives for the revolution. We stand on the basis of complete class independence! Any other policy will inevitably lead to the road of compromise and ultimately the shipwreck of the revolution. The entire history of the colonial revolution, and especially of Indonesia, is proof of this. Above all it is necessary to understand the

limitations of a revolution in a backward country, even one as big as Indonesia. The fate of Russia and China are a stern warning of what happened to the attempts to build "socialism in one country." It is necessary to prepare the working class for the taking of power, but it is also necessary to explain that the destiny of the Indonesian revolution is inseparably bound up with the perspective of revolution in the rest of Asia and on a world scale. In 1848, drawing the conclusions from the defeat of the revolution in Germany as a result of the betrayal of the bourgeois liberals, the founders of scientific socialism, Karl Marx and Frederick Engels, issued a stirring appeal to the workers which retains all its force. This remains our rallying-call and our fighting slogan today:

"But they themselves must do the utmost for their final victory by clarifying their minds as to what their class interests are, by taking up their position as an independent party as soon as possible and by not allowing themselves to be seduced for a single moment by the hypocritical phrases of the democratic petty bourgeoisie into refraining from the independent organisation of the party of the proletariat. Their battle cry must be: The Revolution in Permanence." (K. Marx and F. Engels, Address to the CC of the Communist League, March 1850, MESW, vol. 1, p. 185.)

London, 25/6/98

Further recommended reading:

From Ted Grant's ["The Unbroken Thread"](#)

- [The Chinese Revolution \(January 1949\)](#)
- [Reply to David James* \(Spring 1949\)](#)
- [The Colonial Revolution and the Sino-Soviet Split* \(August 1964\)](#)
- [The Colonial Revolution and the Deformed Workers' States* \(July 1978\)](#)

On Fundamentalism:

- [Fundamentalism. Causes and perspectives](#), by Lal Khan
- [Afghanistan, socialism or barbarism](#), interview with Afghan socialists

On Indonesia:

- [The Asian Revolution has Begun](#) June 1998
- [1965 article by Alan Woods](#)

On Imperialism:

- [Imperialist bullying and the US-Iraq crisis](#) February 1998
- [US Attacks on Sudan and Afghanistan](#) August 1998

On the Chinese revolution

- [Leon Trotsky on China](#)

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