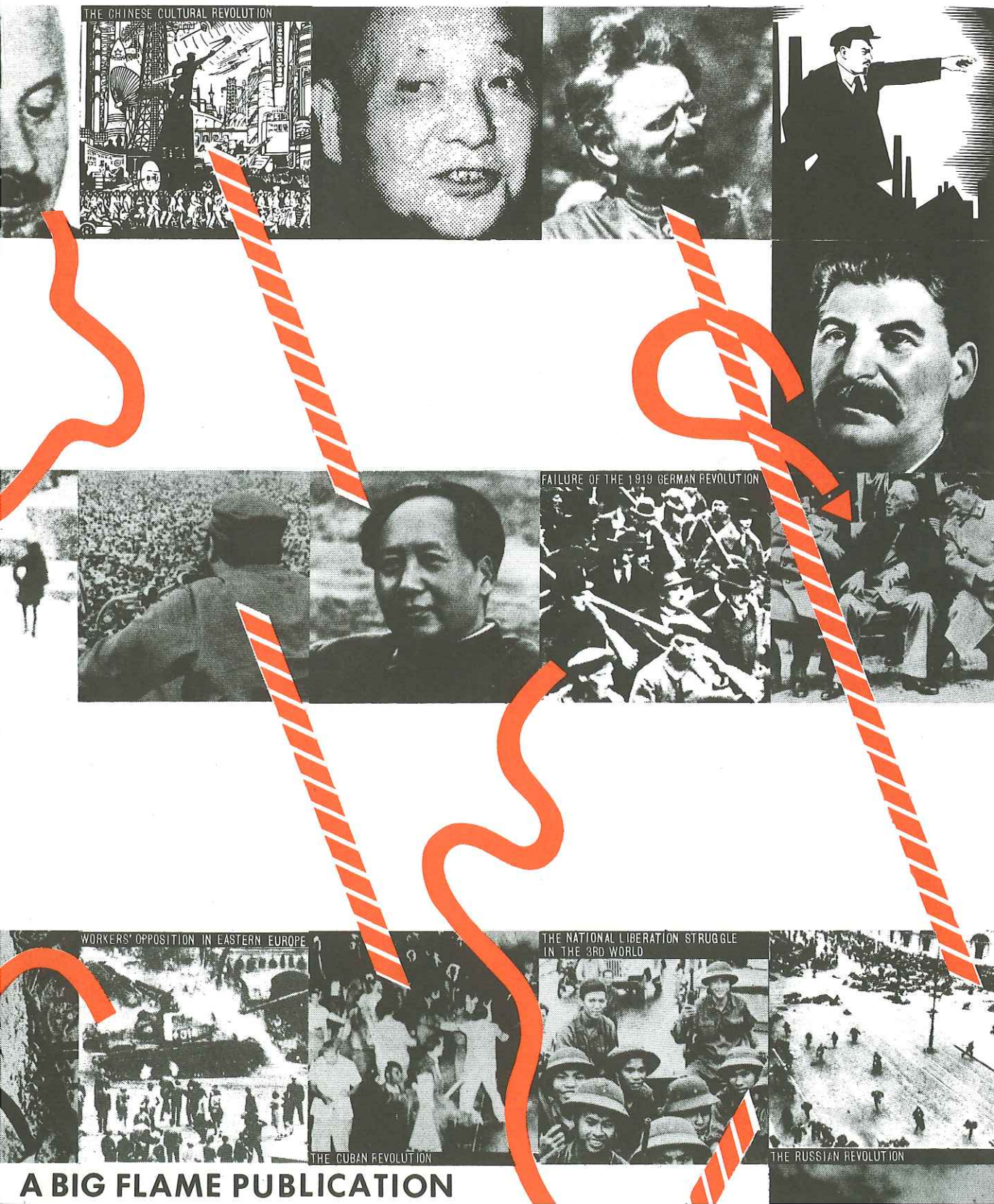


THE CENTURY OF THE UNEXPECTED

BY JOHN FANTHAM & MOSHE MACHOVER

A NEW ANALYSIS OF SOVIET TYPE SOCIETIES



A BIG FLAME PUBLICATION

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Introduction

The century of the unexpected. That is what — thus far, — the twentieth century has been for communist revolutionaries. Classical Marxism — the movement if not the founders — led us to believe that the socialist revolution would happen first in those countries where workers were the majority of the population, and that, after the working class had taken power, progress thereon to socialism/communism would be straightforward. Classical marxism, as a movement, tended to believe that the liberation from class society of the colonial peoples would be an automatic by-product of the workers' revolutions in the so-called 'civilised', capitalist countries.

Every one of these expectations has proved false. The working class has not, yet, successfully seized power in any of the capitalist heartlands. The first workers' revolution took place in 'backward' Russia — but the heroism of 1917 was followed by the horrors of Stalinism. In country after country of the colonial world (China, Cuba, Vietnam, etc.) workers and peasants have fought, successfully, so evict the imperialist predators. Yet, whilst the masses have not 'waited' for the workers of the metropolitan lands, the various regimes resulting from this vast revolutionary upsurge plainly have many failings when measured by the standards of classical marxism and socialist internationalism and democracy. The invasion of Vietnam by China in early 1979 is the clearest testimony of the relevance of the problems raised in this discussion.

This century of the unexpected has of course been intensely debated by many on the revolutionary left. On a world scale, Trotskyists, Maoists, Stalinists, 'Euro-communists', and many individual dissidents from orthodox views have offered their insights and perceptions. But with the passage of time, a growing proportion of what has appeared — especially in Britain — has been sterile and unproductive. The Trotskyist comrades, for example, largely content themselves with reiterating what the master said. And while, undoubtedly, Trotsky's analyses of the Soviet Union, in the 1930s, contained much of enduring value, they also contained much that was wrong. To take but two examples, the Soviet regime has shown little sign, in nearly half a century, of fulfilling Trotsky's prognoses about its imminent downfall. And furthermore — again contrary to Trotskyism's expectations — similar regimes have established themselves as rulers of one third of

the world's inhabitants, in a process that still leaves Trotskyists bewildered.

It is against a background of often sterile rehashing of now-outdated analyses that Big Flame is pleased to publish this pamphlet by comrades Machover and Fantham. The views in it are the views of the authors rather than the official views of Big Flame. Big Flame will be discussing these questions along, we hope, with other sections of the left. But we firmly believe that it is an original and well worthwhile contribution to the debate. The scope of the issues at stake is immense, involving as they do such questions as:

- do the countries of the 'Socialist Bloc', and China, have the same mode of production (and if so, what)?
- what are the tasks of proletarian revolutionaries within the countries concerned?
- what ought to be the attitudes of revolutionaries in the 'West' to dissent (of various kinds) in the USSR, Eastern Europe etc?
- what are the prospects for, and the roles of solidarity movements with, past and present struggles in colonial countries such as Vietnam, Angola, Zimbabwe?
- why are the foreign policies of the Soviet and Chinese regimes as they are?
- why is the economy of, say, the USSR currently plagued by apparently insoluble problems?

The very nature of socialism and communism themselves, and the whole problem of how Soviet, Chinese and other societies compare with the goals we are working for, are raised both directly and indirectly by the issues comrades Machover and Fantham discuss. For a great merit of their contribution is that they seek to root their analysis in classical marxism at its best, in the concepts of mode of production and of the dictatorship of the proletariat as the active self-rule of the producers. Big Flame hopes that the controversial nature of the comrades' main thesis — that a new mode of production, unforeseen in classical marxist analysis, has been created in the Soviet Union, China and elsewhere — combined with the grounding of their argument in the best heritage of revolutionary theory, will help stimulate much needed debate on the questions involved. For our part we will be pleased to receive such contributions for our journal *Revolutionary Socialism*, or to see them published elsewhere.

Big Flame International Committee
1979

Preface

Big Flame welcomes the chance to publish this pamphlet by comrades Machover and Fantham, on what is the most enduring problem for revolutionary marxists — the nature of societies that have made a revolution against capitalism and imperialism. The pamphlet does not put forward Big Flame's formal position on this question which was agreed at our 1976 Conference. This argued that the Soviet Union and similar societies in Eastern Europe were not capitalist, socialist or any form of workers' state, but rather class societies of a new type. This could be characterised as 'state collectivism', which is the thesis in this pamphlet, though it was not formally called this. A methodology for judging a transition to socialism was advanced. This emphasised the key role of the transformation of social relations (eg between mental and manual labour, men

and women), that must accompany changes in the ownership of property and the dictatorship of the proletariat. This allowed for such developments in countries without fully-fledged capitalist economies and working classes. *The Century of the Unexpected* goes further than this by arguing that 'state collectivism' is a new mode of production which is very likely to occur in societies that overthrow capitalism but lack the economic base and working class composition that some see as a necessary precondition for a transition to socialism.

This question is now being debated in Big Flame. We have a history of making our debates open and this pamphlet is part of that process.

The Century of the Unexpected
 a new analysis of the 'Second World'

Introduction

A very large part of humanity at present lives in what may be termed 'the second world' — a group of countries which includes the Soviet Union, Eastern Europe, Outer Mongolia, China, North Korea, Indochina and Cuba. (Arguably it also includes Angola and Mozambique, as well as South Yemen, but at the time of writing — summer 1978 — the new order in these countries has not crystallised sufficiently for drawing firm conclusions about them.)

Despite important differences all those countries display certain fundamental socio-economic and political similarities which can only be denied by flying in the face of facts and performing bizarre theoretical contortions. And yet, there are also many dissimilarities which set China apart from the Soviet Union, Cuba from East Germany, and Vietnam from Czechoslovakia.

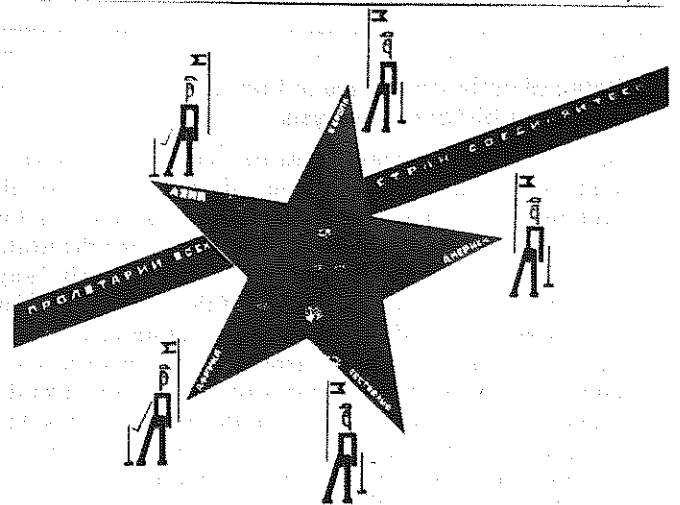
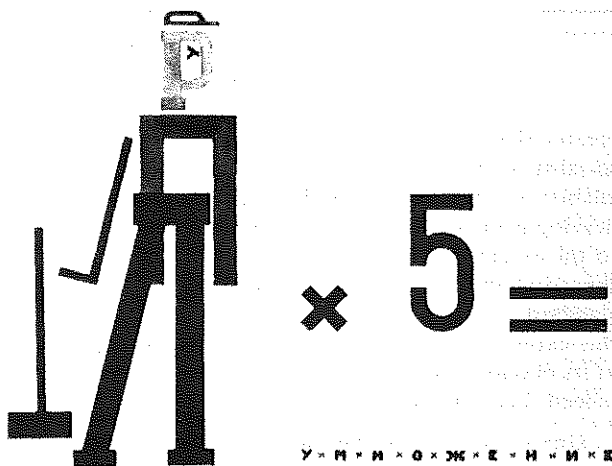
Our contention is that the fundamental structural features which are shared by all countries of the second world, as well as many of the dissimilarities between them, become intelligible if — and indeed *only* if — one accepts the thesis that in all those countries there prevails one and the same mode of production. This mode of production — which was not anticipated, let alone described and analysed, by classical Marxism — we call 'state collectivism'.

It is of course very difficult to define the concept **mode of production** with sufficient generality and precision. Perhaps such a definition is not really necessary; after all, marxists have been discussing the capitalist, feudal-manorial and other modes of production without defining the term

in general. Nevertheless, in order to forestall the allegation that our use of the term is casual, let us offer the following approximation: a mode of production is the historically determined irreducible totality of relations and arrangements through which a society reproduces both its material life and these very relations and arrangements themselves.¹

It is in this sense that we argue that the structural similarities between the various societies of the second world arise out of the state collectivist mode of production which prevails in all of them. Moreover, like other modes of production, state collectivism is not a static entity but evolves in time through internal and external contradictions. One would therefore expect to find that societies which are going through different historical phases of state collectivism will differ from each other in various respects. In our view it is this difference of phase — and not merely the obvious fact that each human society has its own unique historical peculiarities — which accounts to a great extent for the dissimilarities between various state collectivist countries of the second world.

Our aim is not to indulge in an exercise of classifying different countries. Little can be gained by merely attaching a new label to this or that society. In developing our thesis on state collectivism, we shall propose a conceptual framework within which, we believe, one can gain a better understanding of capitalism, socialism, and the problem of revolution in the *third world*² and make certain broad predictions and draw important political conclusions.



Trotsky's false dichotomy

In his later years, Trotsky repeatedly presented the following historical alternative: *either* Stalin's Russia is a transient phenomenon, a temporary deformation of a workers' state and a mere deviation from the path to socialism; *or else* it must represent a new social formation which will replace capitalism throughout the world. Now, forty years later, we can see clearly that neither of the two parts of Trotsky's dichotomy is correct. On the one hand, Stalin's Russia proved much more sturdy than Trotsky had imagined. Far from collapsing under the German invasion (as Trotsky had predicted) it survived and helped to spawn similar regimes in large parts of the globe. Only the blindest

dogmatist can now regard that regime as a transient aberration or a passing episode. But on the other hand this new regime has not spread throughout the *whole* world; it remained confined to a very well defined type of country. While country after country in the *underdeveloped* part of the world come under state collectivism, the developed capitalist world has remained virtually immune to it. (The two partial exceptions, East Germany and Czechoslovakia, can easily be explained by very special circumstances). Historical evidence suggests that Stalin's Russia did in fact represent a new form of society, but one which was to spread only in the underdeveloped part of the world.

Three theses on socialism and the transition to socialism

Why has the revolutionary left been so slow to accept this clear historical evidence and incorporate it into a coherent theoretical framework? To gain some understanding of this, let us consider the following three theses, each of which is accepted (explicitly or implicitly) by various parts of the left. For reasons of brevity and simplicity, we shall formulate these three theses in a somewhat 'crude and 'popular' form; but they could easily be transcribed into more sophisticated and 'scientific' terms.

Thesis 1. The societies of the second world represent a definite historical progress as a world phenomenon, especially in comparison with the previous social forms that prevailed there. (This thesis is applied by different factions of the left either to the whole of the second world or to certain parts of it. When it is applied to the Soviet Union, the previous regime with which the present is favourably compared is that of pre-1917 Russia rather than that of the early post-revolutionary period.)

Thesis 2. In our epoch, socialism is the only road for progress in any part of the world. A progressive society can therefore only be one which is already socialist, or in transition from capitalism to socialism.

Thesis 3. The transition to socialism can only be made under certain conditions (proletarian democracy, the direct political rule of the working class) and requires the prior existence of certain historical pre-conditions (a highly productive industrial base, the socialisation of the labour process, the existence of a large modern working class consisting of men and women who make their living by putting into motion instruments of labour which are only usable in common, etc. ³)

Each of these theses has its own obvious attractions, and each can be 'corroborated' by quotations from classical marxist sources (in the case of Thesis 3 – and possibly also Thesis 2 – from Marx himself). Unfortunately, however, they cannot consistently be maintained simultaneously, because none of the countries in question satisfies the conditions and pre-conditions of Thesis 3. On the other hand, if any one of the three theses is dropped, the remaining two can be maintained without logical inconsistency. One could get a fairly good classification of the various trends of the revolutionary left according to which of the above theses a given trend upholds. (In the case of Thesis 1, there is a further classification, depending on which part of the second world the thesis is applied to.)

For example, most orthodox Trotskyists tend to adhere to *all three* theses, and attempt to evade the inexorable logical contradiction inherent in this by resorting to complicated theoretical acrobatics, some of which are as fascinating as they are futile. The Socialist Workers' Party in Britain rejects Thesis 1, but upholds the other two. It maintains that what we call state collectivism is in fact just another kind of capitalism (state capitalism), which is hardly more progressive than the conventional kind. In this position there is no logical inconsistency, but as we shall argue later it is untenable for other reasons. As a third example, consider the Maoist position. This consists in maintaining Thesis 1 with respect to China (and in most cases also Russia under Stalin) as well as Thesis 2, but rejecting Thesis 3. Again, this may be logically consistent, but implies a high degree of voluntarism which we find unacceptable and is certainly a drastic departure from Marxism.

State collectivism's place in human history in marxist historical analysis

Our own position involves a partial rejection of Thesis 2 (while the remaining two theses are retained). Like all revolutionary socialists, we continue to maintain that for the developed industrial countries, as well as for the world *taken as a whole*, socialism represents the only way forwards. But – as Trotsky was one of the first to point out – the development of capitalism has been stunted in a large part of the world. This is no mere accident, but a necessary result of the laws of development of capitalism as a world system. As a consequence, many of the historical tasks that capitalism had fulfilled in the countries of its classical development, remained unfulfilled in the underdeveloped countries. Given a world socialist revolution, this situation could be remedied by global planning and international co-operation. But, in the absence of such a revolution, many underdeveloped countries have found an alternative path – that of state collectivism. This is not an alternative to socialism on a world scale, nor is it some half-way house between capitalism and socialism. Rather, it is an alternative to the road of full capitalist development, which was blocked for those countries.

We are thus faced with a *bifurcation* in human history. A series of societies in the underdeveloped world have *branched off* into a non-capitalist path, a path which runs not between capitalism and socialism, but parallel to capitalism, a path along which those societies can industrialise and to some extent catch up with the more advanced part of the world. This path of state collectivism is neither more nor less a 'transition to socialism' than capitalism itself is. (In a long-term historical sense, capitalism *may* of course be regarded as a transition to socialism, since it

creates the necessary pre-conditions for the emergence of socialist society!) To the extent that state collectivism enables those societies to climb out of the pit of underdevelopment in which world capitalism had trapped them, to the extent that it offers them a way to industrialise, raise the productivity of labour and along with it also the standard of living, culture, education and medicine – to this extent it is *initially* truly progressive. But in the course of its development it – like other modes of production, and indeed like capitalism – becomes a shackle on society.

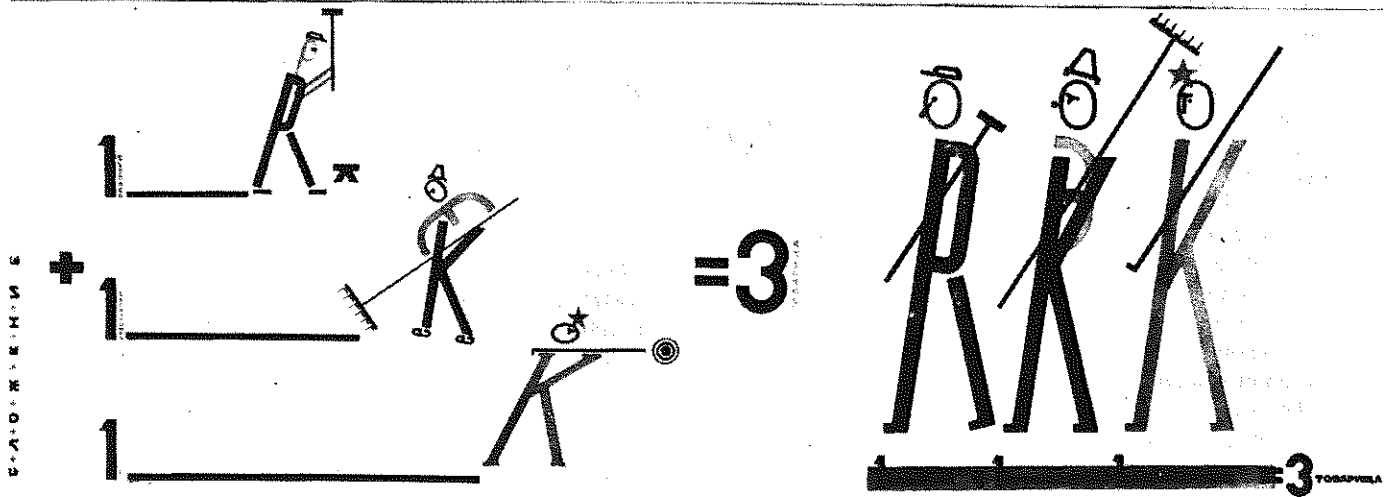
One of the reasons why marxists have been rather slow to accept this idea is that the very concept of bifurcation of modes of production has only recently begun to be taken seriously and applied in the materialist study of history. Not very long ago, marxists in general (and not just Soviet 'marxists' tended to believe in the existence of a single, linear succession of modes of production, through which all human societies must pass in the same order, though at different times. At most, a society may 'leap' over one or more 'stages'. But in recent years this simplistic scheme has been replaced by a far richer one, in which modes of production diverge from each other along alternative paths, sometimes only to re-converge. (This of course does not mean that modes of production can occur in arbitrary order or without any order; just as in the case of biological evolution, the junctures at which bifurcation or 'branching off' occurs, and the succession of stages along each branch, are subject to an inherent causality.)

At first, bifurcation was only recognised (by Trotsky and others) *within* the capitalist mode of production, which

relegates a large part of the world to underdevelopment and subjugation. It was realised that there is no such thing as a unique path of capitalist development along which all countries must travel in the same direction if at a different pace. But even Trotsky failed to take the leap of recognising that the bifurcation *within* capitalism may lead to a bifurcation of different modes of production away from capitalism.

Another reason for failing to see state collectivism for what it is lies in historical 'peculiarity' that in Russia – the first, and for along time effectively the only, country in which this mode of production developed – it was preceded by a proletarian revolution and an initial move

towards socialism. It was therefore natural to suppose that what we now call state collectivism is necessarily and by its very essence a 'deformation' or 'aberration' in the transition from capitalism to socialism. The problem of analysing the new social order that arose in the Soviet Union was obscured by the specific problem of the degeneration of the proletarian Russian revolution. This confusion was made into a rigid schema which was later dogmatically imposed on other countries, where state collectivism came into being without the 'false start' of a genuine workers' socialist revolution but rather through a populist or peasant revolution which merely masqueraded as 'socialist'.



Marxist analysis of the class nature of the Soviet Union

Of course, it is utterly impossible to understand state collectivism without analysing its manifestation in the Soviet Union, where it first came into being and has reached its ripest and most putrescent phase. Indeed, much of the following discussion will revolve around the Soviet Union, and in this connection we shall have to plunge into the long-standing debate about the class nature of the Soviet Union. However, it should by now be clear that our intention is not to remain trapped within the terms of the debate as it has been conducted over several decades but to go beyond them. For this reason, and also for reasons of space, we do not intend to explain in detail the various positions that have been taken in this debate. Rather we will have to assume that the reader is broadly familiar with these positions. However a brief review of them is included here since it is largely through criticising them and displaying their contradictions that we have developed our position. Since the thesis that there is some kind of socialism in the USSR is so manifestly absurd, it falls completely outside this discussion. In fact we dismiss it with contempt and confine the main bulk of our criticism to the two positions most common amongst the revolutionary left in Britain and elsewhere.

The first of these positions (held in Britain by the Socialist Workers Part and in other forms by various Maoist tendencies) is that the Soviet Union is state capitalist. The second position is that of orthodox Trotskyism (represented in Britain by the International Marxist Group and many smaller groups) according to which the Soviet Union is a degenerated workers' state. This position, which goes back

to Trotsky himself, is defended by his followers and epigones, and as is usual in such cases the epigones are much more rigid and dogmatic than the master himself. We assume that the reader is broadly familiar with the continuing but stagnant debate between them. In our view each side in that debate has produced persuasive arguments demolishing the other side's position. But on the other hand the arguments which each side produced to defend its own positions are inadequate. Despite the mutual demolition the same two positions are continually repeated and pitched against each other, often in set-piece ritualised debates. The inability of the British left to develop beyond that debate is perhaps partly due to the fact that few have tried to develop a third position which would not suffer from the obvious weaknesses of the state capitalist and degenerated workers state theses. Most people have tacitly or naively assumed that the rejection of one position entails the acceptance of the other. They have not seen the possibility of rejecting both. Nevertheless various beginnings have been made, especially outside Britain, to develop a third position which would not suffer from the inconsistencies of the aforementioned theses of a degenerated workers' state and state capitalism. We shall mention briefly what we consider to be the most important contributions towards this third position.

Attempts at a 'third' position

Writing in the 1940s, Max Schachtman in *The Bureaucratic Revolution*⁴ developed a theory in which the Soviet Union was conceived as a new class society, which he labelled 'bureaucratic collectivism'. Later we will make some detailed comments about Schachtman's theory. For the present it is sufficient to say that although Schachtman's analysis raises the possibility of a new mode of production, he produces hardly any systematic argument for it. His writings amount to a moralistic critique of Stalinism combined with a number of insights which show that neither capitalism nor socialism exists in the USSR. It should also be stressed that the political conclusions reached by Schachtman are reactionary.

Kuron and Modzelewski are two Polish socialists who in their *Open Letter to the Party*⁵ analyse Polish society. They show that in terms of its basic structures and dynamic it differs from both capitalism and socialism. They regard the central political bureaucracy as the ruling class in that society. Like all ruling classes this class too has its own 'class goals of production'. In the case of the bureaucracy that goal is 'production for the sake of production'⁶. Whereas under capitalism the main goal of production is the accumulation of surplus value, the valorisation of capital, the ruling political bureaucracy aims at the physical expansion of the material apparatus of production. Though their analysis is confined to Poland, Kuron and Modzelewski's work anticipates later analyses which pinpoint similar contradictions within the Soviet Union and other societies. Much of what they say about Poland can also be said about the rest of Eastern Europe as well as about the Soviet Union.

Carlo's *The Socio-Economic Nature of the Soviet Union*⁷ is possibly the first attempt to pose explicitly the state collectivist theory for the Soviet Union and tentatively also for other societies.

*Critique*⁸, the socialist journal built around the work of its editor Hillel Ticktin, can also be broadly placed within this third position tendency. The work of Ticktin, Cox, G. Smith and others provides us with a wealth of material on the workings and contradictions of the Soviet economy and society. They argue against both the state capitalist and degenerated workers' state theses, but shy away from

firmly concluding that the Soviet Union represents a new mode of production. They tell us however that the Soviet Union is an entirely new social formation which cannot be understood through the application of traditional formulas. They tend to see the Soviet Union as a special case — which of course it is, but not so special that one cannot draw from it certain lessons which in turn can allow an understanding of societies that have obvious similarities. In addition the *Critique* writers mentioned above make no attempt to analyse the importance of their conclusions about the Soviet Union in respect to the prospects and problems for revolution in the third world.

Umberto Melotti's *Marx and the Third World*⁹ elaborates a position regarding the class nature of 'second world' societies which in many ways resembles the one we develop. He characterises most second world societies and some underdeveloped capitalist societies as 'bureaucratic collectivist'. Such societies develop the productive forces as capitalism has historically done and these societies are neither pre- nor post- capitalist but run parallel to capitalism. The resemblance between our position and Melotti's is however purely formal, since for Melotti the key pre-condition for the development of bureaucratic collectivism is not capitalist underdevelopment, but the pre-existence of an Asiatic mode of production. Melotti therefore sees bureaucratic collectivism as existing in societies which have previously been dominated by the asiatic mode of production. For him bureaucratic collectivism exists not only in the Soviet Union, China, etc but also in societies such as Iran and Egypt, which have been dominated by the asiatic mode. In addition Melotti does not consider the possibility that state or bureaucratic collectivism may develop in societies which have not experienced the Asiatic mode of production but which are underdeveloped eg Angola, Mozambique etc. We on the other hand, emphasising capitalist underdevelopment as a critical factor, see this as possible and indeed quite likely. Iran and Egypt are no more than dependent capitalist societies. Indeed, even under Nasser, Egypt was not a bureaucratic collectivist society, rather one dominated by state capitalism.

Main arguments against the degenerated workers' state theory¹⁰

i) Logically speaking the degenerated workers' state formula constitutes a total confusion of categories. It is a *political* definition for it refers only to the *state* and not to the relations of production or any other socio-economic category. In Marxist terminology, as well as in all scientific discourse, the term 'state' is used to denote the institutional system of power (the legislative, executive and administrative institutions, and the legal and repressive apparatus.) The formula 'workers' state' was initially used by Lenin and other Bolsheviks precisely in this sense. In the early 1920s they used this formula to describe the situation where the relations of production and the socio-economic reality in Russia were still largely capitalist or even pre-capitalist. The state however was in the hands of the working class. *Politically* speaking the Soviet Union was a workers' state. Certain types of bureaucratic deformation were visible at the time. However, this was purely at the political level, hence the formula 'a workers' state with bureaucratic deformations'. Lenin and the Bolsheviks did not use this formula to explain what was happening at the *economic* and *social* level. But now, quite contrary to the



meaning of the terms of the formula, it is being used in an almost opposite sense to Lenin's original conception.

The orthodox Trotskyists argue that the Soviet Union is some kind of workers' state not because of the nature of political power there, but because the economy is centrally planned rather than being a market economy, and because the principal means of production are nationalised rather than privately owned. The orthodox Trotskyists go on to say that it is these economic attributes which give the USSR the character of being in transition to socialism. They do not argue that the state is in the hands of the working class for it plainly isn't. Instead they offer us the following sophism. Since the economy is nationalised and planned and since this is in the interests of the working class, and since the state defends and protects nationalised property and central planning, it follows that the state is a workers' state. In other words, according to this conception, the state is a workers' state not because the workers actually control it, but because the state protects the assumed interests of the working class.

According to Lenin and the Bolsheviks' conception of the 'workers' state' what changes would be needed to turn the Soviet Union into a socialist society? It is quite clear that in Lenin's conception there would be a need to develop socialist relations of production. (This in turn would require the spread of the revolution to the advanced capitalist countries.) However they maintained that no such far reaching transformation was necessary in the structure of the state because the state was already in the hands of the working class. All that was required was the purging of bureaucratic deformations. Nowadays the orthodox Trotskyists use precisely the same formula to argue the very opposite. They say that in order for the Soviet Union to turn towards socialism the relations of production may need to be modified but not transformed in any revolutionary way. They argue that it is only the state apparatus that needs to be smashed by a *political* revolution. Thus by their own reasoning we have the absurdity of a 'workers' state' which has to be smashed in order to clear the way for socialism. We are confronted here with a logical contradiction. On the one hand the progressive aspect of the Soviet Union is summed up by referring to the state as somehow belonging to the workers. On the other hand what is recommended as the necessary means of turning towards socialism is the overthrow of that state

ii) Actually the orthodox Trotskyists adhere to the formula of the workers' state mainly for reasons of orthodoxy. They dogmatically cling to the old formula but have turned its meaning into its opposite. If we look beyond the mere formula we see that what they really argue is not that the state is literally a workers' state (quite the opposite) but that certain economic relations over which the Soviet state presides are of a socialist or proto-socialist nature. Specifically such features are nationalised property, a planned economy, and the absence of generalised commodity production.

But this is really begging the question of what is in the interests of the working class. A planned economy and nationalised property in themselves are neither in the interests of the working class nor against those interests. It all depends on who makes the plans, whose interests they represent and therefore who, in the final analysis, controls the state. In order to argue that the existence of nationalised property, state planning etc. are in the interests of the working class, it is first necessary to show that the working class has some control over the state. Since it is plain that in the Soviet Union, the working class has absolutely no control over the state, it is correct to argue that the nationalised economy controlled by the state and the planning implemented by the state are not in the

interests of the working class but are used against it by those who control the state.

Trotskyists incorrectly assume that the existence of planning and nationalised property must be in the interests of the working class, regardless of who makes the plans and who controls nationalised property and that therefore a state which presides over planning and nationalised property is in some sense a workers' state. We contend that the only solid guarantee that a planned economy and nationalisation are used in the interests of the working class, is that the working class holds political power in the literal and direct sense of the word. In the Soviet Union this is clearly not the case. (It is therefore clear that both nationalised property and the plan cannot be claimed to be in the interests of the working class except by those who simply assume this to be so.) The essence of socialism and the transition to socialism lies not in the existence of nationalised property and planned production in the abstract but in the control of production and the plan by the working class. Whilst generalised nationalised property and the elimination of generalised commodity production are not in the interests of capitalists it cannot be argued that they are automatically used in the interests of the working class. They can instead be used by social forces which are neither bourgeois nor proletarian.

iii) The question of whether the working class in the Soviet Union or similar societies is exploited is here of central importance. If we come to the conclusion that the working class is exploited then in no way can it be argued that the relations of production existing in the Soviet Union are in the interests of the working class. If the workers in the Soviet Union are exploited then clearly in order to achieve socialism in the Soviet Union one would need a revolution which would put an end to exploitation. This revolution would have to be much more than the overthrow of the state apparatus. That is to say it would have to be more than a *political* revolution.

Exploitation is a socio-economic relation, not a political category. To eliminate exploitation means to modify the relations of production in a very fundamental way, in other words to transform productive relations beyond the scope of a merely political revolution. A political revolution overthrows the political power and although it is bound to have some effect on socio-economic relations it does not transform them in a total and fundamental way.

Exploitation does not have to take the form of the extraction of surplus *value* as in a capitalist society where the law of value predominates and where all products take the form of exchange values. In general exploitation means that part of the social product, called the surplus product, is alienated from the direct producers who have no control over the surplus they produce. They do not determine the uses to which it is put nor do they determine its quantity, except in a negative sense, by their resistance to work and exploitation. The surplus product is alienated from them through various forms of social coercion.

In the Soviet Union exploitation in this sense certainly exists. To deny this is to fly in the face of all known facts about that society. Of course, even under communism, as Marx points out in the *Critique of the Gotha Programme* the direct producers do not get back the full amount of what they produce. Part of the surplus product is set aside for social needs and for expanding the productive apparatus. But in this case it is the workers themselves who collectively decide upon the quantity and uses of this surplus. It is therefore not alienated from them and they are therefore not exploited.

Soviet workers clearly do not have any say in the uses to which their surplus product is put, nor do they have any positive control over the means of production, the product

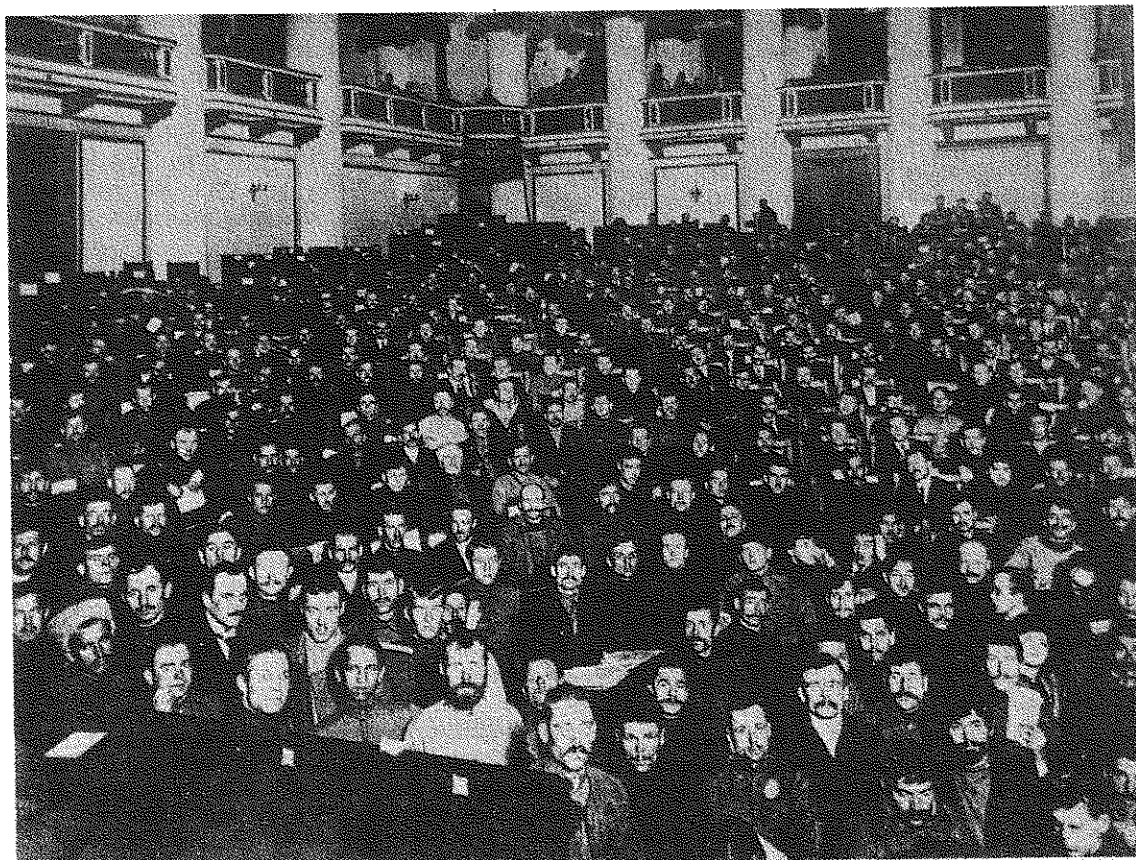
or the process of production itself. Like other exploited classes they exercise a measure of negative control, by various means of resistance. The workers certainly feel that they are exploited and any analysis taking the correct starting point – the relations of production – is bound to conclude that they are indeed exploited. In this case we must conclude that in order to achieve socialism in these countries it will be necessary to transform fundamentally the relations of production. A political revolution is insufficient. The indispensable and important step which a socialist revolution will have to take is to smash the existing state. This will be necessary as a prerequisite for revolutionising social relations.

iv) In arguing that the Soviet Union is a workers' state, Trotskyists distinguish between a 'healthy' base and a 'diseased' superstructure. We believe that this distinction is untenable in this context. Because a transition to socialism presupposes working class power in the most literal and direct sense, socio-economic relations can develop towards socialism only under the direct political rule of the working class. Orthodox Trotskyists sometimes make an analogy between bureaucratic rule in the USSR and in Eastern Europe and the Bonapartist regime of mid-19th century France. This analogy is fallacious since the Bonapartist type of state is a peculiarity of capitalist relations of production which can predominate at the base even when the superstructure is not typically bourgeois. Capitalist production can go on, albeit less smoothly, even without the bourgeoisie being in direct political power. But for socialist relations to exist and develop, working class power is indispensable. Without control over the political institutions at all levels the direct producers cannot ensure that nationalised property and the general plan of production are not used against them.

v) Though capitalist relations of production may have been abolished, this does not necessarily mean that these countries are socialist, or even in transition to socialism or that there is anything particularly socialist about them. To re-emphasise: socialist relations of production do not just depend on the abolition of the market, but can only be developed under proletarian power at all levels of society. This involves control over the means of production and distribution, and over *all* areas of life.

A merely *political* revolution is insufficient for the development of socialist relations of production in the Soviet Union. Socialist relations of production involve working class power not only at the level of the state but throughout society as a whole. Such relations take the form of working class self-management of all areas of social life and in particular at the point of production. In the Soviet Union this would involve a profound revolutionary change in the relations of production compared to those that currently exist. To subsume this transformation under the title 'political revolution' is either a mischievous abuse of terminology, or at worst betrays a complete miscomprehension of what socialist relations of production involve.

vi) The political disadvantages of labelling these countries workers' states or socialist are obvious. It puts many people off the idea of socialism or working class power. Workers in the capitalist countries know that the working class in Eastern Europe and the USSR is brutally exploited and subject to extreme political repression. To label these countries 'socialist' and their political repressive apparatus as 'workers' states' is to give socialism and workers' power a bad name. In fact from a purely propagandistic point of view the Trotskyist label is not much better than the Stalinist one.



Delegates to the Third All Russian Congress of Soviets in Petrograd in January, 1918. One of the reasons why Lenin so easily dispersed the Constituent Assembly was because the Soviets, to a very large extent, represented popular will.

The main arguments against the state capitalist theory

If the 'workers' state' theorists betray a lack of understanding of the nature of socialism and the transition to socialism, then 'state capitalist' theorists misunderstand the essence of capitalism. State capitalist theses are of two variations.

i) *The British SWP's version (Tony Cliff)*. Cliff argues that state capitalism in the USSR was a result of the rise to power of a bureaucratic class and the political defeat of the working class. The Soviet economy is characterised by the operation of the law of value within it as a response to pressures *from outside*. These pressures stem mainly from the arms race:

... if one examines the relations within the Russian economy abstracting them from their relations with the world economy, one is bound to conclude that the source of the law of value as the motor and regulator of production is not to be found within it.¹¹

In Cliff's view, then, the structure of the Soviet economy is determined through competition and interaction with the West. However, in our opinion, it is clearly incorrect to analyse the mode of production within a society mainly from the point of view of its relations with the world market. External relations doubtless influence the operation of the mode of production but the nature of the society is determined by its internal relations. There have been many societies much more integrated into the world market than the Soviet Union, which have nevertheless not been capitalist. This can be said not only about the many pre-capitalist societies subjugated by imperialism, but also about slave societies in southern USA, Latin America and the Caribbean until the late 19th

century. In these cases there were social formations dominated by the slave mode of production which were nevertheless completely integrated into rising world capitalism. Thus it is perfectly possible for the Soviet Union to interact with the world capitalist market and even to some extent to be integrated into it without its internal socio-economic relations being capitalist. We will show below that, in our view, this is in fact the case. The bulk of goods produced in the Soviet Union do not function as commodities. Labour power is not a commodity. Neither material production nor labour power are subject to the law of value.

ii) *The view chiefly argued by Charles Bettelheim (and which is held by various European groups which have been influenced by Maoism)*.¹² Bettelheim and others have contended that the internal relations of the Soviet Union are governed by the operation of the law of value. They make this claim because they conceive of exchange value simply as a computational category by which labour time is calculated. In their view, the law of value as we understand it — that is based upon generalised commodity exchange — is not a defining characteristic of capitalism but is only one particular form of the law of value. In their view 'capitalist reality' in the Soviet Union takes different forms. We on the other hand agree with Marx who in *Capital* and the *Grundrisse* understood the law of value not as a mere computational category but as a defining characteristic of capitalism as a market economy. Labour time can be calculated in all modes of production but this has nothing to do with the operation of the law of value.

'Tableau Economique' of the Soviet Union

A defining feature of commodity exchange, especially in its most developed capitalist phase, is that it take place between formally free, consenting and equal agents. In the USSR money exchange does take place but the existence of money does not necessarily imply generalised commodity exchange. Moreover a transaction in which money changes hands does not by this mere fact become a commodity exchange. Thus for example, confiscation and compulsory purchase do not represent commodity exchange even if money is paid in return. Taxation similarly is not commodity exchange.

It is useful to look more precisely at the forms of exchange that do take place in the Soviet Union so that we can establish on a far firmer base that capitalism does not exist there. These exchanges are represented in the following 'Tableau Economique' (see below).

In this scheme the arrows represent the direction in which physical products move. In some but not in all cases, money moves in the opposite direction. Let us discuss them one by one.

The transactions

1. *Industrial producer goods* — This transaction takes place entirely within the domain of the *bureaucracy*. These goods do not leave the hands of the *bureaucracy* but are transferred between different plants dominated and controlled by the *bureaucracy*. In these transactions money does not change hands at all and prices appear as a purely notional book-keeping device. It does not even formally constitute commodity exchange. This kind of transaction is highly important since it constitutes 60-80% of the GNP.

2. *Imports and exports* — These are to a large extent real

commodity exchanges between the Soviet state and foreign capital or other collectivist states. However as we argued above this does not mean that internal relations of production are capitalist. Foreign capitalist enterprises increasingly trade with the Soviet Union and have even begun production operations inside the country. But the terms on which they do so are largely determined by the Soviet state. Foreign capitalists do not have direct access to the Soviet consumer but must do it through the mediation of the Soviet state. Their contact with the consumer, even their ability to determine their own prices is narrowly circumscribed.

3. *Sale of good from private plots by peasants* — The sale of privately produced agricultural goods in the free market can indeed be regarded as commodity exchange, as can sales on the black market.

4. *State purchase of grain* and some other products from peasants is not a commodity exchange. This purchase is compulsory and takes place at prices determined unilaterally by the state. The most essential element of commodity production is lacking here since commodity transaction implies a freedom to bargain and exchange. The grain is not so much bought as confiscated and what the peasants receive for it is not a commodity price but compensation.

5. Similarly the *sale by the state of consumer goods* and agricultural produce to workers is not a commodity exchange. The state determines the price of these goods independently of any 'market' considerations. Nor is the ability of consumers to obtain goods a reflection of their purchasing power in money terms but (as we shall see below) more a function of the time they can spend standing

in queues or chasing after goods, or of their access to special shops generally reserved for the privileged elite.

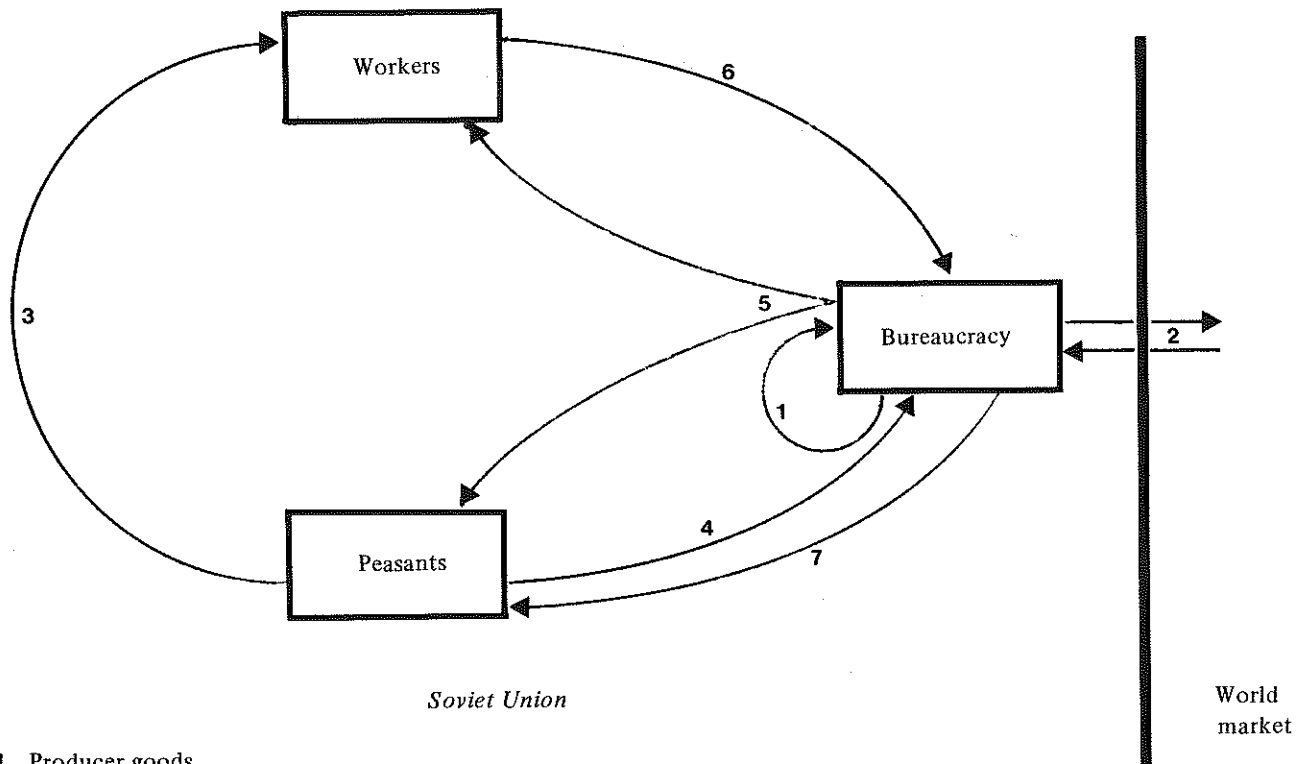
6. *Labour power* is certainly not a commodity. In this area there is no question of purchase and sale on a free market. In fact compulsory purchase takes place. The state has a constitutional obligation to provide the worker with a job. The worker, on the other hand, is legally compelled to sell his or her labour power.

7. *Sale of machinery to peasants* involves no commodity exchange since there is no free exchange and prices are unilaterally determined etc.

From this fairly brief survey it is quite apparent that in the USSR capitalism exists, if at all, only as a residual

element and as a subordinate mode of production at the margins of society. Only transactions 2 and 3 are true commodity exchanges and they are very far from being dominant ones. Their proportion of the GNP is rather small. The Soviet Union is in no way a capitalist society, neither does it appear to be in transition to socialism. Social relations in the Soviet Union appear to have crystallised into something quite separate from capitalism or socialism.

At this point also it is worth noting that the above 'Tableau Economique' applies with very few modifications not only in the Soviet Union but also in Eastern Europe and in other countries which we see as state collectivist. This is a manifestation of the basic structural similarities between these societies.



1. Producer goods
2. Imports/exports
3. Sale of goods from private plots by peasants
4. State purchase of agricultural goods, e.g. grain.
5. State sale of consumer goods
6. Workers' labour power 'sold' to the state
7. Means of agricultural production – tractors etc.

The concept of state collectivism – Schachtman's thesis

The idea that the Soviet Union constitutes something completely new, not anticipated by classical Marxism, was perhaps first voiced by Max Schachtman in his book *The Bureaucratic Revolution*. Writing in the 1940's, Schachtman judged Stalinist Russia and 'all countries of the same structure to represent a new social order', one in which social relations are maintained 'that are more alien to socialism than they are to capitalism'^{1,3} Schachtman calls this new social order 'bureaucratic collectivism'. He viewed it as an unqualified regression in history, as the worst tyranny and barbarism. Despite the moralism, and moreover the lack of theorisation of Schachtman's analysis, his insights are significant. His formulation represents the first attempt, other than Trotsky's to come to terms with developments in the Soviet Union following Stalin's consolidation of power.

Nevertheless we must be very explicit in criticising Schachtman's formulation and separate our own analysis from his. For those who like to argue against the idea of the existence of a new mode of production, Schachtman's analysis provides an admirable straw man. In our view the wooliness, impressionism and moralism of his conception is in part due to the confusion of two questions.

Between 1918 and 1936 the Russian Revolution degenerated and a new mode of production was established. Our analysis must carefully distinguish between these related but distinct processes. In order to understand the new mode of production it is important not to limit the analysis to the Soviet case, since, in the Soviet Union, the establishment of the new mode of production occurred under very exceptional circumstances. Because there had

been a proletarian socialist revolution in 1917 and indeed a proletarian state existed for some time, the bureaucracy had to be particularly brutal in establishing the new society under its own rule. In the Soviet Union, state collectivism emerged in a *counter-revolution* against a successful proletarian revolution. This counter-revolution assumed a form typical of the bureaucracy — a series of bloody purges. Schachtman sees these two processes — degeneration of the proletarian revolution and the establishment of a new mode of production — as inseparable. This conceptualisation, in our view, is totally inadequate and has two significant consequences.

1) The question of Stalinism is confused with that of the new mode of production (we use the term Stalinism here in a historically specific and strict sense — the regime that existed in the USSR under the leadership of Joseph Stalin). Because in the Soviet Union the rise of the new mode of production was accompanied by the crushing of the proletarian revolution, Schachtman sees the new mode of production as emerging only as a Stalinist phenomenon. Stalinism is the inevitable and brutal accompaniment of Schachtman's 'bureaucratic collectivism'.

2) The effect of Schachtman's emphasis on Stalinism as the supposedly necessary form of bureaucratic collectivism is to make any study of the bureaucratic mode itself highly problematical. Rather than seeing Stalinism as just one variant of bureaucratic collectivism, it becomes the distinguishing mark of this form of society. The bureaucratic collectivist society then is not defined through intrinsic analysis of its mode of production but by its similarity to the Soviet Union. This is why Schachtman is unable to understand either the historical place of the new mode of production or, for that matter, Stalinism. The real and urgent problem of the historical and material conditions

under which the new mode of production might and does emerge is lost amidst a polemic around the demon Stalin.

Having said this, we must re-emphasise that the specific conditions in which the new mode of production came into existence in the USSR have obscured to a large extent the possibility of less barbarous forms of state collectivism emerging. The peculiarities of history brought it about that state collectivism entered the scene as a counter-revolution that destroyed the proletarian state; not, as we now believe to be the more likely pattern, as an alternative to capitalism for underdeveloped societies. Here we must be more specific since what concerns us is the place state collectivism occupies with respect to other modes of production. State collectivism (like other modes of production, including capitalism) has its own historical role. This is to develop the forces of production and to lay down an industrial infrastructure in those countries where capitalism is no longer able to fulfil this mission in an epoch in which capitalism is declining and the world socialist revolution has not occurred. To call this mode of production post-capitalist is misleading. Although it has arisen chronologically after capitalism and the historical pre-conditions for its emergence were created by capitalism, its historical mission is to fulfil some of the tasks carried out by capitalism in the advanced capitalist countries. In a sense therefore this mode of production is parallel to capitalism. So that we have what can be termed a true bifurcation or 'branch-off' of history. (In any assessment of the Stalinist era one cannot ignore the fact that between Tsarist Russia and the Stalinist USSR there was for a short period a proletarian revolutionary Soviet Union. In other countries where it emerged state collectivism did so as a form definitely more progressive than the society it directly replaced.)



The unilinear sequence of modes of production

Many Marxists tacitly accept the idea that apart from pre-capitalist modes of production there is only one mode of production other than capitalism and this is socialism. In the cruder conceptions the historical sequence of modes of production has been seen as: primitive communism — patriarchy — slavery — feudalism — capitalism — socialism — all arranged as a unilinear progression, as a single line or sequence. This conception obviously affected the way in which the new society in the Soviet Union was seen. At least in some senses it was clearly post-capitalist since a)

capitalism had existed up until 1917, and b) the new productive arrangements of the Soviet Union facilitated the construction of the industrial base of the new society in a way in which a pre-capitalist society could not have done. The Soviet Union was seen as either a particular form of capitalism (in the state capitalist conception) or as a particular form of socialism or transition to socialism (in the degenerated workers' state conception). Both locate the Soviet Union along a one-dimensional line from capitalism to socialism. Both these alternatives leave

unquestioned the historical sequence of modes of production we outlined above. We believe there is substantial evidence which allows us to question the unilinear conception of modes of production. Human history does not necessarily fit this conceptual straight-jacket, which at best allows us to understand only limited parts of the world. A closer look reveals modes that cannot be inserted into a unilinear scheme.

1) *The Asiatic mode of production* — a pre-capitalist mode of production that is characterised by a centralised state and by state ownership of land. This does not, on close inspection, appear to be a variant of any of the above-mentioned modes. A good example of this mode is to be found in the social formation of China, throughout most of its history. Though the Asiatic mode existed at the same time as feudalism and slavery were dominant modes of production elsewhere in the world, it was structurally different from these. Soviet historiographers, intent on maintaining the orthodoxy of the unilinear scheme, have seen it as a mixture of patriarchy and feudalism. Soviet historians opposed the idea not only because of their dogmatic stance, but also because there was in the 1930s a very lively debate over whether or not the Stalinist regime was in fact an instance of the Asiatic Mode of Production, i.e. Wittfogel's theory hit too close to home. In our view this is a case of bending facts to fit into a convenient theoretical scheme.

2) Similarly the *nomadic pastoral mode of production* does not easily fit into a unilinear scheme. Although some historians have seen it as a patriarchal society it is on the available evidence a much later society. Perry Anderson comments:

For nomadic pastoralism represents a distinct mode of production with its own dynamic, limits and contradictions, that should not be confused with those of either tribal or feudal agriculture. This nomadism did not simply constitute a primordial form of economy, earlier and cruder than that of sedentary and peasant agriculture. Typologically, it was probably a later evolution. In those semi-arid and arid regions where it classically developed . . . it was a path of development that branched off from primitive agrarian cultivation, achieved impressive initial gains but eventually proved a cul-de-sac, while peasant agriculture revealed its far greater potentials for cumulative social and technical advance.¹⁴

Anderson's analysis correctly suggests that modes of production do not follow each other in a unique sequence, but different forms can branch off and bifurcate. And apart from the two instances we have mentioned above there are a number of other modes of production which have encompassed large parts of the human race and which cannot be classified in terms of the scheme: primitive communism — patriarchy — slavery — feudalism — capitalism — socialism.

We do not then subscribe to a unilinear conception of history. There are modes which do not fit this conception and which we believe to be 'branches off' or bifurcations. And if this is the case for past history there is no reason why *contemporary* bifurcations should not also exist. Analysis of the Soviet Union should be formulated with this possibility in mind. We should admit the possibility of seeing state collectivism not as a mode of production somewhere between capitalism and socialism but as located on a different branch altogether.

The 'normal' historical path for industrialised societies is a transition from feudalism — through petty commodity production — to capitalism, and then, after capitalism has played its historical role by fully developing the productive

forces (including the working class) to socialism. The historical conditions that determine the 'unusual' path of state collectivist societies centre on capitalist underdevelopment. Because of the impact of imperialism on underdeveloped societies their path towards full development of capitalism is blocked. When full capitalist development is blocked there remain three possibilities open to third world countries.

1) They can remain within the world capitalist market as subordinate to the main capitalist powers. In this case there is no possibility for a full development of the productive forces as there was in the first capitalist countries. There is an immense variance in the way such countries are subordinate to the main capitalist countries. Certain of them are able to develop their productive forces to a degree either through political oppression or a sacrifice of national sovereignty, or both e.g. Brazil. Others are completely stagnant, their economies completely geared towards the metropolis e.g. much of central Africa. Whatever the degree of industrialisation the historical achievements of capitalism are only partially fulfilled.

2) A second theoretical possibility in these countries is socialism, as part of a worldwide turn to socialism. At the present low level of development of the productive forces of much of the third world the fulfilment of the objectives necessary for socialism, i.e. the generation of abundance, is rendered difficult if not impossible. Socialist revolutions elsewhere, particularly in the advanced capitalist countries, would make this task immeasurably easier. Thus socialism in the third world is more likely if we see it alongside other revolutions, as part of world socialism. However, the concrete course of history has not so far allowed the third world countries this luxury. Thus whereas on the one hand we feel that socialism is unlikely without the full development of the productive forces,¹⁵ including the working class, on the other we must appreciate the immense problems of countries that have experienced revolutions but are largely isolated.

3) The dilemma forces us to examine a third possibility. A possibility of a new mode of production which, as we have seen, has already some plausibility in the case of the Soviet Union. This third possibility, the establishment of a state collectivist mode of production, can now be examined.

Successful national liberation movements and third world revolutions have in many cases involved countries cutting themselves off from the world capitalist market and beginning construction on new lines. These 'new lines', though accompanied by socialist rhetoric, are in our view not genuinely socialist in content, since the basic pre-conditions necessary for socialism exist only partially. Thus though these societies have some features that resemble socialism — egalitarianism, communalism, participation — they are not truly socialist. We feel that the term state collectivism is appropriate — because it emphasises the fact that in these systems the principle means of control is not through private property but through formally collective property controlled from above through the state and by the ruling bureaucracy. Perhaps the term 'bureaucratic state collectivism' would be more appropriate but for reasons of brevity we call it 'state collectivism'. In any case no great importance should be attached to the term itself.

In looking at state collectivist societies we should look at them not by making comparison between them and some idealised model of socialism, but in the light of the specific circumstances in which they have arisen. These societies should be confronted in their own terms, in the light of the tasks and problems they have faced. The question of how and to what extent they fulfil the historical tasks we usually associate with capitalism such as industrialisation and the socialisation of labour. It should not be confused