The Mystifications of State Capitalism

Ernest Mandel

An I.M.G. Publication

10p

Introduction

In [illegible] the International Marxist Group published a pamphlet, "The Inconsistencies of State Capitalism", which was Ernest Mandel's answer to a review of his book "Marxist Economic Theory", written from a "state capitalist" point of view by Michael Kidron. After some time, *International Socialism* published a reply by Chris Harman to the pamphlet. This article is the rejoinder to Harman's piece.

Now all of this might seem to be a rather academic waste of time when issues like the fight against the Tory Industrial Relations Bill are so urgent and vital. (Of course, such criticism would be correct if the protagonists in this controversy allowed their pre-occupation with the theoretical matters to prevent them from taking part in the wider struggles. On the contrary, members of both the IMG and International Socialism will be found playing leading roles in the fight against the IRB).

But more than that: marxist theory is a total theory. Clarity on the fundamental questions of the day is vital if one is to have a correct approach to even the most elementary aspects of the class struggle. There is involved in the dispute about the class nature of the Soviet Union, the most important question of marxist theory: the whole nature of the epoch we are in. The "workers statist" sees the world as being one in which capitalism has been destroyed as a social system in one third of the world: it is therefore, the epoch of transition from capitalism to socialism. The "state capitalist" on the other hand (if he is consistent) sees the world as one in which the first workers state has been overthrown in a "state capitalist" counter-revolution. He sees the establishment of a network of "state capitalist" regimes, one at least of which has made huge advances in an under-developed country –China. If the latter thinker takes his marxism seriously (as even an elementary acquaintance with Marx's writings, e.g. "A Contribution to the Critique of Political Economy" will demonstrate) he will conclude that the twentieth century is not the century of the mortal crisis of capitalism but that of triumphant "state capitalism". From this conclusion all kinds of practical things flow—from a marxist point of view it would be quite "utopian" to introduce socialist demands as part of the strategy of the fight against the IRB if one thinks of the present epoch as one of advancing "State Capitalism". From the "workers statist" point of view, not to introduce socialist demands as an integral part of that strategy is totally reformist and, in practice, a dangerous and ineffective method of struggle. Many "state capitalist" thinkers have tried to dodge this dilemma by being "inconsistent" (it was exactly that aspect of "state capitalist" theory and practice that Ernest Mandel dealt with in the original pamphlet.

The IMG has taken the decision to republish this pamphlet for a very practical reason: so popular was the issue of its journal, *International*, in which this article appeared that we soon sold out. Moreover, the fame of this particular article has spread far and wide and requests arrive for it from all over the world.

Those interested in further reading should obtain the pamphlet, "The Inconsistencies of State Capitalism", and two works by Trotsky: "The Class Nature of the Soviet Union" and "In Defense of Marxism". From the "state capitalist" point of view, Tony Cliff's "Russia–A Marxist Analysis" is the most readily available statement of this argument.

The Mystifications of State Capitalism

In his attempt to answer our criticisms of the theory of "state capitalism"[1] Chris Harman carefully avoids all the main problems. He does not tell us whether "state capitalism" is a mode of production equal to or different from the capitalism analysed by Marx. He does not prove that, if it is equal to "capitalism", its 40-year history in the USSR can be explained by the "laws of motion" as revealed in *Das Kapital*. He does not even give us an inkling of the mysterious "laws of motion" which guide Russian "state capitalism" as different from those of capitalism—if it is a different mode of production. He does not explain to us whether the (re)introduction of "state capitalism" in a relatively backward country having successfully achieved the overthrow of capitalism is inevitable, in the absence of victorious world revolution, as a result of "pressure from the world market", or whether it can be avoided (and if so, how). He does not answer the question whether there is an inevitable period of transition between capitalism and socialism, wherever the socialist revolution takes place. He does not relate the emergence of "state capitalism" on one-third of the globe to the question whether capitalism has still a globally progressive role to play or not, i.e. whether we are justified in speaking of an epoch of "general crisis of capitalism", whether world revolution is on the agenda or is for the time being only a utopian pipedream. And he does not relate the theory of "state capitalism" to the realities of the class struggle on a world scale in the last twenty years, except by the childish device of talking about "national liberation movements led by the petty-bourgeoisie"—presumably unrelated to the capitalist mode of production, capitalist private property and the imperialist world system. We do not know whether for Harman, more than for Michael Kidron, the "tropical trotskyists" have a choice or no choice, whether capitalism can be overthrown in a country like Ceylon or not, and we are left with the preposterous proposition that it has somehow not been overthrown in China, Cuba, North Korea, North Vietnam, and is not in the process of being overthrown in South Vietnam.

Having left out all the key questions, the only thing Harman can do is to make numerous debating points, mostly without any interest.[2] He skulks around, throwing a few pebbles into the pond. This is then called "serious and scientific debate" which we are supposed to be incapable of. But even these pebbles contain their pinch of worth, because they underline once again how, when you start from the incorrect theoretical presumption, you are forced not only to make incorrect political conclusions, but also to "develop" theory further and

further in a mystifying way: instead of explaining reality, hide it all in a cloak of formulas which sound very "deep" but tend to obscure real social relations and real social struggles.

First Mystification: Commodity Fetishism

Harman concedes that capitalism as a system of *generalised commodity production* is a "fair summary" of part (?) of Marx's conception of that system's nature. That concession already deals a death blow to Kidron's contention about our having missed the "central capitalist dynamic": the very term "commodity production" was lacking from Kidron's definition of capitalism. But Harman, being an adept of the school of "state capitalism" which hinges on the assumption that there can be "capitalism" in a country like the USSR where obviously there is not generalised commodity production, has to try and take back his concession as soon as he made it. He therefore finds a way out by accusing us of "leaving the concept of 'commodity' as unproblematic", of not taking up "a point central to Marx's whole analysis of commodity production.....that the commodity cannot be taken at face value."(3)

In our naivety we thought that the mysteries of commodity production had all been revealed in *Das Kapital*. In particular we quoted Marx as explaining that (at the beginning of *The Inconsistencies of State Capitalism*), "objects of use only become commodities because they are products of private labour, carried on independently from each other." But this, you see, leaves the concept "unproblematic". Harman will teach us some deeper, "below the surface", truths about commodities. But what we get is *exactly the same quotation* which we quoted from part IV of Chapter I of *Das Kapital*, into which Harman simply proceeds to inject a mystification. We can catch the mystifier red-handed, so to speak, in the following passage:

> **Yes, capitalism is, as Mandel argues, competition on the basis of commodity production. But to fully understand it one has to go further (?) and see that what makes man-produced objects—and above all labour power—into a commodity, is precisely competition between producing units that has advanced to the point where each is compelled to continually rationalise and rearrange its internal productive processes so as to relate them to the productive process of the others."** 4!

Now, that is *not* what Marx says in part IV of Chapter I of *Das Kapital* (the famous passage on "commodity fetishism"). He says clearly that "the fetish character of the commodity" results from the "specific social character of labour which produces commodities." He precises that use values become commodities only because they are products of private labour carried out independently from each other. And he goes on to make his point crystal clear. In a society divided by division of labour, but in which mutual dependence of individuals—i.e. the social character of labour—continues to assert itself (where every family does not live completely autarchically and independently from other units), there are *two ways* in which this inter-relation can be established. In a society in which there is common (collective or cooperative—Marx uses the word "gemeinschaftliche") property of the means of production, labour is

immediately social, i.e. it is the community (or its leaders, e.g. the elders in certain tribal communities) which consciously allots resources to different branches of production. On the contrary, in a society in which there is private property, social labour is not directly recognised as such. Private individuals establish connections between each only as "commodity owners", appearing on the market. The social nature of their labour is only recognised *post festum,* to the extent to which they succeed in selling their commodities. Commodity fetishism consists in this, that relations between things, commodities, hide and obscure a specific relation between men, *resulting from the fragmentation of social labour into private labours carried on independently from each other, i.e. resulting from private property.*

Now we can re-read this whole sub-chapter of Marx's on commodity fetishism from A to Z, not once will we find a mention of the mystifying formula of Harman's: "What makes man-produced objects...into a commodity, is precisely competition between producing units that has advanced to the point where each is compelled to continually rationalise and rearrange its internal productive processes so as to relate them to the productive process of the other". And the reason why Marx could not follow Harman's "deeper" analysis of the commodity is of course the fact that he knew quite well that commodity production had been going on for thousands of years *before* capitalism blossomed as a separate mode of production—and that only under that separate mode of production does commodity production lead to "competition between producing units...compelled to continually rationalise and rearrange its internal productive processes". Mediaeval handicraftsmen were commodity producers, but their "productive processes" were not "continually rationalised and rearranged"; they remained very stable for long periods, sometimes several centuries.

Harman's mystification begins by defining the commodity by its end-result, capitalist competition, instead of defining capitalist competition as a result of generalised commodity production. It puts the historical sequence and the theoretical analysis on its head. It then goes on by mystifying competition itself. Once one "forgets" that for Marx, commodity production is essentially social labour fragmented into "private labours carried on independently from each other", one can then separate "compulsion to continually rationalise and rearrange productive processes so as to *relate* (sic) them to the productive process of the others" from its social basis and economic purpose, deny that competition born from commodity production is always in the last instance competition for selling commodities owned by different proprietors on a market, and discover that the "compulsion" which exists *for any workers state,* even managed by the most perfect system of workers control, to defend itself against imperialist armaments, or to relate, in some way or to some extent, its output to that of the outside world, is "proof" of the existence of....capitalism. A very nice way of "deepening" Marx's analysis indeed.

Second Mystification: "Reification of the Plan"

No wonder that Harman, not having understood the relation of *commo-*

dity production to *private* labour, cannot understand what *planning* really means in relation to *social* labour, and accuses us of "reifying the plan". For, according to him, in Russia

> "a total system of reified relations is set up in which the anarchic and unplanned (sic!) interaction of the products of labour determines the labour process, in which dead labour dominates living labour, in which every concrete act of labour is related to abstract labour on a world scale, in which, although there may be many partial (!) negations of the law of value, these are on the basis of the law of value."(6)

Again we are faced with an earthshaking revelation, completely unproved and completely unjustified. How does arms production competition with the West "determine the dynamic of development of the Russian economy"? Through what economic mechanism? By what economic results? One could make a point in saying that arms competition with the West would be a factor slowing down the increase in the standard of living of the workers or the rate of economic growth, that it would prevent the building of a fully developed socialist society (obviously the impossibility of "socialism in one country" is related to the class struggle going on on a world scale and the attempt of the world bourgeoisie to reintroduce capitalism into the USSR). But by this, one has not yet proved that, as there is not yet socialism, there has to be capitalism "in which every concrete act of (Soviet) labour is related to abstract labour on a world scale".

Harman takes for granted what he assumes, but in the absence of any concrete proof, this can only be called a mystification. Otherwise he should prove that Soviet prices are "in the last analysis" (or in the long run) determined by prices on the capitalist world market; that Soviet wages are determined by "competition" with, say, USA or British (or should one say "Indian"?) wages; that investment flows from one branch to another according to "relative profitability" (the search for surplus profits); that the inferiority of Russian productivity of labour, as compared to American, has *prevented* the industrialisation of the country, like it did prevent the industrialisation of all under-developed countries encompassed in the worldwide imperialist system, governed by "the law of value". If he cannot prove anything of the sort, then the whole talk about "every concrete act of Soviet labour" being related to "abstract labour on a world scale" and "anarchic and unplanned interaction of the products of labour" determining Soviet labour processes (all because Soviet Russia had to defend itself against Hitler's armies and the American A- and H-bombs, like any workers state would have to!) is just a lot of nonsense.

> "The only 'need' plans in general have is that of ensuring a proportionate division of inputs to produce desired outputs; people...not 'plans' determine whether this output should be large or small, and for that matter whether it be the result of an 'optimal utilisation of resources' or otherwise."(7)

says Harman. He does not seem to notice that exactly one sentence after having castigated us for "ascribing human properties to things,

of accepting reified appearances", he repeats exactly the same "mistake": for what is this "need" of "plans" in general "to ensure proportionate division of inputs to produce desired outputs", independently of social relations between human beings?

The solution of the riddle lies in the understanding of what a planned economy resulting from an overthrow of capitalist property relations really means. "State capitalists"- and not only they—generally tend to reduce production relations to relations between producers and "overseers of labour" at factory level. But that is of course a gross oversimplification, and a distortion of Marxism. For Marx, production relations are *all* relations between producers which are indispensable for the "production of their material life" at a given level of development of productivity of himan labour. This means that they encompass not only the relations *inside* factories, but also those *between* factories. Production could not go on for one week in Russia without raw materials being sent from one factory to another, machines going to where they are needed (inclusive to raw material producing units), material resources being constantly shifted from one place to another.

Under capitalism, the "law of value" governs these shifts. All producer goods are commodities. All producing units react to increases or decreases of sales of their commodities on the market, to increases or decreases of profits. The "law of value"—i.e. commodity production—allocates and re-allocates resources behind the backs of the producers in a society in which social labour is fragmented into private labours as a result of the private property of the means of production.

Once these means of production are collectively owned, however, they are no more commodities. They are not sold and bought on the market. The "law of value" ceases to govern their allocation and reallocation between different producing units. "Competition" between "commodities" or "capitals" has ceased to be the basic force to regulate investment. And then the only other means to assert the social nature of human labour is planning.

In other words: conscious economic *"planning", far from being "reified appearances" or "a thing", is a specific set of relations of production resulting from the suppression of the private property of the means of production and the beginning of the withering away of commodity production, through which labour performed in collectively owned factories is recognised as immediately social labour.*[8] And this essential part of the conquest of the socialist October revolution not only should not be eliminated from the Soviet economy by the coming political revolution against the bureaucracy, but it should be consolidated, strengthened and generalised: for there is no other alternative to the rule of the "law of value". Even those who call the coming revolution in the USSR a "social" one should recognise this.

Now, when we wrote that "the inner logic of a planned economy calls for maximising output and optimising deployment of resources", Harman shouts triumphantly: "A 'plan' has no inner logic to accumulate" (p. 38). We beg his pardon: the word "accumulate" (especially:

accumulate capital" has been surreptitiously introduced by himself. *We* didn't speak about an "inner logic to accumulate". *We* spoke about "the inner logic of a planned economy for maximising output and optimising deployment of resources". What does that mean, in the light of what we just stated about the nature of planning as a specific set of production relations arising out of the suppression of private property of the means of production by a socialist revolution? Obviously, that when means of production have stopped being commodities, but when there is still a scarcity of consumer goods, and therefore a need to ensure rapid economic growth, the *interest of the producers* (i.e. their inclination to "minimise" inputs of labour and "maximise" their standard of living) *calls for such an optimal deployment of resources*. The farther this will be from realisation, the greater will be the workload for the producers, and the smaller their consumption. This rule, which would even be true on a world scale after the victory of the world revolution!—as long as we are in a period of transition, as problems of industrialisation and increasing *per capita* output are still very urgently with us; as saturation of demand for basic consumer goods has not yet been achieved for all men—is of course much truer in a relatively backward country and under capitalist encirclement, which imposes the supplementary constraint of military self defence against imperialist threats (the *main* constraint remains that of overcoming backwardness, i.e. the low standard of living and of culture of the mass of the producers).

We stress again that we are talking of "maximising output" and of "optimising deployment of resources". We are not talking of "accumulation of *capital*", or even of "maximising investment". We tried to prove that excessive investment (like that practised under the two first Five-Year Plans) does *not* lead to maximum output and optimum deployment of resources [9]. That is one of the aspects where the bureaucratic management of the economy comes into conflict with the "inner logic of planning" (i.e. the production relations born from the October revolution)—and by no means the only one. We think that "in the long run", the conflict is irreconcilable. Either the workers will consolidate and harmonise planning by eliminating bureaucratic mismanagement, or the "consumer interest" of the bureaucratic managers of the economic will destroy planning and reintroduce private property. These, like several other basic contradictions of the Soviet economy, are incomprehensible in the light of the theory that some form of "capitalism" exists in the USSR. They can only be understood in the light of the theory which sees the Soviet economy and society as a society of transition between capitalism and socialism. And in the light of the same theory it is evident that Harman's identification of "maximisation of output" with "capital accumulation"—of use values with exchange values—is exactly the same "dialectical" mystifying sleight-of-hand which Kidron was guilty of, as we revealed in *The Inconsistencies of State Capitalism*.

But aren't the Soviet workers exploited by the bureaucrats, Harman thunders on? Doesn't Mandel "forget" the wage labour/capital relationship (which he is accused of "forgetting" even in his definition of capitalism) [10]? We don't "forget" anything; we just tried to explain the

specific nature of the relationship between labour and capital, as against all other forms of "exploitation".

Producers have been exploited in all societies since the beginning of disintegration of primitive communism (even in the "society of transition" between tribal communism and the first form of class society, there was exploitation of labour - see the misuse of communal labour in favour of tribal chiefs).

What is *specific* under capitalism is not simply that part of the product of labour is appropriated by other classes or layers of society, as part of the social surplus produced by the Soviet workers is, for sure, appropriated by the bureaucracy. What is specific of capitalism is that exploitation takes the form of labour power becoming a commodity, which is being bought by the owners of the means of production, and whose price is determined by the laws of supply and demand on the "labour market", and the fluctuations of the reserve army of labour. Having sold their labour power to the owners of the means of production, the producers have to abandon the property of the products of their labour to that very same class which monopolises the means of production. This class thus appropriates the surplus value contained in the products of labour, realises that surplus value by selling the commodities, and transforms it into additional property, additional capital.

None of these processes are at the basis of the "exploitation" of Soviet labour. If anything, wages have gone down not when unemployment went up, but when it disappeared. And since the Second World War, they have gone up in the most rapid way when frictional unemployment reappeared, in the '50s, and after Khrushchev's fall, in the middle '60s: they are, in other words, unrelated to any "fluctuations on the labour market".

The largest part of the social surplus product in the USSR does not consist of surplus value (which must be realised through the sale of commodities), but in additional machinery and raw material, given as use-values. It is precisely because "accumulation", in the USSR, is "accumulation" of use-values and not of capital, that the bureaucracy is in no way a necessary agent for economic growth - which could perfectly have been realised, since 1927, by the "associated producers", within the framework of a planned economy. And for the very same reason it is preferable not to speak about "exploitation" of the Soviet workers in the scientific sense of the term, but to state that the bureaucracy appropriates in a parasitic and pilfering way an important part of the consumer goods product produced by the Soviet working class. Social parasitism is not the same as exploitation, and the mediaeval robber barons were not a class "exploiting" the merchants which they regularly plundered, as long as they had the political power to do so.[11]

Third Mystification: The Industrialisation Process in the USSR

Harman argues that "if we were right in saying that the consumer needs of the bureaucracy do not provide any socio-economic mechanism for

assuring maximum economic growth, this growth could only be explained by the "pressures of rival ruling classes outside Russia".

> **"Pressures of world capitalism led to a rapid change in the mode of production in agriculture on an unprecedented scale... This was necessitated not by the arbitrary 'desires' of the bureaucracy, still less by the 'logic of the plan', but by pressures to build up heavy industry on a scale that could not be sustained without forcible pumping of surplus agricultural produce out of the countryside... Secondly, in industry there was also a change in the mode of production... Building up of heavy industry in competition with the West was on the basis of such measures. It was that which brought them about. In other words, production and the conditions of production were no longer determined by the needs of the people, i.e. by the production of use values, but by the 'needs' of competition, the production of exchange values."[12]**

The *petitio principis* is worthy of a textbook: the "exchange values" suddenly pop up at the end of the reasoning, without having been defined, demonstrated or even proved to exist with so much as a single word. It will be hard for Harman to prove that the machine-tools of the factories of Magnitogorsk, that the equipment of the Dnjepostroy, or the lathes of the automobile works of Moscow suddenly became commodities, only because the workers who produced them received lower wages, or because their "conditions of labour" were no more determined by their needs. And as long as you don't have commodities, you have no exchange values.

But the mystification goes much deeper. Harman presents things as if industrialisation sprang up because of "pressures of rival classes" (presumably the international bourgeoisie) outside Russia. He should admit that a point could be made about this pressure coming above all from *inside* Russian society (kulaks and Nepmen). In fact, hadn't Trotsky and the Left Opposition foreseen *years before 1927* that as a result of the NEP (i.e. of the re-introduction of wide-scale petty commodity production) there would be a process of primitive accumulation of private capital which would cut across the needs for developing state industry, and that this would lead to a sharpening of the class struggle which would express itself in an attempt of rich peasants to starve the workers by making a delivery strike of grain surplus? Wasn't this exactly what happened in the winter 1927-8?

That this "internal pressure" (more correctly: sharpening of the class struggle and polarisation of class forces) in Russia was linked to "external pressure", neither Trotsky nor any Trotskyist would deny. Let us leave aside the question which of them was basic, and which was--at that moment--subordinate. Isn't it clear, however, that *accelerated industrialisation and siphoning off of part of the agrarian surplus product* to further industrialisation were also (a) in the interests of the working class (but in the "logic of the plan" (i.e. of the new production relations created by the October revolution); (b) indispensable to thwart the tendency towards restoration of capitalism which would come about as a result of strengthened primitive private capital accumulation in Soviet

society trying to link up with the capitalist world market? Wasn't it precisely Trotsky and the Left Opposition who were clamouring for more rapid growth, more planning, more industrialisation, before 1928? Were they perhaps the spokesmen of "state capitalism", or expressing the "pressures of rival ruling classes abroad" by doing so?

By differentiating "growth" before 1928 and "urge to accumulate" after 1928, Harman commits a double mystification. Before 1928 *growth was too slow for fulfilling the needs of the people* (i.e. the workers and poor peasants). After 1928, there was no "urge to accumulate" (Harman hasn't proved the transformation of means of production into commodities, exchange values, capital, after 1928) *but a speed-up of growth (industrialisation) under specific forms.* But without a speed-up of industrialisation, not only could the needs of the people not have been satisfied, but the transformation of the means of production into commodities, capital, i.e. the restoration of capital, would have been unavoidable. So the "state capitalists'" sleight-of-hand appears here again in a striking way. What was in reality an empirical, panicky, uncalculated and barbarous attempt to *prevent the reintroduction of capitalism* into Russia, to prevent the absorption of Russia by the capitalist world market and the "law of value", is presented as a succumbing to pressure of capitalism!

Of course industrialisation and collectivisation of agriculture were introduced *under such a form and under such leadership* that the immediate and long-term interests of the Soviet proletariat were deeply harmed. They were introduced under the leadership and to protect the interests of a specific social layer of Soviet society, the Soviet bureaucracy, which during this period crystallised into a hardened caste. Incidentally, when Harman dismisses the "desires of the bureaucracy" as a motive force for the way the change occurred, he mystifies and reifies social relations: how can the "pressure of world capitalism" lead to changes inside Soviet society unrelated to the interests and "desires" of specific layers of that society? The *specific form* of Soviet industrialisation resulted from a political and social defeat of the working class from the hands of the Soviet bureaucracy. But that industrialisation itself meant also a political and social defeat of capitalism (as well Russian capital, or semi-capitalist primitive capital accumulation, as international capitalism) from the hands of the bureaucratically deformed workers state. It is because they are unable to understand this specific and unforeseen *combination* of social and economic conflicts in Russia and on a world scale, that the adherents to the theory of "state capitalism" cannot make head or tail of the world they have been living in over the last thirty years.

Let us formulate the question in other words. Was it in the interests of Russian producers to greatly and rapidly increase the mass of modern means of production in Soviet society in the late '20s? Only an ignoramus can answer this question with "no". Was it therefore in their interest to "accumulate means of production" (as use values, of course)? Again the answer must be emphatically "yes". Does it therefore make sense to present such a rapid increase in industrialisation as a result of the "pressure of world capitalism", this meaning an adaptation to capi-

talism (of course, workers also make strikes as a result of the "pressure of capitalism", but strikes are not exactly an adaptation to capitalism; they happen to be means to fight against it)? There is no sense whatsoever in such a mystifying statement—except the old-time Menshevik and social-democratic "sense" that a socialist revolution in a backward country is impossible and that, whatever you do, capitalism, and only capitalism, can flower there.

But, clamours Harman, industrialisation was realised through lowering the standard of living of the workers. Quite true. Wasn't that therefore an "adaptation to capitalism"? Wasn't that "accumulation of capital"? "Accumulating" his sophisms, Harman has forgotten his starting point. The "pressure" was supposed to have taken the form of the need to build a strong armament industry, "heavy industry", "in competition with the West"; it was decidedly not the pressure of "competition" for selling goods on an international market. But it is only such a "competition" which would have made it imperative to lower wages. *When Harman says that only through lowering the standard of living of the Russian workers could there have been rapid build-up of heavy industry and armament industry in Russia, he in reality swallows the classical apology for Stalinism hook, line and sinker.* He implies that, without lowering wages, there could have been no heavy industry, no armaments industry in Russia. But as, without such an armament industry, the USSR would have ceased to exist long since, given Hitler's onslaught, it then follows that Stalinism—"lowering wages" and all the miserable rest—was really unavoidable. Stalin saved the USSR. "You couldn't make an omelette without breaking eggs", etc., etc., *ad nauseam*.

In reality, this classical Stalinist apology is rotten and false through and through. The excessive rate of investment did not increase but decreased the "rate of accumulation of means of production" in the Soviet Union. Forced collectivisation did not help, but disorganised, "heavy industry" and "armaments industry". "Arms competition with the West" was not helped but hindered by Stalin's peculiar set of economic policies. A lower rate of investment, with a much higher productivity of labour as the result of higher wages, would have enabled to get much better results than those of Stalin's. Trotsky's alternative economic proposals would have led to much more efficient "competition with Western armament and heavy industry" than Stalin's.

If that is so, Stalin's policies can no more be explained by "objective needs" of "competing with the West". They can only be explained by the specific social interests of the privileged Soviet bureaucracy. The difference between Trotsky's policy and Stalin's was not that Trotsky was in favour of "slower economic growth", but that he was in favour of a ruthless elimination of social inequalities and a putting of the working class in command of the industrialisation process. The bureaucracy, not wanting to lose its power and privileges, crushed the working class political proponents and introduced industrialisation, in a delayed and spasmodic fashion, in such a form as to tremendously increase the bureaucracy's privileges. By doing so, it also tremendously increased the waste of economic resources (in the first place the waste of labour

power, of productive enthusiasm of the workers, and of productivity of labour) and led to a much weaker "competitive" position compared to the West than Trotsky's would have led to. This is the real, and not the mystified, history of the Soviet socio-economic developments in the late '20s and '30s. And it leaves no stone of Harman's laboriously built-up mystifying construction: "industrialisation-through-state-capitalism-in-order-to-withstand-the-pressure-of-Western-heavy-industry."

Let us try to put the question into historical perspective. Capitalist industry was born "dripping blood and tears out of all its pores", as a result of a violent and barbaric process of primitive accumulation (of exchange values). Marx denounced the momentous crimes—but he never for one instant forgot to mention that they were historically unavoidable. No other class of late feudal society could have realised industrialisation but the bourgeoisie, and by no other means. And without industrialisation, no tremendous increase in human productivity of labour, no historical possibility of freeing man from the curse of idiotic and repetitive labour, no possibility for expanding human needs towards realisation of all human possibilities, no possibility for the withering away of alienating social division of labour.

In the epoch of imperialism, as a result of the common "drain" by imperialism and native ruling classes on the potential investment fund for industrialisation (the social surplus product) and the tremendous constraint of competition from imperialist mass production, no underdeveloped country can really repeat this process of industrialisation within the framework of the capitalist world market. This is a basic aspect of the "general crisis of capitalism", on a world scale, since World War I, the basic reason for nearly uninterrupted revolutionary convulsions in the "Third World" for more than forty years.

As a result of the socialist October revolution, Soviet Russia broke away from the capitalist world market, from the possibility of imperialist capital and imperialist commodities preventing a tremendous industrialisation process. This was realised on the basis of a planned economy, i.e. by freeing the country from the tyranny of the "law of value". For sure, this emancipation is only partial, not complete. This industrialisation cannot reach, inside one country, a higher productivity of labour than was realised by imperialism through international division of labour; it cannot, thereby, achieve the building of a socialist society. But the Russian *proletariat* can *start* such a construction. It can develop the productive forces and resist "world market pressures", without having to resort to barbaric means. The bureaucracy's crimes were neither unavoidable to industrialise the Soviet Union, nor historically necessary, nor progressive in any sense.

Fourth Mystification: Contemporary Capitalism

Harman tries to defend Kidron's preposterous notion that "arms economy" represents a leak which enables capitalist to avoid crises. But in order to extricate himself from Kidron's constant confusion between destruction of use values and destruction of exchange values[13], he has to push the inconsistency of that theory to its extreme. For he now

defines a leak as a *slowdown of economic growth*. Do we misrepresent him or exaggerate? Here is what he says himself:

> **"But if there are leaks whereby value is taken out of the total system, the opportunities for each individual capitalist obtaining value to transform into constant capital will be *less*, and therefore the constraints on each capitalist to expand his means of production will *lessen*. The immediate pressures to expand constant capital *[and therefore production] will diminish*, the overall rate of profit will fall less, and therefore there will exist the basis for a longer term steady expansion upon a lower average organic composition of capital."**[14] (Our stress).

If any sense can be read into this extraordinary nonsense, then it would run as follows: if capitalists accumulate less, the organic rate of capitalism will grow less rapidly, the rate of profit will decline slower, and accumulation can go on longer. This is an obvious truism—provided one does not forget at the end of the sentence what one said at the beginning, to wit: that *accumulation can go on longer because it is carried on at a lower rate*. But does this bear any resemblance to the economic history of post-war capitalism, as compared to that of the twenties or the thirties? Has economic growth been slower or quicker? Has capital accumulation been lower or higher? Has the organic composition grown quicker or slower? Has technical innovation been retarded or accelerated? To present the developments between 1950 and 1965 as being characterised by the fact that "the constraints on each capitalist to expand his means of production have lessened" is such a fantastic slap in the face of reality, that mystification here really hits the jackpot!

What Harman is as unable as Kidron to prove is that "arms production" is in any form a "leak". Arms, we repeat, are commodities produced for profit, exactly like television sets or machine tools. Even if one assumed that they are entirely paid for by surplus value, they would not constitute a "leak" but a redistribution of surplus value inside the capitalist class, the non-armament sector having part of its profits siphoned off—not outside the system, but to finance *capital accumulation in the armament sector*. And as this armament sector has a higher organic composition of capital than, say, textile production or even television production, one cannot understand how such a diversion would lead to a slowdown of the increase in the average organic composition of capital, or to a reversal of the decline of the average rate of profit.

In reality, of course, it is completely false to assume that armament production is paid for exclusively by surplus value; Rosa Luxembourg exposed that liberal-pacifist argument long ago[15]. Armament production is being "paid" for at least in part by a redistribution of the net product between wages and surplus-value (it is largely financed by direct taxes weighing on wages and indirect taxes weighing on consumer goods). It leads, in an indirect way, to an increase in the rate of surplus-value, and therefore to an increase in the rate of profit. It sets off temporarily the fall of the rate of profit neither through a decrease in the

organic composition of capital nor through a slowdown of economic expansion—but, on the contrary, through stepped-up capital accumulation and increased economic growth, accompanied by an increase in the rate of surplus value. In that way, and in that way only, does "armaments production" enable "profitable investment" of surplus-value, as we pointed out in *The Inconsistencies of State Capitalism*. But inasmuch as it steps up "capital accumulation", it increases the organic composition of capital, and thereby loses after a certain time on the right side what it gained on the left. Even under fascism, the rate of surplus-value cannot be constantly stepped up to compensate that process, as Hitler (and the German capitalists) found out to their cost. That's why armaments production *as a cure for the ills of capitalism* is only a short term solution. It has the tendency to lead ot war—or to lose its curing virtues.

Now, the past twenty years have been characterised by a much quicker rate of capital accumulation, of economic growth, of development of the productive forces in the imperialist countries, than the period 1919-1939. If arms production is not the main explanation for this, there must be another one. Harman cannot follow our argument that each of the long-term periods of rapid economic growth under capitalism (1849-1876; 1900-1918; 1940-45-1965) have been characterised by a new industrial revolution (a quick transformation of *basic* industrial technology), followed by long-term periods in which existing technology became generalised throughout the system. He confuses technical *inventions* with *innovation*, and presence of surplus capital potentially capable of innovation, with circumstances inducing *actual investment* of that surplus capital for these innovation purposes. A friendly bit of advice: please compare the rate of surplus-value (or the increases of productivity of labour), say, in 1928 in the USA, Germany, France, Japan, Italy, with those of, say, 1953 in these last countries (and 1950 or 1960 in the USA): perhaps this will explain to you part of the mystery.

Evidently, the long cycles linked with industrial revolutions have to be explained by the inner motive forces of capitalism, i.e. must be seen in terms of long cycles of "over-accumulation" and "under-accumulation". We shall have occasion to come back to this in detail elsewhere.

Fifth Mystification: Permanent Revolution

When dealing (briefly) with the political implications of the theory of state capitalism for the under-developed countries, Harman again is forced to mystify realities and theories, which are quite transparent:

> **"The theory of the permanent revolution according to Trotsky I know asserts quite unequivocally that the tasks of the bourgeois revolution in the under-developed countries can only be solved by the working class, led by a class-conscious revolutionary party. It is not "menshevism" to assert that as a matter of fact not only has no such party yet led the working class to the taking of power in Vietnam, or China or Cuba, but those that did take power executed (in Vietnam and China) or imprisoned (in Cuba) those trying to build such parties... Nor for that matter have the regimes in China,**

Vietnam or Cuba carried through all the tasks of the national bourgeois revolution. It is mere apologetics to pretend that they have solved the problem of industrial development."(16)

The mystification begins by replacing a set of social relations by an ideal political norm, and then goes on to dissolve concrete historical tasks into vague generalisations ("solved the problem of industrial development"). By doing so, Harman has to entangle himself in passing into a new contradiction. He seems to have forgotten that the historical function of "state capitalism" was to "defend itself against capitalism by imitating capitalism", in building up heavy industry. Now we are told that Chinese "state capitalism" is unable to "imitate" capitalist industrialisation. The industrialisation of China (a backward country of 700 million inhabitants!) has not yet been "solved", according to Harman's yardstick. But has it made a decisive step forward compared to the prewar situation? Did China, under Chiang Kai-Chek, have a huge industry for producing industrial consumer goods and industrial machinery, including some of the most modern ones? Could it have built up such an industry in competition with the capitalist world market? Harman doesn't even understand the question, let alone answer it.

But all this is beside the point. For Trotsky has a clear and precise summary of the theory of permanent revolution, which sweeps away all the cobwebs of Harman's mystifications:

"With regard to countries with a belated bourgeois development, especially in colonial and semi-colonial countries, the theory of the permanent revolution signifies that the complete and genuine solution of their tasks of achieving democracy and national emancipation is conceivable only through the dictatorship of the proletariat as leader of the subjugated nation, above all of its peasant masses.

"Not only the agrarian, but also the national question assigns to the peasantry—the overwhelming majority of the population in backward countries—an exceptional place in the democratic revolution. Without an alliance of the proletariat with the peasantry, the tasks of the democratic revolution cannot be solved, nor even seriously posed. But the alliance of these two classes can be realised in no other way than through an irreconcilable struggle against the influence of the national-liberal bourgeoisie.

"No matter what the first episodic stages of the revolution may be in the individual countries, the realisation of the revolutionary alliance between the proletariat and the peasantry is conceivable only under the political leadership of the proletarian vanguard, organised in the Communist Party. This in turn means that the victory of the democratic revolution is conceivable only through the dictatorship of the proletariat which bases itself upon the alliance with the peasantry and solves first of all the tasks of the democratic revolution.

"...A democratic dictatorship of the proletariat and peasantry, as a regime that is distinguished from the dictatorship of the proletariat

by its class content, might be realised only in a case where an *independent* revolutionary party could be constituted, expressing the interests of the peasants and in general of petty-bourgeois democracy —a party capable of conquering power with this or that degree of aid from the proletariat, and of determining its revolutionary programme. As all modern history attests—especially the Russian experience of the last twenty-five years—an insurmountable obstacle on the road to the creation of a peasants' party is the petty-bourgeoisie's lack of economic and political independence and its deep internal differentiation. By reason of this the upper sections of the petty bourgeoisie (of the peasantry) go along with the big bourgeoisie in all decisive cases, especially in war and revolution: the intermediate section being thus compelled to choose between the two extreme poles. Between Kerenskyism and the Bolshevik power, *between the Kuomintang and the dictatorship of the proletariat, there is not and cannot be any intermediate stage, that is, no democratic dictatorship of the workers and peasants.*[17] (Our stress).

Let us first stress the fact that Trotsky starts from social and historical problems, and not from political norms. The words "class conscious revolutionary party" do not appear once; and when he uses the formula "Communist Party" or "Bolshevik power", he means it evidently in a socio-historical sense, i.e. a party capable of crushing capitalist-feudal power, like the Bolsheviks did in Russia in October. What the exact relations of that party are with revolutionary Marxism and self-organisation of the working class is not automatically implied in that historical role—and not an absolute precondition to this role. We have had a Paris Commune which was not led by a "class conscious revolutionary party", even before the theory of state capitalism was born. And we know that in its history, the working class has been led again and again, in its great majority, by parties which were opportunist or centrist, in all shades possible and imaginable, not only in periods of relative quiescence, but even in periods of great revolutionary upheavals.[18]

Trotsky defines the two key historic tasks of the bourgeois-democratic revolution in the backward country as the conquest of national independence and the agrarian revolution (the uprooting of all semi-feudal remnants and imperialist encroachments which brake the development of the productive forces in the countryside). He never says, and we never said, that this leads automatically to a thorough industrialisation of a backward country, after the victory of a socialist revolution. He only says, and so did we, that this *opens the road* for for industrialisation which a combination of imperialist and internal reactionary class structure otherwise block quite efficiently.

Now let us make the test for the four countries involved in the controversy. Is China today a semi-colonial country? Does imperialism maintain indirect rule as it does in Brazilia, Lagos or New Delhi, not to mention smaller countries? Is Cuba still under the thumb of American imperialism, as it was during the Batista regime? Is American (or French or perhaps British?) imperialism still the real ruler in Hanoi, just as it obviously is Saigon? Were the spies of the "Pueblo" just captured by "agents of American imperialism" in Pyong Yang through an unfortu-

nate oversight?

Anybody who does not have a completely mystified view of the present world will hardly doubt as to how to answer these questions. It is obvious that these countries conquered complete and thorough independence from imperialism not only formal-political, but also economic independence - and this through violent revolutions, generally ending in bloody anti-imperialist wars.

Nor can there be the slightest doubt that a thorough-going agrarian revolution (as a matter of fact, a more thorough-going one than that of Russia after 1917) took place in these countries, sweeping away any remnant of landlord-usurer-comprador-kulak bourgeois rule in the countryside (i.e. with the exception of more urbanised Cuba, for between 80 and 90% of the population of these countries).

As these are self-evident facts, Harman has to involve himself in another inconsistency when defining these countries as "state capitalist". For the inescapable conclusion this would lead him to would be to declare these "state capitalist" regimes as highly progressive! Evidently, if tomorrow a non-working class party were to be capable of sweeping away all ties with imperialist exploitation and all remnants of exploitation of poor peasants by landlords, usurers, merchants, kulaks, as well as eliminate all rural unemployment, in countries like India or Brazil, this would be a gigantic historical step forward, which all Marxists should hail as at least as progressive as the great French revolution (the theory of permanent revolution states that in the epoch of imperialism, this cannot any more be achieved but by a proletarian party; but Trotsky might, after all, have been wrong, think Cliff-Kidron-Harman & Co., at least partially wrong!).

Now who led the revolutions which actually achieved these mighty social upheavals (even a "state capitalist" will have to admit that they were revolutions, and not friendly negotiations at tea parties)? Communist parties, and, in the case of Cuba, a revolutionary organisation called the "July 26 Movement" which was of non-communist origin. "These parties were workers' parties in nothing but their name," thunders Harman. Really? What about their social composition? Would Harman deny that an important part of the (relatively small) Indo-Chinese, and the (more important) North Korean and Chinese proletariat (not to speak about the Cuban plantation and sugar industry proletariat) gave political support, wide allegiance, and even participated to the best of its abilities in these parties? And what about their programme? Was that characterised only by "the bloc of four classes" (we shall come back to this in a minute.)? Wasn't that bloc, or the "new democracy", only conceived as a transitional stage towards the dictatorship of the proletariat, which was spelt out in black and white as the historical goal of these parties by Castro after the beginning of the revolution, it is true, but much earlier than the Cuban C.P. itself understood this)? Does Harman know any "peasant party" which has a programme in favour of the dictatorship of the proletariat, which claims to fight for collective property of all means of production and even to set out to build a classless communist society? "Words, words, just words," Harman obstinate-

ly insists. "In essence, these are peasant parties, petty-bourgeois peasant parties."

But this is precisely where you make your break with the theory of the permanent revolution, dear "state capitalist" blunderers, we answer. For the *mainstay* of that theory is the *inability* of the peasantry to build a revolutionary party of its own. If the peasantry is able to solve the problem of agrarian revolution and national independence by itself, the very possibility of the dictatorship of the proletariat in a backward country disappears. Where the working class is a small minority of society, this possibility *only* exists in function of the *incapacity* of the peasantry to successfully centralise and lead its own struggles for solving basic bourgeois-democratic tasks. Trotsky is crystal-clear on this in the above-quoted conclusion from *Permanent Revolution*. The peasantry split into two parts: one, the richer, going with the bourgeoisie; the other, the poorer, going with the proletariat. This happened in China after 1945, in Vietnam after 1945, in North Korea after 1945, in Cuba after 1959, *exactly* like in Russia after March 1917 or in China after 1925. So either you defend the preposterous proposition that national independence and agrarian revolution were not realised in these countries—or you have to admit what seems to us self-evident: that Mao, Ho Chi Minh, Kim il Sung, Castro, were leaders of proletarian parties, certainly bureaucratised ones, of Stalinist origins (in the first three cases), certainly opportunist ones, certainly parties a far cry from revolutionary Marxism—but nevertheless working-class parties (in the same sense as the French and the Italian C.P. are bureaucratised opportunist working-class parties).

The question does not stop there. The Chinese, Vietnamese, North Korean, Cuban, revolutions didn't limit themselves to establishing complete independence from direct or indirect imperialist rule, and radical agrarian revolution. They also abolished all native capitalist property as well, eliminated the native bourgeoisie, and destroyed the bourgeois state (the Yugoslav revolution did of course the same[19]). Nobody in his right mind really believes that the Chinese bourgeoisie is ruling today in Peking. Ask any Chinese capitalist in Hong Kong, Taiwan or Honolulu, he'll tell you. He knows. He cannot afford to be mystified by "state capitalist" rhetoric. So here we have an even more mysterious situation for the poor adherents to the theory of "state capitalism". "Petty bourgeois leaders" (peasant parties) are seemingly not only able to eliminate imperialist rule and liberate the peasants from age-old landlord-moneylender-comprador exploitation; they can even destroy the "native" capitalist ruling class as well, together with its bourgeois army and its bourgeois state. And Harman has the cheek to pretend that this preposterous proposition is not in complete contradiction with the theory of permanent revolution!

"The Vietnamese merit support, because they are conducting a national liberation struggle": this is Harman's lame answer to our pointing out the inconsistency of supporting the NLF and seeing in it at the same time "the nucleus of a future state capitalist exploiting class". Let us leave aside the ridiculous comparison between the Vietnam war and the Kenyan or Cypriot struggle, we are eager to have

Harman point out to us the five hundred thousand British soldiers sent to Kenya or Cyprus[20]. But here again Harman in reality is forced to accept one typical Stalinist mystification, peddled by the C.P. "peace movements" all around the world: the mystification that "essentially" the South Vietnamese are fighting for the "independence" of their country against a "foreign aggression", and not at all against capitalism.

The reality is of course otherwise. In South Vietnam, a civil war started right after the Geneva agreement[21]. People rose because the fascist Diem regime clapped them into concentration camps by the tens of thousands, and eliminated the agrarian reforms realised in the territories liberated in the South by the Viet-Minh, before the Geneva truce. This civil war unfolded for years before there was any North Vietnamese intervention. Large-scale imperialist intervention only took place when this civil war was on the point of being successful. Its purpose was not to introduce "national oppression" into South Vietnam, but *to prevent the overthrow of capitalism there*. U.S. imperialism was afraid that such an overthrow would threaten capitalism in the whole of South-East Asia, and stimulate permanent revolution on an even wider scale. This, and only this, can explain the stupendous investment of arms, men and capital to stop the Vietnamese revolution—and not U.S. imperialism's "hatred" of national liberation struggles, which it could quite go along with (see Indonesia, Algeria, etc.) as long as *capitalism* wasn't threatened.

The question which Harman has to answer is the one relative to the class nature of the forces involved in that civil war. On the one side there were the landlords, the usurers, the fascist Diem bureaucrats, the compradors, the kulaks, the imperialists. Who was on the other side? Only the poorer peasantry? Is it then capable of leading a centralised revolutionary struggle all by itself, not only against a tottering collection of semi-feudal overlords, but even against the mightiest imperialist power on earth? Was Trotsky then so wrong in "underestimating the peasantry" 's capacity for *independent* political struggle? Or was there, after all, also the working class, and a working class party—a bureaucratised one of Stalinist origins, undoubtedly; but after all a *working class* one—leading those masses?

Harman feels it necessary to throw the pebble of the "bloc of the four classes" into the pond, too:

> **"It would be interesting to see Mandel justify his own claimed commitment to the theory of permanent revolution in the light of the avowed (!) policy of the Chinese before taking power and of the NLF today being the 'bloc of the four classes'."**[22]

Marx taught us to judge people not on what they say about themselves but by what they do (by their objective role in society). Harman the mystifier now turns this lesson upside-down. Never mind whether the Chinese C.P. has expropriated all private property of the means of production from the capitalist class, whether it has destroyed their state and their economy, left not one regiment from their army. That is unsubstantial. As that party has the "avowed policy" of the "bloc of

four classes", any upright state capitalist has to presume that Chiang Kai-Chek and his henchmen are still today in power in Peking. How stupid can one get?

A "policy" is not a set of words on paper, but a line one follows in action. The "bloc of the four classes" meant the subordination of the C.P. to the Kuomintang, the subordination of the workers to the bourgeois army (which hastened to disarm and kill the workers), the refusal to touch the property of the landlords, urban capitalists and rich peasants in the countryside, for fear of "upsetting" the (bourgeois) army.

There were certain formal similarities between Mao's line between 1937 and 1946, and the disastrous line pursued by the Chinese C.P. between 1925 and 1927, although even before 1946 there was a basic difference: instead of disarming his own forces, Mao maintained them independent from the bourgeois army, which tried again and again to crush them militarily, *and failed*. In the towns, the similarity was probably more than formal, although the Japanese imperialist occupation introduced a complicating (and obscuring) factor.

But after 1946 a definite change set in, essentially under the pressure of a huge uprising of poor peasants and rural semi-proletariat in North China. In face of that uprising and of a renewed military offensive against him by the Chiang Kai Chek forces, Mao now made a decisive turn towards coordinating and centralising a peasant revolution throughout the country, towards destroying the bourgeois army, and conquering power in the towns, destroying capitalist property in the wake of conquering the towns (with a certain delay, for sure, but, after all, even the Bolsheviks didn't nationalise industry immediately after taking power, and had intended to do it still later than it actually occurred. To put a sign of identity ("avowed policy of the bloc of the four classes") between a complete subordination of the C.P. to the Kuomintang, and the destruction of Kuomintang power by a huge popular revolution led by a bureaucratised working class party (a bureaucratically deformed socialist revolution, if you wish) is a feat of "theoretical" acrobatics Harman can be really proud of.

We pointed out that Kidron's conclusions about developments in the colonial and semi colonial countries were straight Menshevism—flowing from the Menshevik theory that in Russia—"under the pressure of the world market"—only capitalism was possible. Harman, having swallowed the Menshevik starting point of "state capitalism", is now forced to say B, after having said A. *Not only has he adopted Menshevism, but he is adopting also more and more of its Stalinist by products.* We have already seen how his interpretation of the Soviet industrialisation process is nothing but a repetition of the classical apologetic theories of Stalinism: "Without Stalin, no efficient armaments industry in the USSR." Now Harman adopts another Stalinist "theory": the theory of "petty-bourgeois" states, neither workers states nor bourgeois states, neither the dictatorship of the proletariat nor the dictatorship of the bourgeoisie, neither fish nor fowl. This remarkable revision of Marxism has been elevated to the level of dogma by...the official programme of the CPSU under Krushchev. And how else but by this Stalinist formula

of "national democracy" can one summarise Harman's definition of China, Vietnam, Cuba, Yugoslavia, North Korea, as being states of "a petty bourgeoisie trying to transform itself into a capitalist class"[23]?

Because for us the Yugoslav, Chinese, Vietnamese, Korean revolutions are distorted socialist revolutions (i.e. led by bureaucratically distorted working-class parties), we prefer not to call the parties which led these revolutions "Stalinist" parties. For us, Stalinism is essentially a conservative ideology of the ruling bureaucratic layer in the Soviet Union, historically committed to the *status quo* (the extension of its power and privileges into the Eastern European countries, at the end of World War II, on a world scale historically strengthened and not weakened the status quo, for it was being "paid for" by the attempt to stop the overthrow of capitalism in Western Europe and many other places, inclusive China). Stalinist parties are parties which are subordinating the interests of the working class in their own countries to the interests of the Soviet bureaucracy's diplomacy. They therefore have acted, historically, as props of the capitalist system in their countries.[24]

Of course, the Chinese, Vietnamese, Korean, Yugoslav, C.P.s are parties of Stalinist origin; many traits of their ideology, internal structure, attitude towards the masses, were inherited from Stalinism. But these traits, important as they are, and important as are their negative consequences for world revolution and for starting the process of building a socialist society in their countries—and against which traits we conduct an irreconcilable struggle—are not the decisive factor for determining their social nature. Decisive, on the contrary, is the fact that, when the overthrow of capitalism was put on the agenda, they *led* this overthrow, be it in a distorted and perverted form, instead of *preventing* it. In order to do so, they had to break with the rule of subordinating themselves to the Kremlin bureaucracy, they had to disobey Stalin's orders and instructions, and to throw overboard, at least in practice, some of the basic tenets of Stalinist "theory".

To say that the Chinese C.P. is the same kind of party as the Indonesian C.P., the Yugoslav as the Greek C.P., the Vietnamese as the French C.P.—to say, in other words, that there is no "basic" difference between destroying capitalism and upholding it!—is to throw overboard all objective criteria of judgment in favour of partial analogies[25]. To say that "Stalinism" has been capable of overthrowing capitalism in the most populated country on earth is decidedly giving too much honour to Stalin!

Because the Yugoslav, Chinese, Korean, Vietnamese, Cuban, revolutions were distorted socialist revolutions (the Cuban the least bureaucratised and distorted of them all, for it was led by revolutionary forces not originating from Stalinist ideology or organisations), they are part and parcel of the world revolutionary process started in October 1917—be it under unforeseen and specific forms. Their victory has meant heavy defeats for world capitalism and imperialism. It has strengthened and not weakened the international revolutionary vanguard, included that part of it consciously fighting for world revolution and for workers' states under workers' management through freely elected workers' councils (the same can certainly not be said about Stalin's victory in the

USSR). It has weakened and not strengthened Stalinism in the Soviet Union, and its stranglehold on the international working class movement. It has deepened both the crisis of capitalism and the crisis of the Soviet bureaucracy, and created more favourable conditions for an extension of the world revolutionary process to the industrialised countries in Western Europe. This logic—and therefore everything which is happening with world revolution in the last decade—is incomprehensible if one falls under the sway of the mystifications of "state capitalism". It is only made comprehensible by Trotsky's theory of Stalinism and of the Soviet bureaucracy.

August 10, 1970 *Ernest Mandel*

Footnotes

1. Chris Harman: *The Inconsistencies of Ernest Mandel*, in *International Socialism*, December 1969-January 1970—an answer to Ernest Mandel: *The Inconsistencies of State Capitalism*, IMG pamphlet, 1969, itself an answer to Michael Kidron: *Maginot Marxism: Mandel's Economics*, in *International Socialism*, April-May 1969.

2. One example will be sufficient for this type of debating point. Harman takes us to task because we are alleged to have identified "thirst for profit" with "capital accumulation" and "the final money form of capital". This is plain unadulterated nonsense, he proclaims (op. cit. p. 36). A moment's more careful reading would have shown him that we didn't identify any abstract "thirst for profit" with "capital accumulation" (and certainly not a Chinese usurer's one), but "the *capitalists'* thirst for profits". And that "thirst" is indeed determined by the economic compulsion to accumulate capital under conditions of private property (competition). Far from being "nonsense", unadulterated or not, this identification is one of the basic discoveries of Marx's economic theory.

3. Chris Harman, op. cit. p. 36, 37.

4. Chris Harman, op. cit. p. 37.

5. *Das Kapital*, Engels Edition, 9th printing, Hamburg, Meissners Verlag, 1921, vol. I, pp. 39-40, 45-46.

6. Chris Harman, op. cit. p. 38

7. Ibidem.

8. Inasmuch as only *generalised* commodity production is suppressed after the overthrow of capitalism, and that *partial* commodity production still survives, the economy is dominated by a struggle between the "law of value" ("spontaneous allocation of resources") and "the logic of planning" (i.e. conscious allocation of economic resources in the interests of those who administrate the economy). This struggle can only end by either a return to capitalism (in that case, "the law of value" takes over again), or by a definitive consolidation of planning (in that case commodity production starts to wither away in the field of consumer goods too). On the road to this second end-result, the

bureaucracy's administration of the economy and the state must be overthrown. It is very unlikely that this second process could be achieved without an international extension of the revolution (although what is involved here is something more "primitive" than the final end result: the complete disappearance of commodity production, of classes and of the state, i.e. the completed construction of a socialist society, unattainable in a single country).

(9) Ernest Mandel: *Marxist Economic Theory*, Merlin Press, 1969, vol. II, pp. 621-626.

(10) An amazing accusation! On page 2 of our pamphlet, we wrote that capitalism is the only form of class society in which all elements of production (land, labour power, labour instruments, etc.) become commodities. The transformation of labour power into a commodity—isn't that "a reference" to the wage labour/capital relationship? This is repeated again on page 3, where it says that capitalism is characterised by a class structure and a mode of production which imply that labour power has become a commodity, i.e. by "the existence of a proletarian class, forced to sell its labour power". Two lines further on we mention the class struggle between Capital and Labour as resulting inevitably from the laws of motion of capitalism. On p. 12 we explain at length what forces a capitalist corporation to exploit workers in order to accumulate capital. Yet Harman coolly writes: "Nowhere in the whole section of the pamphlet dealing with the question (presumably the question of the nature of capitalism and of commodity production) is there a single (!) mention of the working class or a single (!) reference to the wage labour-capital relationship" (p. 36)...

(11) Trotsky makes this distinction between the bureaucracy's "appropriation of the products of the labour of others" (*The Revolution Betrayed*, New Park Publications, p. 240, 1967), and "exploitation" in the scientific sense of the term (*In Defence of Marxism*, Pioneer Publishers, New York, 1942).

(12) Chris Harman, op. cit. p. 38-9.

(13) Harman accuses us of "falsifying" Kidron's position. But he fails to explain why a war would represent a "leak of capital". Slumps devaluate capital, we all agree (and I indicated that, on that point, Kidron was only repeating Marx). But what about wars? "Wars and slumps have destroyed immense quantities of output," wrote Kidron. Isn't that inferring that destruction of exchange values (by a slump) equals destruction of use values (by a war)? How is war supposed to "destroy immense quantities of output" except through physical destruction?

(14) Chris Harman, op. cit. p. 39.

(15) Rosa Luxemburg: *Die Akkumulation des Kapitals*, pp. 370 et fol., Vereinigung Internationaler Verlagsanstalten, Berlin 1923.

(16) Chris Harman, op. cit. p. 40.

(17) Leon Trotsky: *Permanent Revolution*, New Park Publications, 1962, pp. 152-154.

(18) To avoid misunderstandings, and to prevent the inevitable shouts

of "revisionism" by our dear friends of the Healyite persuasion, let us repeat for the nth time that Trotsky foresaw and predicted that "under exceptional circumstances (war, defeat, financial crash, mass revolutionary pressure)", opportunist and bureaucratised parties like the C.P.s could break with capitalism and initiate a revolutionary process leading to the dictatorship of the proletariat. (See the chapter of the *Transitional Programme* entitled "Workers and Farmers Government"). Isn't that precisely the description of what happened in Yugoslavia, China, Vietnam, etc.? The essential question is whether this is "highly exceptional" (as Trotsky predicted and we emphatically uphold) or whether this could somehow become a wider "rule", as opportunist split-offs from the Fourth International (to start with, Posadas, Pablo and the Ceylonese LSSP) are persuaded?

(19) Harman cannot resist making another dubious debating point: "Why didn't you recognise the Yugoslav socialist revolution when it happened, but only three years later?" We could start quoting to him some passages indicating that we had at least an inkling that something particular was going on in that country before 1948 (notwithstanding an evident lack of information). But look who's complaining: a member of a group which "discovered" the establishment of "state capitalism" in the USSR not three but more than twenty years after it had happened...

(20) In Algeria, French imperialism engaged on a large-scale colonial war, it is true. But this can be explained not only by the exceptional importance of French investment in the Algerian oil industry—uncompared to any U.S. imperialist investment in Vietnam—but also and especially by the special implications, for French internal politics, of the presence of a large French settlers' minority in that country, which made millions of petty-bourgeois rabidly attached to "l'Algerie française". Nothing of the kind exists in Vietnam with regard to American society.

(21) Harman's remark, that "in Vietnam, the Stalinist leadership has twice already shown itself incapable or unwilling to solve the most elementary of bourgeois national tasks—that of national unity—when opportunities (!) to do were at hand (in 1945 and in 1954)." This is an odious travesty of historical truth, for it completely mystifies the precise opponents of "national unity". It is not as a result of the Vietnamese C.P. "submitting" itself to some "bourgeois" leadership (presumably Bao-Dai? or Diem?) or the Chiang Kai-Chek type that national unity wasn't realised in 1945 or 1954, but due to direct foreign intervention of a ten-times-stronger military power (later backed by U.S. imperialism which was one hundred times stronger). Ho Chi Minh in fact proclaimed independence in the whole country, and tried to unify it, but was driven away from the cities by superior foreign military strength (and only thereby). Perhaps Harman missed out telling Giap how he could have taken the "opportunity" to beat the French army, navy and air-force in 1945, supported additionally by British and Chiang Kai-Chek forces. Presumably, Dien-Bien-Phu was as easy a battle to organise, for experts of the Harman vintage, as it would have been in 1954 to start open warfare against American imperialism, without granting a breathing

space to people who had been fighting for fourteen years. With the same irresponsibility, one could say that the Brest-Litovsk peace showed the Bolsheviks' "inability or unwillingness to solve the most elementary of bourgeois national tasks" in Russia. Harman should be ashamed of such kind of "arguments" used against revolutionists who have struggled longer against imperialism and capitalism, arms in hand, than any other group in the world since the international working class movement was founded.

(22) Harman, op. cit. p. 40.

(23) One class "trying to transform itself" (sic) into another class is certainly a daring "innovation" in the framework of historical materialism.

(24) "The chief accusation which the Fourth International advances against the traditional organisations of the proletariat is the fact that they do not wish to tear themselves away from the political semi-corpse of the bourgeoisie," writes Trotsky in the *Transitional Programme.*

(25) The Shachtmanite adherents to the theory of a "new bureaucratic class" tried at least to be more consistent; they saw in *each* Communist Party an "instinctive drive" to establish itself into a new "fascist-type like" ruling class. The cold war having given its verdict—and Shachtmanism having disappeared under its waves in a sea of ridicule and renegade behaviour—one sees how wrong that prediction was. But why are some C.P.s just "neo-reformists" (i.e. subservient to private capitalism) as the British C.P. presumably is the eyes of *International Socialism* (like the French, Italian, Greek, Spanish, Indonesian, Brazilian, C.P.s, and the list could be extended *ad libitum*), while just a few others are "trying to transform themselves into a new ruling class"? And if this distinction exists, what's the use of defining both categories of parties by the same label?

Printed by The Prinkipo Press Ltd. (T.U.), 182 Pentonville Road, London N.1. Tel: 01-877 9987