

*Permanent Revolution and  
Post-War Stalinism*  
Two Counterposed Views on The "Russian Question"



a *PROLETARIAN REVOLUTION* pamphlet

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PERMANENT REVOLUTION AND POST-WAR STALINISM

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## INTRODUCTION

The article by Chris Bailey which we publish here is one of the most important documents to appear in the "Trotskyist" milieu which defends the Soviet Union as a "workers' state." We say this as Trotskyists who fundamentally disagree with the ideas Comrade Bailey advances, as can be seen from our reply. Our view is that the only way to maintain Trotsky's revolutionary intransigence against Stalinism is to understand that the Soviet Union is a statified capitalist society and has been so since the late 1930s.

Bailey is a 20-year veteran of Trotskyism. When he wrote the document he was the international representative of the Workers Revolutionary Party of Great Britain (WRP). In 1986 the WRP, having expelled its long-time leader Gerry Healy, drew the attention of many "Trotskyist" forces around the world who looked to it as a center for discussion and possible regroupment.

The explosion inside the WRP and its affiliated International Committee (see Proletarian Revolution No. 27 for our analysis) revealed fundamental political problems for the Healyites in particular and for the whole milieu as well. Bailey and others traveled abroad extensively to promote an international conference, in an attempt to find out what had gone wrong with the Fourth International and what could be done about it.

Bailey's document has been widely circulated in its original form from the internal bulletin of the WRP. To our knowledge no one in the entire milieu has even attempted to answer it, with good reason. It represents a devastating challenge that the milieu does not want to face, for Bailey systematically exposes the fact that present-day "orthodox Trotskyism" has no serious theoretical explanation of the post-war world in general nor of the so-called workers' states it defends in particular.

In declaring at the start of his document that the Fourth Internationalist milieu has been unable "to develop the theoretical foundations that Trotsky laid," Bailey points out that a theory undeveloped is a theory undefended. He proves that there exists no theory of "degenerated and deformed workers' states" -- only a series of unsatisfactory rationalizations that try to account for these societies decades after they came into being.

Our response criticizes Bailey's effort to remedy this condition; we demonstrate that it is not possible to do so while maintaining the "workers' state" conception of the USSR. In fairness to Comrade Bailey, it should be noted that he claims to have attempted no more than a first step towards a new theory.

Perhaps his most damaging criticism is his devastating attack on the idea of orthodoxy as a vehicle for revolutionary theory. We can add that Trotskyism was born in the struggle against Kautsky's orthodoxy and matured in the battle against Stalin's assertion of the same conservatism. Trotskyism, the authentic proletarian communism of today, by its very nature must be revolutionary. It conserves the conquests of the past, the principles and lessons of working-class history, not to be imprisoned by their form but to be guided by their content. It is sheer mockery that Trotsky's epigones seek to maintain Marxism, the science of social change based on the dialectical notion of constant motion, through a process of embalming it in orthodoxy.

Bailey's document did not initiate the exposure of the fact that "Trotskyism" today has no clothes. That was done by the working class itself. Once again a massive storming of the bourgeoisie's barricades is building up around the world. South Korea and Haiti are only this morning's headlines. Yesterday rumblings were heard in South Africa, the Philippines, Bolivia, Poland, China. There have been important strikes in Western Europe as well, handwriting on the wall. For the most part not yet consciously, the working class is seeking an alternative to capitalist oppression -- and to its traditional reformist leaderships, the social democrats, Stalinists and other petty-bourgeois nationalists.

Bailey produced his document in recognition that orthodox Trotskyism was unable to produce the necessary leadership. His document's merit lies in its moral courage, its willingness to tell the truth when others would prefer to hide from it and play the same old games. Its strength is its attempt to ask basic questions and seek a revolutionary road. Its weakness is that it does not transcend the limits of defensism, for defensism reflects the fact that what passes for Trotskyism long ago ceased to stand for the independence of the working class and its revolutionary party. It has been reduced to centrist pressure within the left wing of capitalist reform.

The victorious counterrevolution in the USSR and the surrounding defeats of the international proletariat inaugurated a period of imperialist reassertion and revolutionary decay. The very meaning of Marxism has been gutted and buried, not only by Stalinists and social democrats but by its centrist advocates as well.

Trotsky fought to defend the conquests of the October revolution, bitterly attacking those who abandoned the degenerating USSR too soon. He correctly held that they were adapting to the prevailing cynicism about the proletariat's capacity to make a successful socialist revolution -- a cynicism spawned by Stalinism. Today those who imagine that Stalinism can make socialist revolutions in the proletariat's place have succumbed to the same disease.

As well, Trotsky had a deep understanding of Stalinist Russia in the late 1930s as a counterrevolutionary workers' state that could exist only for a historical moment. This has been frozen into a picture of permanent contradiction -- a Bonapartist state lasting ad infinitum -- and extended to "workers' states" never ruled by the working class. This "theory" uses the name "workers" to signify progressiveness but it really postulates a third system, a "post-capitalist" non-proletarian model akin to that made popular by Max Shachtman. They are static conceptions invented by petty-bourgeois intellectuals forever seeking third-camp alternatives between bourgeoisie and proletariat.

The current reassertion of the proletarian movement is putting an end to such cynicism. Fearfully, the traditional misleaders of the working class and their centrist hangers-on are clinging to their old ways and old ideas, hoping that by closing their eyes the problems will go away. The fate of Chris Bailey's document is a case in point, proof that orthodox defensism can only stand in the way of the re-emergence of Marxist thought. Not only has the response to his document from within the milieu been silence. The document itself has been buried.

We met Comrade Bailey in the fall of 1986 on his American tour on behalf of the WRP and its proposed international conference. After an exchange of views, he told us of his document and urged us to prepare a reply. He expected his article to appear shortly in a journal to be published by the WRP as a vehicle for the conference; he hoped that responses would be forthcoming from other groups as the discussion deepened; and he suggested that we submit our reply as well, which we have done.

But now the WRP has turned back to its old methods. Its "international conference" has degenerated into a fraud, the venue for an unprincipled merger of the neo-Healyites and the followers of the late pseudo-Trotskyist charlatan Nahuel Moreno in the name of Trotskyist orthodoxy; see "Maneuverism vs. Marxism," Proletarian Revolution No. 29. Not only is it inconceivable that our reply would ever be published by the WRP/Morenoites; it is equally clear that they will never show Bailey's article the light of day either, given its blistering hostility to orthodoxy. That is why we are taking the step of issuing both in pamphlet form.

It is even more revealing that those "Trotskyist" groups supposedly standing to the left of the WRP and the Morenoites have ignored Bailey's challenge. They have been so preoccupied with petty organizational maneuvers that they have not bothered to answer a major political challenge.

This is by no means the first time that we in the League for the Revolutionary Party have replied to workers'-state positions on the Russian question; we have likewise taken on all the other varieties of third-system theories (including those in state capitalist form, superficially parallel to our own analysis). We have grown weary of hearing promises from our opponents on how they will soon reply to our theory and to our attacks on theirs. The defensists always promise studies of the dynamics of their "post-capitalist" economies; none appear. Now they face a challenge coming from one of their own, who shows that all of their alleged theories are hollow.

It is time for them to answer.

July 1987

THEORY OF PERMANENT REVOLUTION AND POST-WAR STALINISM

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A Critique of Tim Wohlforth's 'Theory of Structural Assimilation'

by Chris Bailey, Workers Revolutionary Party  
(Britain), July 1986 (November 1986)

This article originally appeared in an internal bulletin of the WRP. In its original form it contained a fundamental mistake in that it equated nationalized property with socialized property. This position was correctly criticized by Comrade Cyril Smith and members of the Italian Gruppo Operaio Rivoluzionario (a thorough analysis of this question appeared in the GOR's paper Il Comunista No. 7, January-March 1982). The present article has been altered throughout to take this into account.

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The central problem confronting the Fourth International since the death of Trotsky has been its inability to develop the theoretical foundations that Trotsky laid. As Tim Wohlforth, in a document submitted to the American SWP in 1979, correctly says:

"The history of post-war Trotskyism has been essentially a struggle between those who sought to defend the past theoretical conquests of Trotskyism but were incapable of developing this theoretical base (my emphasis--CB), and those who sought to abandon Trotskyist theory for one or another form of adaptation to the prevailing capitalist and Stalinist forces."<sup>1</sup>

The "theory of structural assimilation" first advanced by Wohlforth in the early sixties and later developed by Adam Westoby of the Workers Socialist League is a serious attempt to come to terms with one of the central areas in which Trotskyism failed to develop Trotsky's theoretical base, the problem of post-war Stalinism. As both Wohlforth and Westoby show, it is around this question that most of the splits in the Fourth International have centered:

"We have said that in all the important crises of the post-war Trotskyist movement the question of Stalinism, of whether it retained its counterrevolutionary character, has been a central one. It would have been more accurate to speak not of several crises, but of a single crisis, unfolding in many episodes, in which the question of Stalinism has been the major political issue. In the split of the world Trotskyist movement which culminated in the autumn of 1953 clear lines were drawn between the 'International Committee' who wished, above all else, to defend the political and organizational independence of the Trotskyist movement, and (set against them) Michel Pablo's international leadership (the 'International Secretariat'), which they saw capitulating politically to Stalinism and threatening to dissolve the Trotskyist cadres into the Stalinist parties. Behind the 1953 split lay an extended discussion (1947-51) within the world movement on the class character of the Eastern European states, the Fourth International's turn towards support for Tito after his expulsion from the Cominform (1948), the expulsion of the majority in the French section (early 1952) for refusing to dissolve itself into the French Communist Party, and Pablo's adaptation to Stalinism during the French general strike and the East German uprising of 1953.

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1. Tim Wohlforth, "The Postwar Social Overturns and Marxist Theory," p. 15.

"The opposition to Pablo in the split of 1951-3 remained limited and 'orthodox.' It resisted certain of his theoretical conclusions and the immediate political accommodation to Stalinism which flowed from them, but it was unable -- then or later -- to put forward an alternative account of the post-war expansion of Stalinist state power. Yet this was the main empirical plank on which Pablo based all his conclusions. And since revolutionary theory, like nature, abhors a vacuum, the issues raised in the 1951-3 split continued to apply an unremitting pressure. They were, quite clearly, involved when the 'International Committee' itself split in 1963, with the American Socialist Workers Party returning to political collaboration with the 'International Secretariat' (in whose leadership Michel Pablo had by this time been replaced by the superficially more 'orthodox' Ernest Mandel)."<sup>2</sup>

It is not the purpose of this article to expound in detail Wohlforth's approach to the question; this can only be grasped by reading Wohlforth's own writings on the subject, in particular "Communists" against Revolution -- the Theory of Structural Assimilation (Wohlforth/Westoby, Folrose Books, London 1978). The central theme of this present article is to seek to begin to answer the problems posed but not answered by Wohlforth or Westoby.

First of all, it must be said that the "theory of structural assimilation" is not really a theory at all, but more an accurate description of the development of post-war Stalinism. It contains embryonically the basis of a theoretical grasp of these events, only in so far as it seeks to develop Trotsky's analysis of the contradictory nature of Stalinism as a counter-revolutionary bureaucracy tied to the revolutionary economic base first established by the October Revolution. Both Wohlforth and Westoby seem to recognize this. For instance, Westoby says:

"Wohlforth as an individual in 1961-63 could go no further than a blotted historical sketch and autobiographical notes. To go beyond these are the main theoretical tasks now facing the international Trotskyist movement."

The first question, therefore, is why hasn't such a task posed by Wohlforth's work been carried out after more than 20 years? The answer is really contained in one word, Healyism.

To understand this it is first of all necessary to say something about the history of the "theory of structural assimilation."

The theory was first developed within the very real struggles carried out against the return to Pabloism within the SWP in the early sixties. Central to this struggle was the question of the nature of the Cuban revolution. In order to come to terms with this question, the opposition within the SWP was forced to examine not only Cuba but the entire history of the social overthrows that had taken place since the war, in particular, Yugoslavia, China and North Vietnam. It was in fact Shane Mage who first posed that a key to understanding these was seeing them as essentially extensions of the degenerated workers state. This confronted the opposition with the need to begin an analysis, starting with the East European states. The "theory of structural assimilation" was the result. Following the split with the SWP, Wohlforth sought to discuss this theory in the International Committee. In Wohlforth's own words "it went over like a lead balloon." Westoby's explanation for this is undoubtedly correct when he says:

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2. "Communists" Against Revolution, p. 98.

"It is not an unfair summary to say that in 1961-3, while past events had placed Healy and Lambert at the head of the tendency of which both they and Wohlforth formed part, they were in fact holding him back from making the political developments towards which the practical and theoretical problems within the SWP were pushing him. ... To have revived the substance (rather than just the result) of the 1953 split would have faced Healy and Lambert with the task of doing more than reiterate the 'orthodoxy' of 1953. Healy, for example, would have had to explain why, when he accepted Pablo and Mandel's views on Stalinism up to and through the Third World Congress in 1951 -- including the conclusion that Stalin had transformed Eastern Europe into workers states -- and never reversed this position even when (belatedly) he broke with Pablo on the question of political independence from Stalinism, he now attached such crucial and dire importance to the idea that Cuba had been socially transformed under Castro."<sup>3</sup>

The document, in fact, faded into obscurity until it was rediscovered by Westoby and finally published by the Workers Socialist League in 1978. In 1979 Wohlforth developed it further and put it forward as an internal document in the SWP which he had returned to after he was driven out of the Workers League by Healy. It is at this point that we encounter a new problem.

Both Wohlforth himself and the WSL had been bureaucratically expelled from the IC. Understandably, as a result of this experience they reacted against the so-called "philosophy" of Healy. This, however, also produced a reaction against the question of the "method" of Marxism in favor of more "concrete" questions. The same tendency exists to a certain extent in the present split from Healy. The difference in the present split, however, is that those who overthrew Healy were forced to confront sharply exactly questions of method. We have had to carry out a serious study of dialectical materialism in opposition to Healy and we do not intend to give up the gains we have made. The WSL document "Fourth International -- Problems and Tasks" published in 1975 does in fact agree with this position, saying:

"The fact that questions of Marxist philosophy have subsequently been divorced by the WRP leadership from the problems of class struggle, the fight for the Transitional Program and to build the party, and the problems of concrete political analysis, should not be allowed to disguise the theoretical and political impetus given, especially to the British section, by the 'turn to philosophy' in the early 1960s. It was, for example, an essential element in training an entire new cadre in Marxism in the course of the work in and around the Labour Party Young Socialists up to the expulsions of 1964."<sup>4</sup>

However, their subsequent writings on Wohlforth's work ignore this and Westoby writes contemptuously of "Slaughter's lengthy methodological disquisitions against Novack and the SWP leadership." In fact, Cliff Slaughter's work on the question of method was and remains an important contribution towards coming to terms with the problems of the Fourth International, as the WSL 1975 document recognizes. It was just as much a product of the 1963 fight as Wohlforth's work on post-war Stalinism.

3. *ibid.*

4. "Fourth International -- Problems and Tasks," p. 10.



In hindsight it is difficult to decide which was the worse fate, to have your theoretical work buried or "developed" (???) by Healy. The fact remains that under Healy these two important contributions only came together for "five minutes in a noisy railway station in Leeds,"<sup>5</sup> and only now, after the overthrow of Healy by the majority of the WRP, can a realistic assessment of both take place. Wohlforth's statement --

"Healy's break with the forces of the United Secretariat had nothing to do with theory. He was only after independence for his own small party machine. This was to be covered by abstract talk of 'method,' not a serious attempt to develop Marxism concretely."<sup>6</sup>

-- is understandable but it leads him away from one central question; the most concrete questions facing Wohlforth was that of method. Wohlforth calls for the development of Trotsky's theoretical work instead of a mere "orthodox" defence. He shows the need for such a development, but in practice he is not able to carry it through. The conception of how a development of theory is to take place contained in Wohlforth's work is essentially that of empiricism.

Wohlforth sets out to describe the development of post-war Stalinism in relation to the overthrow of capitalist property relations which has taken place in Yugoslavia, China, Cuba, etc. Having developed an analysis of these, he then begins to examine the need for a theoretical development to explain them. With this method theory merely becomes generalized experience. "Theory" developed in this way only explains events after they have happened, it cannot reveal the "essential" movement of the events themselves.

Of course, in practice, it is impossible to analyze anything without starting from a theory. The difference between empiricism and dialectical materialism is that the latter sets out from a conscious theoretical foundation. It recognizes the dialectical nature of the concepts and categories it works with. It studies the laws of dialectical logic, the laws of motion of concepts and categories in general, in order to guide the development of the particular theoretical concepts it is using in any concrete instance. In this way theory penetrates to the essence of any given phenomena whilst at the same time itself developing.

The strength of Wohlforth's position is that on one central question he seeks to employ this method. He consciously sets out from the contradictory nature of the Stalinist bureaucracy as a counterrevolutionary excrescence which nevertheless feeds off the nationalized property relations of the Russian Revolution. He seeks to develop the concepts contained in the theoretical analysis of Trotsky whilst using them to grasp new phenomena. In this respect he breaks from Pabloism on this question.

5. Wohlforth, "The Postwar Social Overturns and Marxist Theory," p. 3.

6. *ibid.*, p. 3.

The weakness of Wohlforth is that he does not develop this important break to the question of the development of theory in general. Nowhere is this more evident than on the theory of permanent revolution. The post-war social overturns required not just a development of Trotsky's theory of Stalinism but also of his theory of permanent revolution. On this question Wohlforth essentially employs the same method as Pabloism. He describes the developments from the end of the war until the present without consciously starting from the theory of permanent revolution. He then seeks at the end of his analysis to weigh up these events against the theory. His conclusion was "50% right." This means it was also 50% wrong.

Wohlforth is led, whether he likes it or not, by this method to seek a more accurate "theory" as the generalization of post-war experience. Since this theory is not developed through the self-movement of the theory of permanent revolution itself, it inevitably leads to its revision. Wohlforth is logically drawn along the path of Jack Barnes and Co. who want to throw out permanent revolution altogether. Wohlforth doesn't want to go that way, but he is left in limbo. He finds himself inevitably unable to develop the theory of permanent revolution and actually provides ammunition for Barnes in his 1979 document.

Wohlforth's failure to develop the theory of permanent revolution also creates a central weakness in his analysis of Stalinism itself. As he himself says, he is confronted with social overturns which are carried out

"by forces other than a revolutionary Marxist party and the strategies of these parties were quite the opposite of the strategy of the permanent revolution in their struggle for power."<sup>7</sup>

In order to explain this and retain an "orthodox" position on the permanent revolution, Wohlforth seizes a position of Mandel's, whose "buffer state" theory was itself an avoidance of the question of the internal development of the post-war social overturns. The term "structural assimilation" itself is borrowed from this position of Mandel's and, as Wohlforth himself says, it is completely inappropriate to the further development Wohlforth sets out to explain. The further Wohlforth moves from the original East European states Mandel set out to "explain," the more strained the "buffer states" theory becomes. Wohlforth himself gave up after China. He could not stretch the theory to include Cuba, the question he had originally set out to explain!

It was probably because of this central problem that Wohlforth shelved the "Theory of Structural Assimilation" for over 15 years. The main contribution of Westoby after reviving it was supposedly to achieve this difficult task. The use of a theory, which takes 15 years to explain an event that has already happened, in terms of anticipating and guiding the work of the revolutionary movement in future developments, is doubtful to say the least! This question will be dealt with further on in this present document. It is sufficient to say at this point that the central problem for Wohlforth is his failure to develop the theory of permanent revolution. It is to this problem that the rest of this document is addressed.

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7. *ibid.*, p. 16.

#### HOW TROTSKY DEVELOPED THEORY

To regard only events as concrete and theory as a mere abstraction from events is the method of empiricism. It is impossible to develop the theory of permanent revolution that way. In order to carry out this task, it is necessary to study concretely the theory itself, to study the dialectical nature of the concepts contained in it.

The theory of permanent revolution was itself developed in just such a way from Marx's theory of revolution. In Our Differences, written shortly after the 1905 revolution, Trotsky explains this clearly. He explains that his differences with the Mensheviks on the one hand and Lenin on the other, over the nature of the Russian Revolution, are essentially one of method. He accuses them both, but particularly the Mensheviks, of failing to develop the theory of Marxism. Instead they transform Marx's theory into a supra-historical theory standing above history and thus cut off from real development.

Trotsky describes Plekhanov as

"an extraordinary vivid example of how a man can for twenty-five years, tirelessly defend materialist dialectics against all forms of dogmatist reasoning and rationalist utopianism, only to prove himself a dogmatist-utopian of the purest water in real revolutionary politics."<sup>8</sup>

Trotsky quotes a letter from Lassalle to Marx in 1859:

"In the end this is bound to mean that the (sensible and intelligent) bookkeepers of revolution instead of having their outwitted enemies before them and their friends behind them, are, on the contrary, confronted only with enemies and have no one behind them at all. Thus what seemed to be higher reason turns out in practice to be the height of foolishness."

Trotsky goes on to say:

"Lassalle is perfectly right when he opposes the revolutionary instinct of the uneducated masses to the 'sensible and intelligent' tactics of the 'bookkeepers of revolution.' But he does not, of course, take crude instinct as his ultimate criterion. There is a higher one: 'the perfect knowledge of the laws of history and movements of peoples. Only realistic wisdom,' he concludes, 'can naturally transcend realistic common sense and rise above it.' Realistic wisdom, which in Lassalle is still covered with a film of idealism, appears in Marx as materialist dialectics. Its whole force consists in the fact that it does not oppose its 'sensible tactics' to the real movement of the masses but only formulates, purifies and generalizes that movement. Just because revolution tears the veil of mystery from the true face of the social structure, just because it brings the classes into conflict in the broad political arena, the Marxist politician feels that revolution is in his natural element."<sup>9</sup>

8. Trotsky, 1905, Allan Lane, p. 306.

9. ibid., p. 305.

Trotsky's words are directed against mere "orthodox" defence of Marxism. They were aimed against both wings of a party which Trotsky considered himself a member of. Trotsky had been at the centre of the struggle for Marxism against all those who sought to "revise" it. In the main this fight had been led by Plekhanov. But it was not enough simply to defend Marx's theoretical concepts, it was necessary to develop them. Trotsky's theory of permanent revolution was just such a development. It is ironic that, 40 years later, Trotsky's work was treated in the same way as that of Marx! His theory was also treated as a supra-historical theory by Trotskyism after the war. All of Trotsky's criticism concerning method directed against the Mensheviks in "Our Differences" could just as surely be directed against "orthodox" Trotskyism in all its various forms since the war.

To understand the development of Marxism contained in Trotsky's theory of permanent revolution, it is necessary to examine the problems facing Russian Marxists at the turn of the century. There were in fact no differences within Russian Marxism on the central tasks confronting the Russian Revolution. Marxism as a whole had fought to establish these against other "revolutionary" tendencies.

The main tasks were essentially those which classical bourgeois-democratic revolutions had confronted: the abolition of absolutism, the securing of general democratic freedoms such as universal franchise and the development of political parties and trade unions, the destruction of feudalism, in particular the large landed estates of the nobility, the unification of an internal market, a solution to the problem of national minorities, and, last but not least, the development of national independence which meant first and foremost a break from dependence on foreign capital.

All of these questions were centered around the question of industrialization and the modernization of the country. It was on the way in which these tasks were to be solved that the differences developed. The approach of Plekhanov, the father of Russian Marxism, was essentially mechanical. He saw the Russian Revolution as simply a repetition of the classical bourgeois revolutions. Since the tasks of the revolution were essentially bourgeois-democratic, he reasoned that it was impossible to displace the bourgeoisie and its parties as the head of the revolution. The proletarian party was to accept its subordinate position and, whilst fighting for such democratic rights as the right to strike and form trade unions, was to refrain from socialist demands until the bourgeoisie had carried through the democratic tasks.

This position came increasingly under fire from such widespread sources as Parvus, Kautsky, Mehring, Luxemburg, Lenin and Trotsky himself. In the main, they based themselves on the writings of Marx concerning events in Germany in 1848. Marx had questioned the capacity of the German bourgeoisie to lead a genuine bourgeois revolution and in fact it was in these writings that the term "permanent revolution" had first been used.

The question on which the opposition to Plekhanov revolved particularly was the central problem of the Revolution, the agrarian question. It was quite clear that the large estates in Russia differed fundamentally from those in the classical bourgeois revolutions. These estates, though feudal in their relationship with the peasantry, were thoroughly interconnected with capital through the system of credit and banking. They were in fact owned to a considerable degree, either directly or through property shares, by the bourgeoisie. A real agrarian revolution against feudalism would, in fact, therefore be a blow against the bourgeoisie itself. The second question of which most of the opposition to Plekhanov were agreed was that, owing to the influx of foreign capital, the specific weight of the proletariat was much greater as compared to the national bourgeoisie than in previous revolutions.

It was these contradictions which led Lenin to formulate the theory of the "democratic dictatorship of the proletariat and the peasantry." Recognizing the inability of the bourgeoisie to carry through the agrarian revolution, Lenin was in fact proposing that this task be carried out by an alliance of the peasantry with the working class. It is important to note that the state emerging eventually from such an alliance would still, in Lenin's view, be a bourgeois state and the economy developed a capitalist economy.

Trotsky supported Lenin's position that the peasantry would play a key role in the revolution, but he denounced Lenin's theory of a democratic dictatorship as "idealism." Such a democratic dictatorship was impossible, maintained Trotsky. A joint dictatorship of two different classes had never existed and could never exist. From day one it would be doomed. The working class could not be restrained from carrying out its own interests. These interests would be socialist in character. The "democratic dictatorship" must pass immediately into the dictatorship of the proletariat supported by the peasantry or collapse in the face of counterrevolution.

Trotsky's recognition of the impossibility of the "democratic dictatorship" led him to make a major development on the question of revolution in general. He had shown that there could not be a successful revolution in Russia except under the leadership of the working class and that this class would immediately begin to carry out the key tasks of the socialist revolution, above all the socialization of the means of production. The central argument against Trotsky's position was that Russia was not "ripe for socialism." Trotsky answered this by placing Russia firmly in the context of the world revolution as a whole. As he was to say later:

"Russia took the road of proletarian revolution, not because her economy was the first to become ripe for a socialist change, but because she could not develop further on a capitalist basis. Socialization of the means of production had become a necessary condition for bringing the country out of barbarism."<sup>10</sup>

The central question was not whether Russia was ripe for socialist revolution, but whether world capitalism was ripe for socialism. Trotsky thus developed the conception that

"a national revolution is not a self-contained whole; it is only a link in the international chain. The international revolution constitutes a permanent process, despite temporary declines and ebbs."<sup>11</sup>

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10. Trotsky, The Revolution Betrayed, p. 5.

11. Trotsky, Permanent Revolution, Introduction, p. 9.

It is important to note that, from the beginning, Trotsky's conception was of the permanent nature of the international revolution. This is of some importance in considering later interpretations of the theory. Thus, in 1906, he headed chapter III of Results and Prospects:

"1789 -- 1848 -- 1905. History does not repeat itself. However much one may compare the Russian Revolution with the Great French Revolution, the former can never be transformed into a repetition of the latter. The 19th century has not passed in vain."

At the heart of Trotsky's conception was the fundamental question of industrialization. It was only industrialization that could raise the peasantry from the 17th to the 20th century. Traditionally, it was the bourgeoisie who had carried this through:

"The history of capitalism is the history of the subordination of the country to the town. The industrial development of the European towns in due course rendered the further existence of feudal relations in agriculture impossible. But the countryside itself never produced a class which could undertake the revolutionary task of abolishing feudalism. The town, which subordinated agriculture to capital, produced a revolutionary force which took political hegemony over the countryside into its hands and spread revolution in state and property relations into the countryside."<sup>12</sup>

But in Russia the bourgeoisie could not carry this through. It was not just a question of its historical interconnection with the landed aristocracy. This question was itself only a reflection of something else; the relationship of the Russian bourgeoisie with international capitalism. They possessed no real independence from it. Russia was dominated by foreign capital, a capital that had a vested interest in keeping Russia backward. It was exactly because world conditions were ripe for socialism that it was impossible for the native bourgeoisie to carry through industrialization independently of world capitalism.

"The social character of the Russian bourgeoisie and its political physiognomy were determined by the condition of origin and structure of Russian industry. The extreme concentration of this industry alone meant that between the capitalist leaders and the popular masses there was no hierarchy of transitional layers. To this we must add that the proprietors of the principal industrial, banking, and transport enterprises were foreigners, who realized on their investment not only the profits drawn from Russia, but also a political influence in foreign parliaments, and so not only did not forward the struggle for Russian parliamentarism, but often opposed it: it is sufficient to recall the shameful role played by official France. Such are the elementary and irremovable causes of the political isolation and anti-popular character of the Russian bourgeoisie. Whereas in the dawn of its history it was too unripe to accomplish a Reformation, when the time came for leading a revolution it was overripe."<sup>13</sup>

It was the proletariat in Russia, which, as representatives of modern industry, had the job of bringing the peasantry into the 20th century.

12. Trotsky, Results and Prospects, p. 225.

13. Trotsky, History of the Russian Revolution, p. 33.

"The importance of the proletariat depends entirely on the role it plays in large-scale production. The bourgeoisie relies, in its struggle for political domination, upon its economic power. Before it manages to secure political power, it concentrates the country's means of production in its own hands. This is what determines its specific weight in society. The proletariat, however, in spite of all cooperative phantasmagoria, will be deprived of the means of production right up to the actual socialist revolution. Its social power comes from the fact that the means of production which are in the hands of the bourgeoisie can be set in motion only by the proletariat."<sup>14</sup>

There remained one final and central point in Trotsky's analysis. By taking power, the Russian working class would place itself in the hands of the world working class. The nationalization of the means of production would place a powerful weapon in its hands, but, in the final analysis, the sheer backwardness of Russia would overwhelm it without the assistance of the working class in the advanced countries in whose hands lay the highest technological achievements of mankind.

"Left to its own resources, the working class of Russia will inevitably be crushed by the counterrevolution the moment the peasantry turns its back on it. It will have no alternative but to link the fate of its political rule, and, hence, the fate of the Russian Revolution, with the fate of the socialist revolution in Europe. That colossal state-political power given it by a temporary conjuncture of circumstances in the Russian bourgeois revolution it will cast into the scales of the class struggle of the entire capitalist world."<sup>15</sup>

Such was the power of Trotsky's analysis that in practice the 1917 revolution followed the lines laid out in it to the finest detail. But that was not all. Essentially, the perspectives laid out by Trotsky in the period around the 1905 revolution guided his work for the rest of his life. Before looking at post-war developments, it is necessary, first, briefly to examine the development of the Russian Revolution from 1917 until Trotsky's death, in connection with the theory of permanent revolution.

#### THE DEVELOPMENT OF THE RUSSIAN REVOLUTION

The Russian proletariat did seize power in 1917 just as Trotsky had predicted they would have to if the revolution was to succeed. Not only Trotsky, but the entire leadership of the revolution now sought to use to the full the state power they had gained in order to bring about socialist revolution in the advanced countries, particularly Germany. The failure to achieve such a development placed enormous pressure on the USSR. It meant that it had to rely on its own resources. Without giving an inch to "socialism in one country," as opposed to the permanent revolution, Trotsky and the Left Opposition sought to use to the full the nationalized means of production, to strengthen the position of the working class in Russia in relation to the peasantry. At the centre of their policy was, again, the question of industrialization, the main weapon against the backwardness of the peasantry.

14. Trotsky, Results and Prospects, p. 225.

15. ibid., p. 247.

"To accelerate industrialization," answered the representative of the Opposition at the party conference of 1926, "in particular by way of increased taxation on the kulak, will produce a large mass of goods and lower market prices, and this will be to the advantage both of the worker and of the majority of the peasants...Face to the village does not mean turn your back to industry; it means industry to the village. For the 'face' of the state, if it does not include industry, is of no use to the village."<sup>16</sup>

Through such industrialization the Left Opposition was seeking to bring about a swifter collectivization of the land, thus taking agriculture out of the hands of the individual peasant owner. The Left Opposition was the first to analyse the possibilities of nationalized industrialization as early as 1923-25.

"Their general conclusion was that, after exhausting the equipment inherited from the bourgeoisie, the soviet industries might, on the basis of socialist accumulation, achieve a rhythm of growth wholly impossible under capitalism."<sup>17</sup>

The position of the Left Opposition was ridiculed by the Stalin faction, but in 1929, faced with the growing strength of the kulak, Stalin switched to a policy of rapid industrialization which, although carried through bureaucratically, came close to achieving the levels predicted by the Left Opposition. Thus, although the Left Opposition was defeated, its call for the rapid development of industry through the planned economy was carried forward. Trotsky was later able to say:

"Gigantic achievements in industry, enormously promising beginnings in agriculture, an extraordinary growth of the old industrial cities and building of new ones, a rapid increase of the number of workers, a rise in cultural level and cultural demands -- such are the indubitable results of the October revolution, in which the prophets of the old world tried to see the grave of human civilization. With the bourgeois economists we have no longer anything to quarrel over. Socialism has demonstrated its right to victory, not on the pages of Das Kapital, but in an industrial arena comprising a sixth part of the earth's surface -- not in the language of dialectics, but in the language of steel, cement and electricity."<sup>18</sup>

These powerful material resources existing under a system of planned production were the main reason for the survival of the Soviet Union. Trotsky, whilst himself instigating the development of these resources and recognizing their strength, at the same time, in Revolution Betrayed, analysed at length the contradictions of the Soviet economy. Far from proving the possibility of the development of "Socialism in one country," Trotsky showed that the central contradiction was the isolation of the USSR from the world economy. Without overcoming this contradiction, the Soviet Union was doomed. This position was outlined in 1934 in a program announcement, "The Fourth International and War":

"Under the influence of the critical need of the state for articles of prime necessity, the individualistic tendencies of the peasant economy will receive a considerable reinforcement, and the centrifugal forces within the collective farms will increase with every month."<sup>19</sup>

16. Trotsky, The Revolution Betrayed, p. 30.

17. *ibid.*, p. 31.

18. *ibid.*, p. 8

19. *ibid.*, p. 229



## THE SECOND WORLD WAR

It was this position of Trotsky's which led him to say in 1936:

"Can we, however, expect that the Soviet Union will come out of the coming great war without defeat? To this frankly posed question, we will answer as frankly: If the war should remain only a war, the defeat of the Soviet Union would be inevitable. In a technical, economic and military sense, imperialism is incomparably more strong. If it is not paralysed by revolution in the West, imperialism will sweep away the regime which issued from the October revolution."<sup>20</sup>

Trotsky was wrong when he said that without a successful revolution in the West the USSR would be defeated in the war. This has become a truism repeated continuously, not only outside the Trotskyist movement, but also within it. What is never really discussed is why Trotsky was wrong. In particular, since the Soviet Union still exists today and there has still not been a socialist revolution in the West, does that mean that Trotsky's assessment of the central contradiction in the Soviet economy was wrong, too?

In fact, Trotsky did believe that the Red Army could defeat Hitler, but he believed that it would actually face the combined strength of imperialism as a whole. He recognized the contradictions for imperialism in the war:

"All serious theoreticians of future slaughters of the people take into consideration the probability, and even inevitability, of revolution among its results. The idea, again and again advanced in certain circles of small 'professional' armies, although little more real than the idea of individual heroes in the manner of David and Goliath, reveals in its very fantasticness the reality of the dread of an armed people."<sup>21</sup>

It was in fact this recognition which led him to advocate the "military policy" which is receiving considerable discussion in the WRP at the moment, but Trotsky concluded that

"imperialist antagonisms will always find a compromise in order to block the military victory of the Soviet Union."<sup>22</sup>

Essentially then, Trotsky believed that imperialism would unite against the Soviet Union and that this would produce a revolution which would come to the aid of the Soviet Union. Without such a revolution, the contradictions in the Soviet Union would be impossible to overcome. The development of the nationalized productive forces had reached their limit within the boundaries of the Soviet Union alone.

In fact, imperialism did not unite against the Soviet Union. It was not "paralysed by revolution in the West" but by the fear of one. To turn an armed people, who had been mobilized in "a war against Fascism" into a struggle against the Soviet Union, which was seen as an ally in that war, proved too much for it. It paid a heavy price. Not only did the Red Army defeat the German army on its own soil, but it captured a large chunk of Eastern Europe, including part of Germany itself. It then turned towards the East and captured Manchuria and Korea before it was stopped by the explosion of the atom bombs on Japan.

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20. *ibid.*, p. 227.

21. *ibid.*, p. 230.

22. *ibid.*, p. 228.

## THE DEVELOPMENT OF THE EAST EUROPEAN STATES AFTER THE WAR

Analyzing the nature of the Soviet occupied areas was one of the first problems facing Trotskyism at the end of the war. Trotsky had not foreseen such a possibility, although he had written on the question of the occupation of regions of Finland and Poland before the war.

Mandel pursued the theme that the East European states formed "buffer states" for the Soviet Union. Their central purpose was for the defence of the Soviet Union militarily. He believed they were being "structurally assimilated" into the Soviet Union. The theme of Mandel's position is carried on by Wohlforth and is one of the central weaknesses of his analysis. Explaining Cuba as a "buffer state" presented him with some difficulty, but this was "solved" by Westoby, who explained it by claiming that Cuba had been taken over by the Stalinists so they could plant missiles on it. Cuba was, in fact, explained in this way as a total freak occurrence which was extremely unlikely to occur again. We are told that, although Stalinism sought at first to retain capitalism in the East European states, it later expropriated the capitalists in response to the American cold war. The whole theory of the development of the post-war Stalinist states is thus explained in terms of the external pressures of imperialism on the USSR, in particular the threat of war. The "self-movement" in terms of the internal contradictions of the Soviet Union analysed by Trotsky is ignored by Wohlforth. The entire development of the Soviet Union is seen as a military question and no answer is given as to how it overcame the economic contradictions it confronted. Westoby goes further. He says:

"Stalinism extended its rule after the Second World War over states whose population and combined social weight exceeded that of the Soviet Union itself."<sup>23</sup>

but continues

"the economic effects of this process of assimilation, even three decades later, have in no way been to break through the limitations and pressures which faced the Soviet economy when it was the only workers' state, but to reproduce them upon an international scale."<sup>24</sup>

This is a fantastic statement! The limitation which faced the Soviet economy was, in fact, the physical boundary of the Soviet State itself. The continual reproduction of the contradiction on a new scale is the actual "self-movement" of the Soviet bloc. Westoby abolishes this "self-movement" by turning a spiral into a circle. We might as well say that, since capitalism continually "reproduces" its contradictions on a higher stage, it has not really developed since it started, or that, since man continually reproduces his struggle against nature in a new form, we would have been better off continuing to live in caves!

In fact, Stalin's whole policy at the end of the war was one of using the occupied territories and Stalinist states towards overcoming the economic problems of the Soviet Union, which had been intensified by the devastation of the war.

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23. Communists' Against Revolution, p. 115.

24. ibid., p. 116.

On 3rd October 1946, the Political Bureau of the USSR passed the following resolution:

"1) The Political Bureau Commission for Foreign Affairs (Sextet) is to concern itself in the future, in addition to foreign affairs, also with matters of internal construction and domestic policy.

"2) The Sextet is to add to its roster the Chairman of the State Commission of Economic Planning of the USSR, Comrade Voznesensky, and is to be known as a Septet.

"Signed: Secretary of the Central Committee, J. Stalin."<sup>25</sup>

Foreign policy was subordinated to the economic problems of the USSR, not military questions. As far as imperialism went, Stalin sought to appease it, not to build military buffer states. In Yugoslavia, Stalin sharply insisted on two appointments in the government: Subaric, a Royalist favourable to the West, as Foreign Minister, and Hebrang, a Stalin puppet who sought to subordinate the Yugoslav economy to that of the USSR, in opposition to Tito's central committee, as Minister for Industry.

The central plank of Stalin's policy of collaboration with imperialism was his agreement with imperialism on the dangers of a workers' revolution anywhere in the world. Such a revolution was just as dangerous to the Stalinist bureaucracy as it was to imperialism itself. Stalin's policy of seeking to overcome the economic problems of the Soviet Union was always conducted within this framework. Stalin assisted imperialism in suppressing the independent movement of the working class throughout the world. This was particularly true in those areas under the control of the Red Army. The arrival of the Red Army, in almost all cases, was accompanied by a revolutionary upsurge in the working class. Workers seized factories, set up workers councils, and sought to concentrate arms in their own hands. Stalin's first job was to break this movement. He fought might and main to restore capitalism in the countries under Red Army occupation. Bourgeois political parties were resurrected and brought into coalition governments with the Stalinist parties. Factories under occupation were nationalized with the approval of the bourgeoisie in order to take them out of the hands of the working class.

The first way in which Stalin sought to overcome the economic problems of the USSR through use of the East European states was the system of reparations. Former Axis powers were forced to pay reparations to the USSR with the approval of world imperialism. Compensation took both the form of commodities and fixed assets. Germany, of course, bore the heaviest burden. The Yalta and Potsdam conferences had set German reparations to the USSR at about \$10 billion (in pre-war prices). By 1951, the USSR had received \$3,658 million of this.

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25. Khrushchev's Secret Speech, June 4th, 1956.

East Germany was a key question for Stalin, together with Czechoslovakia and, to a certain extent, Hungary. The economies of these countries were technically far in advance of that of the Soviet Union. They possessed the facilities and technical equipment the Soviet economy so badly needed. They were systematically plundered. Everything moveable was removed to the Soviet Union. Whole industries in the USSR were developed on the basis of such equipment, covering such fields as machine tools, chemicals and the metallurgical industry.

The other countries in the Eastern bloc were used in a different way. They were used as a source of raw materials, particularly those in short supply in the Soviet Union. Polish coal, Rumanian oil, and a whole series of other vital raw materials were shipped into the USSR at gift prices.

The Soviet Union could not, however, continue to survive just by plunder. It was necessary to develop the productive resources of the occupied countries whilst still ensuring that the economies were subordinate to the requirements of the USSR. This was done by use of the joint stock companies. The Russians had gained considerable resources through the confiscation of former Nazi assets. The fact that the Nazis had themselves seized this property was ignored by the Russians. It was with this property that they set up what were called joint stock companies in all the East European countries. These companies had tremendous privileges. They had property and legal rights not enjoyed by domestically owned firms. They were normally free from taxation, customs duties and most foreign exchange restrictions. These joint stock companies rapidly began to totally dominate all branches of industry in Eastern Europe. In turn, the Russians totally dominated these companies, without having put in anything themselves except confiscated property.

In this way, the planned nature of the Soviet economy was extended into East Europe, with the Russians dictating the plans. It was this development and not the American "cold war" which brought the Soviet Union into conflict with capitalism. Indeed, the Marshall aid plan and the subsequent cold war policies were very much a result of the conflict between these joint stock companies and capitalism. Essentially, the conflict was between the planned nature of industry in the Soviet Union and the anarchy of capitalism. It is important to note that this development took place after the working class had been brought under the control of the Soviet bureaucracy. The capitalist class had now lost its usefulness for the Stalinist bureaucracy and continuously acted as an impediment to the planned economy. The result was the wholesale expropriation of the assets of the capitalists and their destruction as a class in the East European countries.

There is no question but that this development was a progressive step for all these countries, particularly those which still had backward, predominantly peasant, economies. It meant that a planned economy now developed in all these countries, even though under the control of national bureaucracies, who in turn were subordinate to the Russian bureaucracy. The percentage of the economically active workforce engaged in industry as opposed to agriculture rose steadily as did the contribution of the industrial sector to the gross national product. Enormous expansion took place, at rates unknown in the capitalist world, in such industries as steel-making, heavy metallurgical, mining, electrical power, and machine tool production.

All the East European countries eventually became major producers, especially Czechoslovakia and East Germany, and even states such as Rumania and Bulgaria became significant manufacturers of products they had had to import before 1945. Unlike countries receiving Marshall aid from the Americans, they received next to no aid in the form of loans from the USSR until after 1955, the only sizable loan before then being one of \$450 million given to Poland in 1948, which was given as a bribe to stop Poland participating in the Marshall Plan. Industrial development was brought into the backward economies by the Russians, but it was paid for by the products of the receiving nation and at prices discriminating against them. Once more the tremendous power of planned production had spoken "in the language of steel, cement and electricity."

To summarize the development of the East European states under Soviet occupation, it is necessary to draw out the essential features. In contrast to Mandel's analysis, the key to this development lies, not in some accidental, "external" pressures, but in the "self-movement" of the internal contradictions of the Soviet economy and the Stalinist bureaucracy, which is itself based on that economy.

The essential features of Stalinism remained the same as those analyzed by Trotsky. The bureaucracy remained based on the defence of the property relations of the Soviet Union, whilst a counterrevolutionary force against the working class.

Stalinism extended the planned economy of the Soviet Union into Eastern Europe through the struggle to overcome the economic contradictions of the Soviet Union. At all times this was done within the context of crushing the independent movement of the working class. The Red Army was the central force used in this, but it could not do it on its own. It was necessary to use other classes against the working class. Only when the capitalist class had outlived its usefulness for the Stalinists against the working class was it dispensed with, even though, from the beginning, it conflicted with the planned production introduced into the East European states. It is worth noting, in this respect, that the abolition of the capitalist class took place most rapidly in the more backward economies, where the relative weight of the working class as compared with the peasantry was weakest. In East Germany, it took longest of all. Even in 1971, 900,000 workers were employed in the private and semi-nationalized sectors of the economy. The object of full nationalization was only announced in 1972. In the other East European states it had taken place by the late 40s or early 50s.

The planned production and industrial development of the Soviet Union, which had been fought for by the Left Opposition, transformed the economies of the East European states. Rapid industrialization took place. This industrialization took place, however, under the firm control of bureaucracies in these states created in the image of the Soviet bureaucracy. This was essential for Stalinism as a precondition of extending the planned production and industrialization.

In creating these bureaucracies, however, a new stage in the contradictions of the planned production under the control of counterrevolutionary bureaucracies arose. By their very nature, these bureaucracies were based on a single state. Attempts to go beyond national boundaries and form confederations were crushed from the beginning by Stalin. Stalin's sole policy was to subordinate the East European states to the Soviet bureaucracy. In doing so, however, he created bureaucracies which were based on the nation states involved. This contradiction was central to the developments after Stalin's death, but before examining this, it is necessary to first look at a central question -- the emergence of deformed workers states other than those produced by Red Army occupation. It is around the failure to grasp the development of these that World Trotskyism floundered.

#### YUGOSLAVIA, CHINA, VIETNAM

Essentially, all the states in question present the same problem, with the exception of Cuba, which it is necessary to deal with separately. Yugoslavia, China and Vietnam all possess similar features. In each of these countries armies based on the peasantry, but led by Stalinists, seized power. In all cases, the position of the Stalinists within the working class was relatively weak. In Vietnam, the Trotskyists were actually much stronger than the Stalinists in the working class, and in China led important sections of the class.

In Yugoslavia, neither had any real force in the working class. Indeed, the Communist Party had been almost wound up altogether by Stalin in 1937. Tito had always been more of a military organizer for Stalin than anything else. His main role had been organizing volunteers throughout Europe for the Republican army in the Civil War in Spain. After Stalin's great purge of 1937, which included the liquidation of most of the leadership of the tiny Yugoslav party, Tito was summoned to Moscow and told that he was now Secretary General of the Yugoslav Communist Party.

After the German invasion, Tito's work was concentrated entirely on building a partisan army under the leadership of a Stalinist high command subordinate to Moscow. Such an army was never under the leadership of even a Stalinized Communist Party. In fact, the Yugoslav Communist Party never had a congress between 1928 and 1948! Tito's army, eventually 800,000 strong, was based predominantly on the peasantry in Yugoslavia.

Whatever independence from Moscow Tito did possess was certainly not based on the Yugoslav working class, but rather on his relationship with world imperialism. On 8th February 1943, the Yugoslav partisans sought support from the imperialist powers, issuing a statement of political aims which included guarantees of private property and that no radical changes would be made in Yugoslavia. A British military mission commanded by Brigadier Fitzroy Maclean reached Tito's headquarters in September 1943 and organized allied military and medical aid for the partisans. This was, actually, in sharp contrast to the total lack of Soviet aid despite repeated requests by Tito. At the end of the war, Tito in fact met Churchill secretly in Naples in August 1944 before meeting Stalin.

Partisan praise for the British was a constant source of friction with Stalin at this time. The whole development of events in Yugoslavia was actually in total opposition to the position expressed later, initially by Pablo, but later by the whole leadership of the Fourth International, that a "proletarian revolution" had taken place under the leadership of Tito. This position was adopted by the FI at its Third World Congress in 1951 and has never been reassessed. In Britain, Healy was the strongest supporter of this line, particularly against Haston, who disagreed. During this period, Healy had a portrait of Tito in his office, and Healy's agreement with Pablo and Cannon on this question was central to his taking the leadership of the British movement against Haston.

The essential nature of the peasant armies in Yugoslavia, China and Vietnam had, in fact, been analysed by Trotsky as early as 1932 in a letter to the Chinese Left Opposition. In this letter, Trotsky examines the role of the Stalinists in turning away from the working class and building a Red Army based on the peasantry in China. He says: "the party actually tore itself away from its class."<sup>26</sup> He declared:

"The fact that individual communists are in the leadership of the present armies does not at all transform the social character of these armies, even if their Communist leaders bear a definite proletarian stamp ... The true Communist party is the organization of the proletarian vanguard. Meanwhile, we must not forget that the working class of China during the last four years has been kept in an oppressed and amorphous condition and only recently has it evidenced signs of revival. It is one thing when the Communist party, firmly resting upon the flower of the urban proletariat, strives, through the workers to lead the peasant war. It is an altogether different thing when a few thousand or even tens of thousands of revolutionists assume the leadership of the peasant war and are in reality Communists or take that name without having serious support from the proletariat."<sup>27</sup>

Trotsky went on to describe perfectly the nature of the command structure of the Red Armies which applied just as surely in Yugoslavia and Vietnam as it did in China:

"The commanding stratum of the Chinese 'Red Army' has no doubt succeeded in inculcating itself with the habit of issuing commands. The absence of a strong revolutionary party and of mass organizations of the proletariat renders control over the commanding stratum virtually impossible. The commanders and commissars appear in the guise of absolute masters of the situation and upon occupying cities will be rather apt to look down from above upon the workers. The demands of the workers might often appear to them either inopportune or ill-advised."<sup>28</sup>

In a passage that predicted exactly events in Vietnam, Trotsky says:

26. "Bulletin of Marxist Studies," Pioneer Publishers, No. 1, p. 16.'

27. *ibid.*, p. 15.

28. *ibid.*, pp. 15-16.

"Let us assume that the Chinese Left Opposition carries on in the near future widespread and successful work among the industrial proletariat and attains the preponderant influence over it. The official party, in the meantime, continues to concentrate all its forces on the 'Red Armies' and in the peasant regions. The moment arrives when the peasant troops occupy the industrial centres and are brought face to face with the workers. In such a situation, in what manner will the Chinese Stalinists act?

"It is not difficult to foresee that they will counterpose the peasant army in a hostile manner to the 'counterrevolutionary Trotskyists.' In other words, they will incite the armed peasants against the advanced workers ... Were such a tragic conflict to arise, owing entirely to the Chinese Stalinists, it would signify that the Left Opposition and the Stalinists ceased to be Communist fractions and had become hostile political parties, each having a different class base."<sup>29</sup>

It is important to note that Trotsky did not at all rule out the possibility of the Chinese Red Army coming to power. Peasant armies have on numerous occasions taken power throughout the history of the peasantry, including in Britain in 1381. Neither did he ignore the revolutionary significance of such a development:

"While we refuse to identify the armed peasant detachment with the Red Army as the armed power of the proletariat and while we have no inclination to shut our eyes to the fact that the Communist banner hides the petty-bourgeois content of the peasant movement -- we, on the other hand, take an absolutely clear view of the tremendous revolutionary democratic significance of the peasant war. We teach the workers to appreciate its significance and we are ready to do all in our power in order to achieve the necessary military alliance with the peasant organizations."<sup>30</sup>

Would such a coming to power of the peasantry under the leadership of the Stalinists signify that Stalinism had returned to a revolutionary road? Not at all. As the passages quoted by Trotsky above make clear, if such a development took place in opposition to the proletariat, it would signify that the Stalinists had broken from their class base and become a counterrevolutionary force with regard to the working class.

There is only one mistake in Trotsky's analysis in 1932. This mistake should be seen in its context. Trotsky was analysing a new phenomenon, a peasant army led by the Stalinists. His central concern was to stress the counterrevolutionary nature of Stalinism's going over the peasantry in China, with regards to the revolutionary tasks facing the proletariat. He stated that

"the peasant war even if fully victorious will inevitably arrive in a blind alley ... Under the present conditions the peasant war by itself without the direct leadership of the proletarian vanguard can only pass on the power to a new bourgeois clique, some 'Left' Kuomintang or other, 'a third party,' etc. etc. which in practice will differ very little from the Kuomintang of Chiang-Kaishek."<sup>31</sup>

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29. *ibid.*, p. 17.

30. *ibid.*, p. 17.

31. *ibid.*, p. 16.



At the same time as he made such an analysis, Trotsky did not simply deduce the relationship between the proletariat and peasantry in China purely from a fixed notion. He sought to develop the Left Opposition's understanding of this new phenomenon of a Stalinist-led peasants army. He said:

"The activities of the 'Red Armies' must be attentively followed, and the workers must be given a detailed explanation of the course, significance and perspectives of the peasant war; and the immediate demands and the tasks for the proletariat must be tied up with the slogans for the liberation of the peasantry.

"On the basis of our own observation, reports and other documents, we must painstakingly study the life processes of the peasant armies and the regime established in the regions occupied by them; we must discover in living facts the contradictory class tendencies and clearly point out to the workers the tendencies we support and those we oppose.

"We must follow the interrelations between the Red Armies and the local workers with special care, without overlooking even the minor misunderstandings between them. Within the framework of isolated cities and regions, conflicts, even if acute, might appear to be insignificant local episodes. But with the development of events, class conflicts may take on a national scope and lead the revolution to a catastrophe, i.e. to a new massacre of the workers by the peasants, hoodwinked by the bourgeoisie. The history of revolutions is full of such examples."<sup>32</sup>

Trotsky's words were ignored after his death by the leadership of the Fourth International. Instead of studying the relations between the Chinese peasantry under Stalinism and the working class, such questions were consciously covered up. The experiences of the Vietnamese and Chinese Trotskyists were deliberately suppressed. Why? Because they revealed the complete bankruptcy of Pablo's "theory," developed first in relation to Yugoslavia and later extended to cover China and Vietnam.

The central question confronted by Trotskyism was to explain how peasant armies led by Stalinism could lead not to a return to capitalism but to the development of deformed workers states. This appeared to contain two problems, not one. First of all, how could the victory of the peasantry bring about a deformed workers state? Secondly, if such a state had been brought about under the leadership of Stalinists, did this not mean that Stalinism could, under certain circumstances, become revolutionary?

The first question was "answered" by simply denying the nature of the peasant armies. It was declared that the revolutions that had taken place were essentially proletarian revolutions. Having disposed of this, the second question was then answered in the positive. Stalinism could under the "pressure of the masses" carry through a proletarian revolution. In fact, by separating the two questions, the problem had really been compounded. The particular concrete development that had taken place in Yugoslavia, China and later Vietnam was lost.

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32. *ibid.*, p. 16.

The fact remained that Stalinism has never led a proletarian revolution anywhere in the world. Its role has continued to be completely counterrevolutionary with regards to such revolutions at all times. A workers' revolution anywhere in the world would threaten the whole existence of the Stalinist bureaucracy. The peculiar form of development which took place in Yugoslavia, China and Vietnam was specifically that Stalinism came to power in opposition to the working class through peasant based armies. Such armies were used to suppress any independent movement of the working class in the same way as the Soviet Red Army had done in Eastern Europe.

But how could a peasant revolution produce deformed workers states? This seemed to the leaders of the Fourth International as a complete repudiation of Trotsky's theory of permanent revolution. In fact, the complete opposite was true. The development of deformed workers states through peasant revolutions led by the Stalinists was a complete confirmation of the theory of permanent revolution. What was at fault was the completely Menshevik way in which the leaders of the FI viewed the theory of permanent revolution. They thought that the theory of permanent revolution was a "formula" for revolutions which in future must all follow the pattern of the 1917 Russian Revolution. This was, in fact, the opposite of Trotsky's theory of permanent revolution. It was, in essence, exactly the same theory as that of the Mensheviks in Russia who had expected the Russian Revolution to be a simple repeat of the earlier bourgeois revolutions.

The theory of permanent revolution was not a theory standing above history. The theory had, in fact, been in part realized in 1917. It had changed the world -- and how! One one sixth of the world's surface, it had been transformed into the "language of cement, steel and electricity." To paraphrase Trotsky: "History does not repeat itself. The 20th century had not been in vain." The Russian Revolution had been carried out essentially with a promissory note for the peasantry. The problems of the agrarian question in Russia could not be solved by the bourgeoisie. Industrialization, the key to the agrarian revolution, existed only in the hands of world imperialism which had a vested interest in keeping Russia backward. Only by the working class taking the means of production into its own hands could the problems of the agrarian revolution begin to be tackled.

Every development of the planned production resulting was a step in the solution of these problems, not just in Russia but throughout the world. Modern industry developed in Yugoslavia, China, and Vietnam, not through the penetration of imperialism, but as an extension of the planned production of the Soviet Union. Such a development had of course been totally impossible at the time of the Russian Revolution.

The transformations that took place were essentially the same as in Eastern Europe and for the same reasons. The peasant armies played the same role as the Soviet Red Army. The workers were disarmed and bureaucratized with the assistance of the bourgeoisie. Later, the bourgeoisie was destroyed as a class as it came more and more into conflict with the planned production. In both Yugoslavia and China, the same method of employing joint stock companies under the control of the Russians was used as in Eastern Europe. Industrial development took place in the interests of the Soviet Union, but it took place nonetheless.

China, in particular, was seen by Stalin as a tremendous source of raw materials for the Soviet economy. Far from seeing China as a military "buffer" zone, Stalin was afraid of what the reaction of imperialism would be to the Red Army coming to power. He tried to avoid it. He sought to gain control of the Chinese economy whilst still keeping Chiang Kaishek in power.

This was facilitated by Russian control as a result of the Red Army in both Korea and Manchuria, as well as Mongolia which had been economically under the control of Russian joint stock companies since the 1920s. In fact the whole concept of controlling economies through the use of joint stock companies probably emanated from this source. Under Chiang Kaishek, the Russians controlled Port Arthur and the Chinese Changchun Railway through joint stock companies. They were seeking to extend their position through the setting up of further joint stock companies to prospect for uranium, non-ferrous and rare metals and oil in Singkiang.

This whole development was strongly resisted, however, by the Chinese Nationalists. It was only when the Red Army took power that Stalin was able to move in. Stalin, undoubtedly, did discourage the Red Army from taking power, hoping to pressurize Chiang Kaishek into accepting Soviet penetration of the Chinese economy. There can, however, be no doubt of his delight when they did take power. The Russians immediately opened up the joint stock companies they wanted, followed shortly by two more: Skoga, the civil airline and Sovkitsudostroi, a shipbuilding company. Khrushchev describes in detail the attitude of the Soviet bureaucracy towards the coming to power of Mao in China. Racialist jokes were made about the "Asiatic cunning" of the Chinese in seeking to hide the whereabouts of their natural resources from the Russians:

"Beria liked to egg Stalin on, saying that there were enormous riches in China, that Mao Tse Tung was hiding them from us, and that if we gave Mao a credit loan he would have to give us something in return."<sup>33</sup>

In fact, in order to get their hands on these resources, and because of the general backwardness of the Chinese economy, the Russians were forced to give loans to the Chinese, something they refused to do in Eastern Europe at that time. On 14th February 1950, at an interest rate of 1%, they committed themselves to deliver \$300 million in goods from 1950-54. In fact, there is evidence to show that Soviet exports to China actually exceeded soviet imports by about \$1 billion between 1949 and 1955. The Soviet Union was forced to carry out considerable industrialization through loans before they could reap the benefit in Chinese raw materials.

#### THE CONTRADICTIONS OF THE NEW DEFORMED WORKERS STATES

The contradiction contained in the development of new deformed workers states mentioned above now has to be looked at in more detail as it forms the basis of the further development of these states. The central contradiction is that, although such deformed workers states were set up through the Soviet bureaucracy's attempts to overcome its own economic contradictions, what was actually created through such a process was further bureaucracies, based on their own nation states. At the heart of this question is the very nature of the Stalinist bureaucracies. "Socialism in one country" was the theory reflecting the interests of such bureaucracy.

33. Khrushchev Remembers, p. 426.

The Soviet bureaucracy is based on nationalized property. Nationalized property takes the means of production out of the hands of the individual capitalist and produces a planned economy based on the nation state. However, nationalized property can never be equivalent to socialized property. The social ownership of the means of production is totally incompatible with the existence of nation states. It can be developed only on the basis of an international planned economy.

The fight for such an international plan is the fight for socialism. The socialist revolution takes place through a series of revolutions in different countries. The soviet bureaucracy arose as a social phenomenon through the failure of the Russian revolution to go beyond nationalized property relations. Stalinism cannot, by its very nature, free planned production from the fetters of the nation states. It continues to exist only so long as this planned production remains within the confines of individual nations.

The world proletariat is an international class. The Stalinist bureaucracy was able to separate itself and win independence from the proletariat only on the basis of the nation state and the continued existence of nationalized as opposed to internationalized planned production. Although the setting up of new deformed workers states helped overcome the isolation of the Soviet Union, enabling it to develop technological resources impossible for it before, it could not overcome the contradictions between the international nature of the modern productive forces and the limitations of the nation state. The suppression and bureaucratization of the working class in the new states created meant that, although their economies were transformed by industrialization, they, too, were trapped within their own national boundaries.

It was exactly such national considerations that came to the fore in the Soviet bloc from 1948 onwards, beginning with Tito's split from Stalin. The basis of the split was the opposed national interests of Yugoslavia and the USSR. Tito's opposition no more represented a "revolutionary" tendency than did Mao's opposition to the Soviet Union later. Indeed, as discussed earlier, Tito's independence from Stalin was based on a certain relationship with imperialism, which the other deformed workers states did not possess.

Having established a nationalized economy through his relationship with the USSR, Tito was able to establish a measure of "national independence" through balancing between the Soviet bloc and world imperialism. This was a path that was later taken by the national bourgeoisies of many of the underdeveloped countries. It was no accident that Tito later became one of the apostles of "nonaligned nations" and so-called "Third World politics."

National opposition within the other Soviet bloc countries found the going much more difficult, but such opposition existed in all of them. They were dealt with by a throughgoing purge of almost all the East European Communist parties. Public trials followed by executions were staged. Kostov in Bulgaria, Slansky and Clementis in Czechoslovakia, Rajk in Hungary and Patrascanu in Rumania were all executed for such national opposition between 1948 and 1954. Gomulka in Poland was demoted as First Secretary of the Polish United Workers Party in 1948, expelled from the party in 1949 and secretly arrested 1951. He somehow managed to stay alive to retake the leadership of the party in 1956.

This opposition from within the bureaucracies made no real changes in Soviet policy; if anything, the East European states became more dominated economically by the USSR. What did change things was the emergence on the scene of the working class. Beginning with street riots in Germany in 1953 and culminating in the Hungarian revolution of 1956, a series of actions by the working class in the East European states sent shock waves through the bureaucracies. The whole economic relationship between the Soviet Union and Eastern Europe was transformed by these events. Soviet involvement in the joint stock companies was wound up. At first the Russians asked for compensation from the governments concerned, but later they dropped even this, except in the case of China. In 1956, total Soviet aid to Eastern Europe, including debt cancellations, amounted to approximately \$2,620 million. It had been zero in both 1954 and 1955.

From this point the national economies of the Soviet bloc began to develop with a certain degree of independence from the USSR. At the same time the spectre of the working class and the fear it struck in the hearts of the bureaucracy forced a certain degree of mutual economic cooperation. Although this was minute in terms of what could have been achieved by an overall planned economy in the Soviet bloc, an impossibility under the Stalinist bureaucracies, it did mean a further rapid development of the nationalized property.

It was this development which brought to a head a further problem of the economies in the deformed workers states, one which had been analysed earlier by Trotsky. The lack of independence of the working class distorted the economies of the Soviet bloc in the direction of heavy industry. As Trotsky said:

"A unique law of Soviet industry may be formulated thus: commodities are as a general rule worse the nearer they stand to the mass consumer."<sup>34</sup>

The development of industry in the Soviet bloc produced a vast over-production in heavy industrial goods. Once the development of industrialization in the Soviet bloc had taken place, this overcapacity began to make itself strongly felt. When trade relations with China were drastically reduced in 1960, the problem became even more serious, since China had been a major market for such products. At the same time the Soviet bloc was facing a serious shortage of certain raw materials. It did not possess much in the way of convertible currency to buy these materials on the world market. A measure of the desperation felt was the fact that, initially, the Soviet Union bartered for such materials with Soviet grain, although it was actually suffering a grain shortage at home. It later switched to oil, but could really ill afford this either. Soviet consumer goods were of poor quality and were virtually unsaleable in the West. These problems produced a major development in Soviet policy, which was to become another source for disorientation of the forces of the Fourth International, and produced one central key problem for it, Cuba.

#### SOVIET AID TO NORTH VIETNAM

The situation is accurately described by a senior Polish trade official:

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34. The Revolution Betrayed, p. 13.

"The West no longer has a monopoly on foreign trade. But to compete, the Communist countries, especially the smaller ones, have to provide the sweetener of credit. Without credit the developing countries would naturally buy from the West. This is important to Poland, since we now have to worry about securing markets for our own domestic industry. Our heavy industrial sector is overbuilt and we are now unable to sell all we produce within Poland or even to other Communist countries."<sup>35</sup>

From the late 50s, the Soviet bloc and China began to invest in large scale "aid" programs in the underdeveloped countries. Heavy industrial projects involving loans of billions of dollars were carried through. Such projects changed the whole face of world economic development. An immediate beneficiary was North Vietnam. Unlike China, North Vietnam did not have to suffer the joint stock companies. Large scale industrialization took place from the Soviet bloc through a mechanism of loans and even outright gifts. Known loans from the Soviet Union to North Vietnam were: \$100 million in 1955 for 25 projects; 7.5 million pounds in 1956; \$12 million in 1957; \$40 million in 1958; \$87 million in 1960 for food processing and production; and a further loan of 107 million pounds also in 1960 for 206 different projects. Known loans from other Soviet bloc countries in this period were: China, \$300 million; Bulgaria, \$3.5 million; Hungary, \$2.5 million; Germany, \$15 million; Poland \$7.5 million; Czechoslovakia, \$26 million; and Rumania, \$37 million.

These figures are quoted at length because they show the utter absurdity of the "problem" in the Fourth International of how it was that a peasant army coming to power under the leadership of the Stalinists failed to return to capitalism, but in fact became a deformed workers state. They do not represent money loans, but they represent roads, bridges, factories, power stations, etc., all built with planned production with Soviet-trained technicians. They, of course, totally transformed the North Vietnamese economy. World capitalism, during this period, did not give the North Vietnamese one penny. It hardly required a "Marxist" leadership in order to bring about an end to the capitalist class. In fact, it seems extremely difficult to see how any leadership could have kept capitalism alive under such circumstances.

#### SOVIET AID TO UNDERDEVELOPED COUNTRIES

Soviet bloc aid was not, however, limited to states under the control of a Stalinist leadership. Far from it. The position of the national bourgeoisies in the underdeveloped countries was also transformed. By turning to the Soviet bloc for industrialization, they were able to secure an independence from world imperialism they would otherwise never have been able to achieve. A whole series of bourgeois regimes emerged who performed a balancing act between imperialism and the Soviet bloc, sometimes getting aid from one and sometimes from another. The main aim of the Soviet bloc in this was to secure a steady flow of raw materials in which aid was to be repaid and to provide work for their overbuilt heavy industrial sector. They were not particularly concerned about the nature of the regimes they dealt with, but in practice things did not quite turn out the way they expected, as Khrushchev found out to his cost.

One of these major projects, the Aswan dam project in Egypt, is well documented and gives a useful insight into the problems involved. At the same time, it shows clearly the kind of difficulties that had arisen earlier in Eastern Europe resulting in the expropriation of the bourgeoisie.

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35. Marshall I. Goldman, Soviet Foreign Aid, p. 186.

The dam was to provide eventually 2,700,000 kilowatt hours of power and an irrigation potential of 2 million acres. The first stage of the dam was to cost \$614 million with the Russians providing \$100 million of this as a loan. Interest on this loan was 2.5% accruing from the first day Soviet equipment was used. It was to be paid back over 12 years starting from the first quarter of 1964. It was planned to repay the debt using exports of rice grown on the land cultivated with water from the dam.

Throughout the work on the dam, which began on 9th January 1960, there was a continual conflict between the Soviet construction team and the capitalist concerns in Egypt. The first problem for the Russians was getting their equipment to the site. A West German engineering group, Hochtief-Essen, had already built a railway to their newly-opened chemical plant a few miles from the dam site. This, therefore, needed extending as there were no roads. Hochtief-Essen had the equipment for this, but refused to cooperate. Eventually, the Russians had to use masses of Egyptian peasants to extend the railway.

When work on the dam began, the Russians found that they were to work with 14 independent Egyptian contractors, all wishing to enrich themselves from the project. The Russians correctly saw this as anarchy. On the other hand, the contractors were totally disillusioned with Russian equipment, again with considerable justification. Soviet trucks were unsuitable for the heat and dust conditions. In addition, they had to be sent back to Kharkov for repairs. Part of the deal was that Russian equipment would be used for building the dam. The Russians insisted on this and redesigned a new truck engine which was then manufactured specially for the project in the Soviet Union.

By 1962 the work was way behind schedule. The Egyptians now agreed to replace the 14 contractors with one single firm with large scale construction experience. This firm was much more efficient. That, however, now became the problem. The firm refused to use only Russian equipment. Ten Swedish drills were bought which came accompanied by Swedish engineers. Between 20 and 45 Aveling-Barford 30-ton trucks were bought from England and quickly painted with Arabic symbols to try to avoid the wrath of the Russians. Russian trucks being used were a copy of an early General Motors model. The Egyptians, totally dissatisfied with Soviet maintenance, ordered 125,000 pounds worth of spares direct from General Motors in Detroit. In addition, two American bulldozers and Traxcavators were purchased from the Caterpillar Corporation. An argument ensued in which the Russians demanded the cancellation of the orders for this equipment. The dispute was only eventually resolved by direct negotiations between Khrushchev and Nasser, with Khrushchev replacing the project director and Nasser appointing a new Minister for the Aswan Dam.

The conflict, basically, showed the contradiction between Soviet planned production on the one hand and the capitalist world market on the other. The dam was eventually opened in May 1964. Khrushchev attended the opening together with leading government figures from Iraq, Yemen and Algeria. The festivities that followed were used to praise the dam as a symbol of Arab unity. At this point, Khrushchev lost his temper and launched into a speech pointing out that the dam had not been built by Arab millionaires but by Russian technique. He made a direct appeal to the mass turnout of peasants and workers present pointing out the class nature of Arab society. He suddenly became concerned about the fact that the Egyptian Communist Party was illegal and many of its members in jail, something that had not seemed to worry him before.

Behind Khrushchev's position was the same contradiction between the planned production of the Soviet Union and the bourgeoisie in the Arab countries. Soviet plans for the dam were not working out. It had become clear that the Egyptians could not pay the first installment of the loan. Soviet estimates of the rice that could be produced on the newly cultivated land were way out. Khrushchev, with lengthy experience with grain production in the Ukraine, clearly understood why. In a discussion with Nasser, reported in detail in Khrushchev Remembers, he tried to explain the advantages of Soviet State Agricultural Enterprises. He pointed out that the Egyptian irrigation system was the same as that used under Ramses I, over 3000 years ago:

"Why is this? It's because a man working a tiny plot of land can't possibly afford a seed-sowing machine or a cotton baler. Big pieces of modern equipment, like that wouldn't even have room to turn around on a tiny patch of land."<sup>36</sup>

Khrushchev tried to persuade Nasser not to distribute the land amongst the peasantry, but to introduce a state farm system:

"Nasser listened to me attentively and said: 'I'm afraid what you're suggesting simply isn't possible for us. We don't have the necessary specialists and supervisors to institute a state farm system. There's also the problem of corruption. We simply wouldn't be able to establish sufficient controls to prevent embezzlement and black-marketeteering, and as a result our state farms would run at a heavy loss'."<sup>37</sup>

This whole conversation illustrates clearly the problems the Stalinists found themselves in when providing aid to the national bourgeoisie in the underdeveloped countries. The problem was central to Khrushchev's removal from power. On May 24th 1964, he announced a new loan for Egypt of \$227 million. This was in defiance of his own economic advisers and the Soviet Politbureau. Included in this deal the Soviet Union was to provide agricultural equipment for a 10,000 acre state farm. Khrushchev was ousted a few months later. The part played by the Egyptian problem is made clear by Khrushchev himself:

"I'm still convinced my own judgement was correct despite the grumbling of those skunks, those narrow-minded skunks who raised such a stink and tried to poison the waters of our relations with Egypt."<sup>38</sup>

#### CUBA

To understand the development of Cuba into a deformed workers state it is necessary to see it in the context of Soviet attempts at trade in the Latin American countries as a whole, as well as understanding the Soviet bloc's economic problems as shown in the previous section.

Soviet trade in Latin America effectively began with the Peron dictatorship in Argentina in 1953 following a Soviet industrial exhibition in Buenos Aires. Relations with Argentina were halted with the overthrow of Peron in 1955, but resumed in 1958. Trade also developed in Uruguay, mainly Soviet purchases of wool, and Brazil, with a much publicized trade agreement for the Russians to purchase coffee.

36. Khrushchev Remembers, p. 411.

37. *ibid.*

38. *ibid.*, p. 413.



The largest trade agreement that the Soviets made, however, in the period following Peron's demise was with Batista's Cuba! This fact seems to have been totally ignored, by most observers, in analysing Soviet relations with Castro. Soviet purchases of Cuban sugar were \$36 million in 1955; \$15 million in 1956; \$47 million in 1957; \$16 million in 1958; and \$7 million in 1959. These figures are significantly higher than those with any other Latin American trading partners in that period.

What is even more marked, however, is the central problem which faced the Soviet Union in all its dealings in Latin America. All the countries in this area insisted on payment in convertible currency for their products. This was a lesson they had learned from their relations with Hitler's Germany in the 1930s. The only exception to this was some barter arrangements in which the Soviets exported first grain and later oil. The Latin American countries were not interested in the Russian ruble. There was nothing they wanted to buy from the Russians. Throughout this period, therefore, the Russians suffered a severe balance of payments problem in this area. This was particularly true in Cuba. There were absolutely no exports to Cuba between 1955 and 1959. The Russians bought all their sugar with much needed convertible currency.

The central problem in Latin America was American domination. Industrialization, where it was being carried out, was being done by American imperialism under regimes totally dominated by American capital. The only exception had been Peron and he had not lasted long enough for the Russians to penetrate the Argentine economy. In fact, it is probable that his turn to the Soviet Union for industrialization was part of his downfall. Soviet attempts to develop heavy industrial projects in Central America were falling on deaf ears. In 1958, the Russians announced unilaterally a \$100 million credit loan to Argentina. It remained largely unutilized. Castro's coming to power in Cuba in 1959, therefore, represented a tremendous opportunity for the Soviet bloc, one which it was not slow to seize.

"The first Soviet loan to Cuba, announced in February 1960, was for \$100 million to finance the construction of two thermal electric plants, an oil refinery, a fertilizer plant, an auto repair shop a housing project and the refitting or construction of three metallurgical plants. The Russians also agreed to make a geological survey and build a fishing port. Shortly thereafter, virtually all the European satellites and China followed Russia's lead and offered formal loans. In June 1960, Czechoslovakia offered \$40 million for a tractor and truck factory and agricultural machinery; Bulgaria offered a total of \$6 million in two loans made in October 1960 and January 1961; China offered \$60 million and was followed by East Germany with \$10 million; Hungary with \$15 million; Rumania with \$15 million; and Poland with \$27 million."<sup>39</sup>

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39. Goldman, Soviet Foreign Aid, p. 161.

All of these loans were to be paid in Cuban sugar. Practically overnight the whole Soviet balance of trade position with Cuba was transformed. Soviet imports of sugar leapt immediately to \$104 million in 1960: then doubled, trebled and quadrupled from this figure in the ensuing years. At the same time, within two years, the Soviets were exporting more to Cuba than they imported. This was not only in the form of Soviet heavy industry. American attempts to blockade Cuba meant that the Soviets also began to export consumer goods to Cuba. One interesting consequence of this was reported in the Sunday Telegraph, 25th June 1961: Dockers in Odessa in the USSR were reported to have gone on strike and refused to load Soviet butter on a ship to Cuba. There was no butter in the shops in Odessa. The Russian workers were expected to eat low quality margarine.

Soviet bloc trade with Cuba was not simply about Cuban sugar, however. Much more was at stake. This was shown by Mikoyan's flying trip to Mexico to visit the Soviet trade fair in November 1959. The Soviet bloc saw the Cuban revolution as the key to penetration of the Central American economies. Cuba was to be a shop window, an example of Soviet aid without strings as compared with the domination from "Yankee imperialism." The Russians certainly did not want to make a revolution in Latin America. They were after Chilean copper, Argentinian wheat, Uruguayan wool, etc.

Once more, however, things did not turn out the way the bureaucracy expected. It seems to be a basic feature of the Soviet bureaucracy since its inception that its own economic base always proves to be an embarrassment to it. American capitalism, however, was much quicker at understanding the situation. The Bay of Pigs invasion in April 1961 was the inevitable result. Castro's statements during that invasion were an embarrassment to the Soviet bureaucracy:

"Before the forces of invasion had been entirely crushed, Castro came out with a declaration that Cuba would follow a Socialist course. We had trouble understanding the timing of this statement. Castro's declaration had the immediate effect of widening the gap between himself and the people who were against Socialism, and it narrowed the circle of those he could count on for support against the invasion. As far as Castro's personal courage was concerned, his position was admirable and correct. But from a tactical standpoint, it didn't make much sense."<sup>40</sup>

In fact, from Castro's viewpoint, it did make sense. He had come to power on the social base of the peasantry. He was confronted with the classic problem of all such peasant revolutions, seen time and again in such places as Mexico: the complete inability of the peasantry to develop forward independently. Soviet aid may initially have come as a big surprise for Castro. There can be no doubt, however, as to his understanding of its significance for Cuba. The transformation taking place in the Cuban economy as a result of the industrial development entailed was strengthening his position enormously. At the same time it was now clear that he would not be able to reach an accommodation with American imperialism. They were determined to see him fall from power. As always, industrialization was the key to the problems of the peasantry. Soviet industrialization was already present. The only aid Castro could get from the Americans was by exchanging prisoners for tractors after the Bay of Pigs invasion.

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40. Khrushchev Remembers, p. 453.

The subsequent development of Castro has been frequently related in detail, for instance, in John Lister's recent book on Cuba. What is central to a grasp of these developments, however, is that the main question was once again the contradiction between the nationalized and planned production of the Soviet bloc and capitalism.

The national capitalism of Cuba could answer nothing; it was doomed so long as it was cut off from world imperialism and the world market. On the other hand, nationalized industrialization continued to develop in Cuba. The expropriation of the bourgeoisie was inevitable. They appeared as a small and insignificant nuisance in the way of the development of industrialization in Cuba. They were no use to Castro. Of far more importance in his eyes was control of the working class. Only this class was a real threat to him and the petty-bourgeois peasant nature of his regime.

Here once more the Soviet Union was invaluable. The Cuban working class was under the bureaucratized leadership of the Stalinists. There were certainly conflicts between Castro and the Soviet bureaucracy in the following period, but they were essentially a conflict between Castro and Che Guevara's appeal to the petty bourgeoisie and peasantry throughout Latin America and Soviet attempts to win friends in the national bourgeoisie. They were both agreed on the central question of restraining and controlling the working class.

Ultimately, this agreement, despite the differences, produced a Stalinist bureaucracy in Cuba similar to those in other deformed workers states. The only difference is a petty bourgeois radical tendency which exhibits itself from time to time as a result of the nature of the present Cuban Communist Party which was produced by a fusion between the Castroite July 26th Movement and the Stalinist party.

In the meantime, Soviet industrial development has continued in Cuba. The same, essentially "nationalist," opposition has appeared as developed in the other deformed workers states, particularly over the continued subordination of Cuba to sugar production, but has certainly been more subdued than in Yugoslavia or China. To a certain extent, Cuban industrialization has been a drain on the Soviet economy, but their original aim of penetrating the Central American economies has met with some limited success and still remains a dominant factor in Soviet policy in the area, always counterbalanced against their fear of American reactions.

#### CONCLUSIONS

The central aim of this document has been to cover the areas dealt with by Wohlforth's theory of structural assimilation and, in particular, to develop an analysis of the deformed workers states in Eastern Europe, China, Vietnam and finally Cuba. There can be no doubt, however, that in doing so, fundamental questions have been raised, covering a much wider field centered particularly on the interpretation of the Fourth International, in all its strands, of Trotsky's theory of permanent revolution.

It is necessary to state clearly and categorically: there will never be a repeat of the 1917 Russian Revolution. This follows directly as a consequence of the theory of permanent revolution. Yet the whole of the Trotskyists' strategy and tactics in the underdeveloped countries has been concentrated on bringing about such a repeat! Trotsky's designation of Plekhanov's position as "dogmatist-utopian" for expecting a similar repeat of previous bourgeois revolutions applies accurately to the position of world Trotskyism on this question. In the struggle to reconstruct the Fourth International as a world-wide revolutionary leadership, this question is central.

The decisive question is that the Russian Revolution and the development of nationalized industrialization in Russia, and subsequently in the other deformed workers states, has changed the relationship between the proletariat and the peasantry on a world scale. A new proletarian revolution cannot start from the situation of the 1917 revolution simply because it is not in the same situation.

The development of the proletarian revolution throughout the world must take into account the nationalized property in the Soviet bloc. A socialist revolution anywhere in the world must start from the expropriation of the bourgeoisie and the development of nationalized property relations, but it cannot stop there. Such a revolution can only proceed through the development beyond nationalized planned production to internationalized planned production. It will pose immediately the political revolution in the deformed workers states and their integration into a international plan, as well as further social revolutions in the capitalist countries as a further development of such an internationally planned economy.

Just as Trotsky showed the combined character of the Russian revolution in that it combined the democratic and the socialist revolution, today the revolution in the underdeveloped countries combines the democratic, the socialist and the political revolution against Stalinism. Demands by Trotsky developing the alliance between the proletariat and peasantry in Russia in opposition to the Stalinist bureaucracy apply now in the course of the democratic and social revolution in the underdeveloped countries.

Stalinism can only solve the problems of the democratic revolution insofar as they can be solved on the basis of nationalized property. It cannot complete the democratic revolution, because this would require the development of international planned production. Wohlforth develops this question in his document to the SWP. As he points out, the democratic revolution actually derives its name from one central feature, democracy. The Stalinist bureaucracy cannot allow democracy for the working class or the peasantry because it is a bureaucracy. Democratic control of the means of production by the working class would pose immediately the destruction of the nation state and the further development of world revolution, hence destroying the base of the bureaucracy.

The term permanent, as used by Trotsky, meant that the revolution became permanent only in the continuous development of the world revolution. The world Trotskyist movement has used the term to mean that the revolution became permanent when the working class took power in any given country. The nature of the revolution in any country was therefore deduced from a fixed theory, not grasped through an understanding of the development of the living movement of the world revolution.

The grasp of this living movement cannot, in fact, be deduced. Only through the dialectical development of theory in conjunction with the practices of the world Trotskyist movement can the living movement be understood. The highest point of our struggle is the fight to reconstitute the world party of Trotskyism. This cannot be achieved by organizational means.

It means the development of theory. Without concrete theory of the development of the world revolution, there can be no world party. Such a theory can only be developed through struggle to grasp the experiences of Trotskyism throughout the world. Trotsky's theory of permanent revolution, correctly understood, constitutes an extremely powerful weapon in this struggle.