

PERMANENT REVOLUTION AFTER WORLD WAR II:
Stalinism vs. the Proletarian Party

A reply to Chris Bailey's article, "The Theory of Permanent Revolution and Post-War Stalinism".

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Comrade Bailey's article is the latest effort in a long series of attempts to explain how Stalinism created "deformed workers' states" after World War II. The depth of the problem was well posed by James P. Cannon in 1949, at a meeting of the Political Committee of the U.S. Socialist Workers Party:

"There has certainly been a nationalization, but with bonds to former owners, compensation to foreign interests, etc. I don't call that a degenerated workers state. I would rather call it a 'degenerated' bourgeois state which has reached its present stage without a revolution in the Marxist sense of the word...

"If you once begin to play with the idea that the class character of a state can be changed by manipulations in top circles, you open the door to all kinds of revisions of basic theory."¹

Cannon's opinion changed subsequently, and so did the conditions in the Soviet-controlled states of Eastern Europe that he was referring to. But the fundamental nature of the Stalinist states did not change, and Cannon's warning still holds. The Stalinist states were born without workers' revolutions -- in fact, only through crushing the workers' revolutionary upsurge that followed the defeat of Nazism. Calling them workers' states, even degenerated or deformed, brings one into conflict with the most fundamental principles of Trotskyism, the Marxism of our time. The indispensability of the proletariat for the socialist revolution and the necessity of a proletarian revolutionary party are immediately called into question.

Thus the door was opened, as Cannon predicted, to revisions of the grossest kind. Right at the start the Fourth International enthused over the Stalinist Tito, who immediately capitulated to American imperialism. Shortly afterward it supported the classically Menshevik role of the Bolivian POR in helping to abort the 1952 revolution, with hardly a peep of protest. Since then the main tendencies that consider themselves Trotskyist have all, at one time or another, made their accommodations with class collaboration in various of its forms: reformism, Stalinism and "third world" nationalism.

And these accommodations are inevitably linked with the conception that alternatives to the proletariat exist, that workers' states -- once universally understood by Marxists to be transitional to socialism -- can be created by other social forces. This means that all the organizations claiming the heritage of the International were on a collision course with party liquidationism -- some eagerly, some grudgingly, some with great vacillation, but all headed the same way.

1. Internal Bulletin of the Socialist Workers Party (USA), Vol. XI, No. 5, October 1949; page 26.

In 1953 the International Committee split from the center led by Michel Pablo and Ernest Mandel, with the stated purpose of combatting their liquidationist course. But the IC failed. Its American section, the SWP, not only returned to the Pabloite fold but outdid many of its former opponents in tailing petty-bourgeois currents; today it openly rejects Trotskyism. The French Lambertists never deviated from their attachment to left reformism. The British Healyites, who dominated what was left of the IC, championed Saddam Hussein, Khomeini and Qaddafi, among other specimens of petty-bourgeois nationalism, and cheered for left reformists in the Labour Party at home. The current political crisis is not that of the Pabloites alone but of the so-called anti-Pabloites too.

We contend that all attempts, however well intentioned, to plumb the source of the crisis without coming to grips with the conception of "deformed workers' states" itself and getting rid of it, are bound to fail. Failure on this score will only bolster the renewed liquidationist course of Pabloites and "anti-Pabloites" alike.

Comrade Bailey has made a serious attempt to deal with the problem. His article has the great merit of recognizing frankly that there is no existing theory consistent with Marxism that explains the phenomenon of "deformed workers' states." As he says, starting his document off with a bang, "The central problem confronting the Fourth International since the death of Trotsky has been its inability to develop the theoretical foundations that Trotsky laid." (Page 1.)

As Bailey himself observes, a theory undeveloped is a theory undefended. A few years ago the "deformed workers' statist" couldn't agree on which side to take in the Cambodia-Vietnam war and wavered over the idea that Pol Pot's Kampuchea could be a proletarian dictatorship, of all things. Today rampant confusion reigns over whether the Bonapartist regime in Nicaragua is a workers' state; here "Trotskyists" are to be found on both sides not only of a theoretical dispute but of class battles in the factories. Yet the "deformed workers' state" idea survives.

In explaining his view Bailey correctly questions "orthodoxy" as an adequate defense of theory (page 6 among others). Yet he never questions the idea of deformed workers' states itself. Like the writers he criticizes, he merely assumes what he should at least attempt to prove.

Bailey's article is based on a critique of a thesis put forward originally by Tim Wohlforth and revived more recently by Adam Westoby. Of Westoby's attempt Bailey says (page 5): "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!"

That is, the Wohlforth-Westoby effort is an exercise in retrospective rationalization rather than a Marxist theory. But the series of unsuccessful attempts to explain how counterrevolutionary Stalinism could create new revolutionary states has been going on for forty years. When there is no quarrel over the designation itself but merely over how to account for it, the whole enterprise is clearly a rationalization.

There is another factor. To question the idea of "deformed workers' states" would bring to the fore the underlying question of the post-World War II period: is the USSR still a degenerated workers' state? If the unexpected expansion of Stalinism was a nodal point of the Fourth International's crisis, the central question of Russia itself must be explored without fear of violating "orthodoxy," which more than once has weighed like an Alp on the brains of the communist movement. One cannot be a Trotskyist and remain "orthodox" at the same time.

It is fifty years since Trotsky wrote The Revolution Betrayed as a study of Soviet political economy. Since then, according to "Trotskyist orthodoxy," the USSR has continued to be a degenerated workers' state. But there has been no serious study of the workings of Soviet political economy since Trotsky. A half-century of history of a hitherto unexplored kind of state, one that is crucial to the aspirations of Marxists and workers everywhere, should be a treasure trove of material for scientific study. How does its allegedly progressive but undoubtedly contradictory economy function? What are its laws of motion?

The theory's lack of development is blatant. What deformed/degenerated workers' state theorist foresaw that growth rates under Stalinism would decline? Who saw that the Stalinist states would not only fail to overtake the West but would prove themselves subject to economic crises as deep as those of traditional capitalism? Why is Stalinism so dependent on the West for technology and capital? Who predicted the schisms, indeed wars, among the Stalinist states based on any examination of their material interests and political economy? The revolutionary movement requires not just catchphrases about bureaucratic misrule but in-depth analyses based upon the wealth of information available.

In sum, is not the orthodox conception that the Stalinist Soviet Union is still a (degenerated) workers' state also a rationalization and not a theory?

Comrade Bailey correctly points out that Marxists must be able to explore society concretely by means of theory and, at the same time, explore and develop the theory itself. We maintain that this task has remained outstandingly unfulfilled for the theory of deformed workers' states and for the degenerated workers' state analysis of the USSR as well. A theory unexplored is not only a rationalization. It is a barrier to the further development of theory.

BAILEY'S THEORY

Comrade Bailey's article makes several advances over previous attempts to defend the deformed workers' state thesis. First, he rests his case on the theory of permanent revolution (although in our view he gravely misjudges its implications for the post-war events). Secondly, he is methodologically correct in insisting that the expansion of Stalinism must be seen as an expression of its internal drives, not just the external pressure of Western imperialism.

2. The inability to analyze Stalinism through its internal drives is not simply a problem for Soviet defensists. Tony Cliff's theory of "bureaucratic state capitalism" hangs on the anti-dialectical argument that the law of value is introduced into the Soviet economy not through the wage-labor relation within the USSR but solely through external military threats.

Finally, in the light of this internal logic and permanent revolution, he stresses the international nature of the problem: the expansion of Stalinism cannot be understood on the basis of single countries alone, not even so vast a country as China.

Yet Bailey's argument, like its predecessors', is also forced onto the revisionist road. Despite his intentions, he empties the perspective of permanent revolution of its proletarian character. He is forced to distort historical reality in order to make the deformed workers' state theory fit. And although he points to the internal logic of the Stalinist economy, he has little to say about its actual operation and the contradictions and crises that are now increasingly visible. Most crucially, he leaves the door wide open for the abandonment of the revolutionary party as the critical factor for social revolution.

Comrade Bailey proposes his theory (or his version of permanent revolution) as an updating and completion of what Wohlforth attempted but failed to accomplish with the theory of structural assimilation. As Bailey points out, Wohlforth, who worked out his theory in the early 1960s in response to the Cuban revolution, was unable to incorporate an analysis of Cuban Stalinism into his thesis. But Bailey too is writing at the time of revolutions -- Ethiopia, Angola, Afghanistan and Nicaragua, for example, where Stalinism is playing different but equally significant roles. Yet his article does not try to apply the new theory to a living revolution that could put it to the test.

When all is said and done, the danger in Comrade Bailey's reasoning is not only that he will add to the long list of theories that fail to give a Marxist justification to the deformed workers' state position. It also contains an internal logic that leads to a version of the "third camp" (neither bourgeois nor proletarian) analysis of the Stalinist states. As every Trotskyist should understand, this sort of thinking leads directly to the view that the epoch we live in can no longer be characterized as one of capitalist decay (i.e., imperialism in Lenin's sense). This can only bolster elements fleeing from the centrality of the proletariat and its party, which is our main concern.

The British SWP and the International Socialist (IS) tendency which it leads provide a case in point. If a new form of class society (bureaucratic state "capitalism" without the law of value) can qualitatively expand the productive forces in the modern era, then capitalism -- despite its incessant wars and intensifying crisis -- is a system which has not exhausted its progressive potential. The same capitulation which led to the rejection of Trotsky's analysis of the imperialist epoch also led the IS tendency to abandon the method of the Transitional Program. It adopted a passive, tailist minimal-maximalist attitude towards workers' struggles and an organizational "network" conception of the party. Instead of being the vanguard of advanced proletarian consciousness, the revolutionary party becomes a ginger group for militant reformist consciousness.

It is no answer to Healy's bureaucratic centralism to reject the democratic centralist basis of a party, as Cliff did initially in reaction to Stalinism. Likewise it would be a calamity if, in reaction to the day-in-and-day-out crisis-mongering of Healyism, comrades were to swing over to the position that modern capitalism is not a fundamentally crisis-ridden social system. The slide from proletarian revolutionism to left reformism would be the result, we fear, of accepting the implications of Comrade Bailey's argument, despite his opposite intentions. A fundamental re-examination of the question is needed.

In this article we intend to deal in depth with Comrade Bailey's arguments. As well, we will outline our alternative position: that post-war Stalinism rules over capitalist, although statified, societies. To adapt the terminology of Cannon and Pablo, the Stalinist states are deformed capitalist states, deformed specifically by the remnants of the Soviet workers' revolution that Stalinism usurped. The counterrevolution in the USSR in the 1930s negated the proletarian content of the property forms created by the October revolution, but these forms continue to exist under capitalist relations of production.

Here is Comrade Bailey's main line of argument as we understand it.

1) Trotsky's theory of permanent revolution demonstrates that the bourgeois-democratic tasks still required by humanity can no longer be fulfilled by the bourgeoisie; they are left to the proletariat to accomplish through internationalism and socialist revolution, the only means of overcoming capitalism's fetters on the productive forces.

2) The USSR remains a (degenerated) workers' state despite its counterrevolutionary Stalinist rulers, because of its nationalized property. Nationalized property, the basic property form of the Stalinist bureaucracy, is distinguished both from the decentralized private property characterizing capitalism and from the international planned economy of genuine workers' states transitional to socialism (page 22).

3) The Stalinist states created after World War II should be understood as extensions of the Soviet degenerated workers' state. First the workers were defeated and then the bourgeoisie was ousted. Only because of the Soviet role in their development -- through extensive economic aid plus the imposition of a planned economy -- could they overcome imperialist pressures and succeed in developing their productive forces.

a) In the Eastern European countries conquered by the Soviet Army, the working-class upsurges were crushed by the Stalinist forces. Nevertheless, Stalinism's goal was to overcome the contradictions of the Soviet economy by incorporating new industries and sources of raw materials. The Soviets imposed nationalized property in their own interest, and on this basis the new Stalinist states were able to expand industrially (page 15).

b) In the countries taken over by Stalinist parties at the head of peasant-based armies (e.g., Yugoslavia, China, Cuba, Vietnam), the revolutions were not proletarian. Nevertheless, Soviet influence and/or aid enabled them to overcome the imperialist stranglehold. Thus "the problems of the agrarian revolution [could] begin to be tackled," in fulfillment of the "promissory note" of permanent revolution (page 21).

Hence in both cases the new Stalinist states are workers' states, albeit deformed, as extensions of the Soviet planned economy.

3. Our position has been extensively presented in Proletarian Revolution (formerly Socialist Voice), the LRP's magazine. The theory is developed in full in a forthcoming book provisionally titled Capitalism and the Stalinist System: A Critique of the Theories of Middle-Class Marxism.

4) The key contradiction of the Stalinist system is its self-confinement within national boundaries, which leads among other things to a vast overproduction of means of production (page 24). This contradiction can be overcome only through the world proletarian revolution. In addition to its socialist character throughout the capitalist world and its simultaneously democratic character in the underdeveloped countries, it will include the political revolution against Stalinism -- both in the Stalinist countries and in the underdeveloped countries where Stalinism is a force to contend with.

Short of this, Stalinism remains revolutionary in relation to capitalism, but counterrevolutionary in relation to the working class. In particular, "Stalinism can only solve the problems of the democratic revolution insofar as they can be solved on the basis of nationalized property." (Page 31.) Because it can never be internationalist or democratic, Stalinism can go no further. Presumably it can continue to carry out limited but progressive national revolutions. But since Bailey does not take up the revolutions in progress today, whatever consequences the new theory would have for revolutionary strategy in, for example, South Africa and Central America are left for the reader to infer.

In this outline of Comrade Bailey's position, point 3) is the key link between permanent revolution and the deformed workers' states. The notion that the USSR remains a proletarian state, albeit degenerated, is what makes the "deformed workers' states" progressive.

Before replying to it, we have to point out one aspect that is omitted from the theory put forward by Bailey. Unlike other attempts to defend the "deformed workers' state" position, Bailey offers little concrete interpretation of the actual historical events that brought the Stalinists to power. He does not specify, for example, when the new "workers' states" first saw the light of day. Was it when the Soviet armies first set foot on their soil, in 1944-45? If so, Eastern Austria, also occupied by Soviet forces, should also have become proletarian. Or was it four or five years later, when the last bourgeois ministers were ousted? In that case, the class nature of the state changed without a shattering revolution. These are classical problems, which is one reason why the question held the Fourth International in indecisive confusion for so long.

Bailey seems satisfied to leave the matter at a high level of abstraction and even metaphor: "Once more the tremendous power of planned production had spoken" (page 16); "Permanent revolution was not a theory standing above history," and "The 20th century had not been in vain" (page 21). Our quarrel is not with abstraction, and certainly not with theories that attempt to dig deeper than simple empiricism or descriptiveness. But Lenin's question has to be answered: who precisely did what to whom, and when? Theories have to be demonstrated in relation to concrete history. They have to specify and explain the decisive events of the past and present in order that the working class can see the laws of motion and change and use theory as a guide to action.

We will first take up historical questions raised on the origin of the "deformed workers' states" and then return to the theoretical case that inspires the entire line of reasoning.

PROLETARIAN JOINT-STOCK COMPANIES?

Bailey attributes great importance to the joint-stock companies set up by the Soviet authorities in their East European satellites after the world war. Normally they consisted of property seized from German or local Nazi owners (who had previously seized it themselves); in general, half of the profits accrued to the Soviets, while the satellite states carried the bulk of the costs. Bailey claims that such companies were dominant "in all the East European countries" controlled by the Soviet army (page 15) and later extends their sway to Yugoslavia and China (page 21). He writes:

"It was necessary to develop the productive forces of the occupied countries whilst still ensuring that the economies were subordinate to the requirements of the USSR. This was done by the use of joint stock companies. ... These joint stock companies began to totally dominate all branches of industry in Eastern Europe. In turn, the Russians totally dominated these companies ...

"In this way, the planned nature of the Soviet economy was extended into East Europe, with the Russians dictating the plans. ... 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." (Page 15.)

This "planned" Soviet industry was the same economic system that "systematically plundered" the satellite countries. Or so Bailey says. In fact the plundering was outrageously unsystematic and unplanned. Whole factories were shipped to Russia to be left to rust at railroad sidings. We will say more later on the nature of Soviet planning and its relation with capitalist anarchy. For now we have to deal with the mechanism for transferring this system to the newly Stalinized countries. Unfortunately Comrade Bailey does not cite sources for his interpretation that the joint-stock companies were instrumental; those available to us tend to contradict his specific claims.

We do not dispute that the joint-stock companies were important for the Soviets' extraction of profits and resources from (i.e., for the exploitation of) Eastern Europe. But we do dispute the other claims Bailey makes for them. Did they develop the productive forces? Since they existed only in the early period when, as Bailey notes, the Soviet interest was primarily to plunder East European output, the surplus value they produced was not likely to have been re-invested in the satellite countries. In Austria, for example, they became among the ⁴most inefficient companies because of the Soviet looting of their resources.

Nor could they "totally dominate" East European industry. By their nature, they were concentrated in the former Nazi allies (Bulgaria, Hungary, Rumania -- and, of course, Germany and Austria). Bailey's claim of total domination seems true for Rumania and East Germany. However, even in German-allied Hungary, "While their importance in the economy was great, it was considerably less than that of their counterparts in Rumania"; likewise in Bulgaria.

4. See for example William B. Bader, Austria Between East and West, 1945-1955 (1966), p.119.

5. Ygael Gluckstein [Tony Cliff], Stalin's Satellites in Europe (1952), p.32.

In Yugoslavia, which was not an officially "enemy" country and where Soviet forces did not rule, there were only two such companies, both confined to transport, and they lasted just over a year before the Stalin-Tito rupture forced their liquidation.⁶ In fact, in all the countries previously allied to the USSR, Nazi-owned property was generally nationalized rather than jointly owned with the Soviets. Of course, nationalization was also a method for Soviet economic domination -- but it operated through political subordination, not through the direct control that Bailey alleges.

Yugoslavia is a bad example for Comrade Bailey for other important reasons. Against the wishes of the Soviet authorities, the Titoists drew up an ambitious Five-Year Plan as early as 1946, a time when the other East European countries were working with shorter plans aimed merely at economic recovery from the war. This dispute, a sign of the Yugoslav Stalinists' goal of national independence,⁷ was one of the sources of Stalin's campaign against Tito in 1948. In no way did the Russians "dictate" this plan, as Bailey says. Then, after the break with Stalin, the Yugoslavs developed their own version of Stalinist statification along the lines of pseudo-"workers' control" and "market socialism." Here Yugoslavia led and the other Stalinist states have followed.

In more recent years, Yugoslavia has led the way in setting up companies jointly with Western capitalist firms, to a far greater extent than with the Soviets. If Bailey's idea that such companies are the lever of economic transformation were to be adopted consistently, he would have to argue that capitalist relations are now prominent -- if not actually dominant. But he does not even discuss this development, much less incorporate it into his reasoning.

On a wider scale, we also challenge Comrade Bailey's contention that the conflict between the joint-stock companies and "capitalism" was what brought about the cold war policies of Western imperialism against the Soviet bloc. First, the main conflict that these companies faced, aside from the inevitable class struggle against the workers that foreign ownership intensified, was with the nationalist interests of the East European Stalinists. In fact, the joint-stock companies were wound up and turned over to the national rulers in the wake of the East European workers' uprisings that began in 1953.

Secondly, imperialism was offended by any policies that prevented it from sharing in the exploitation of East European labor and resources -- above all by Soviet domination. The initial nationalizations were approved, as Bailey and Wohlforth note, as weapons against the workers' upsurges. Even when the Marshall Plan was first introduced, the Stalinist-led governments of Poland and Czechoslovakia hastened to accept the offer of Western aid and trade -- until they were brought to heel by their Soviet masters. It was then nationalization under Soviet political domination, not joint Soviet ownership, that was then accelerated to wall these satellites off from Western influence.

In sum, the decisive role that Comrade Bailey assigns to the joint-stock companies is either unsupported by the evidence or runs directly counter to it. This is critical for his new theory, since its aim is to explain the occurrence of Stalinist "workers' states" -- as Wohlforth could not -- in countries where there was no Soviet conquest (as well as no proletarian revolution).

6. *ibid.*, pp.32-33.

7. See A.Ross Johnson, The Transformation of Communist Ideology: The Yugoslav Case, 1945-1953 (1972); Chapter 2.

Thus the case of Yugoslavia is centrally important, and here the evidence runs all against him. Joint-stock companies were of no great importance in importing Soviet planning; indeed, Stalinist economic tools were adopted against Soviet intentions. Obviously, Soviet-style stratification (we would specify stratified capital) was extended to all the Stalinist-model states, Yugoslavia included. But the mechanism was not any direct Soviet economic link through shared ownership; it was instead the Yugoslav Stalinists' interest in duplicating Soviet methods for their own gain. We will show later that the theory of permanent revolution as we have developed it explains this process. Bailey tries to extend it in a way that cannot be historically justified:

"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." (Page 21).

Not at all. Yugoslavia had to fight Stalin tooth and nail to adopt "planned" production. Stalin's plan for Yugoslavia was to keep it agricultural, in keeping with Soviet nationalist needs, not to develop modern industry. Because of this pressure, Tito ultimately turned to the West precisely to be able to develop industry. Rather than an example of Soviet "proletarian" penetration of East Europe, Yugoslavia represents if anything capitalist penetration of the pseudo-socialist bloc.

As for China, Bailey cites Soviet aid and credits as the evidence for the "extension of planned production." But first China's most industrialized province, Manchuria, was stripped of its industry by the Soviet army supposedly aiding China against imperialist Japan. Only then, as Bailey states, was there "evidence to show that Soviet exports to China actually exceeded Soviet imports by about \$1 billion between 1949 and 1955." (Page 22.) This was a drop in the bucket compared to China's needs, and in 1956 and 1957 the balance reversed. No, there was no modern industrial take-off in China under Soviet support.

On the contrary. The feebleness of Soviet credits, the inability of Soviet aid to rescue China from backwardness, was the key reason for China's break with the Soviets. It led to Mao's "Great Leap Forward," his attempt to accomplish by mad adventurism what couldn't be done through the Soviet connection. And when this failed, when the gains made possible through autarkic self-development proved limited, the only solution for the Chinese bureaucracy was imperialist repenetration. Mao had known from the start that he needed Western support but had been rejected by Washington. Today, however, no one looking at China's development and international relations could possibly conclude that its economy is not penetrated by imperialism!

As for planning, that question is little more than a joke today. Stalinist planning never got very far in backward China, which could not effectively centralize its economy. Provincial isolation, independent baronies, state-army-party rivalries, over-control of particular industries, "multi-cellular" production -- all these interrelated factors typified an essentially anarchic system. One key reason for imperialist interest in Yugoslavia, China, etc. is the cheap labor that Stalinist rule provides. This could with bitter irony be said to be an extension of the "planned production" of the Soviet system, but it is really an extreme example of the gains of the working class being turned against the workers themselves.

Vietnam, the third country cited by Bailey, never established a modern economy despite Soviet-bloc aid. Today, after U.S. imperialism's unrelenting war, it is an economic disaster. One reason that the Pentagon's saturation bombing of North Vietnam couldn't stop the national liberation fighters was the country's very lack of the modern industry that bombing could wipe out.

Furthermore, Comrade Bailey's theory ought to be able to explain why the "planned production of the Soviet Union," still allied to Vietnam, has not been extended once more. In our view it is just the same as one of the reasons for the USSR's inadequate aid to embattled Nicaragua: economic weakness and crisis. But this itself requires explanation, in the supposed homeland of planned production and, indeed, (as Bailey agrees) of overproduction.

Bailey later describes the "proletarianization" of Cuba through a similar touch of the Soviet magic wand. But it works nowhere else. It is difficult to see how, on the basis of Bailey's description, one could tell which third-world revolutions since the Second World War have been in essence proletarian. Why not Angola's? Surely Soviet military aid and Cuban troops were essential to defending that revolution against South African attacks. What about Ethiopia? Afghanistan? One could argue that Syria and Libya preserve their independence from imperialism because of Soviet support. Does this make any of these countries workers' states? We assume Bailey thinks not, but we can't be sure on the basis of his theory, which is arbitrarily and infinitely extendable.

STALINIST ECONOMIC GROWTH

Comrade Bailey necessarily relies heavily on the claim that economic growth rates in the Stalinist countries have been unusually high. If the claim were true, then theoretical accounting would have to be made for exceptional advances in the productive forces during the epoch of capitalist decay. It would be strong evidence that the new Stalinist states, despite their non-proletarian origin and their suppression of the proletariat, would have to be in some sense workers' states. In this we follow Trotsky, who made a similar assessment of Soviet society on the verge of the Stalinist counterrevolution:

"Despite monstrous bureaucratic degeneration, the Soviet state still remains the historical instrument of the working class insofar as it assures the development of economy and culture on the basis of nationalized means of production, and, by virtue of this, prepares the conditions for a genuine emancipation of the toilers through the liquidation of the bureaucracy and of social inequality."⁸

For Trotsky nationalization of industry in the USSR was a tremendous gain for the working class, since it permitted centralization of the economy and thereby the productive expansion necessary for escaping backwardness and dependency. In the 1930s the capitalist world was in the grip of the Great Depression, and the contrast between capitalist collapse and Soviet success could not have been more vivid -- despite the Stalinist crimes through which Soviet expansion was carried out. After all, as Trotsky observed elsewhere, there have been brutal regimes throughout history, including the bourgeois imperial regimes in the colonies. Yet none of them succeeded in using their brutality to expand the productive forces as did the Soviet workers' state.

8. "The Workers' State, Thermidor and Bonapartism," Writings 1934-35, pp.170-1.

Bailey makes similar claims for post-World War II East Europe:

"There is no question but that this development [the destruction of the capitalist classes] 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. ... 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" (Pages 15-16.)

Again, Bailey cites no specific figures or sources for his claim of "enormous expansion ... unknown in the capitalist world," so we have to find our own. Official statistics, above all the Stalinists', are notoriously unreliable. Nevertheless, we have to make use of what information there is.

One source compares Soviet growth rates with those of Japan in numerous economic categories. This is useful, because Japan is one of the few capitalist countries that expanded at all during the 1930s, and has been the growth champion of the imperialist league for most of the post-war period. The following table summarizes the data:

ANNUAL PERCENTAGE GROWTH OF MANUFACTURING OUTPUT		
<u>Period</u>	<u>USSR</u>	<u>Japan</u>
1928-38	11.9%	8.2%
1953-65	9.3%	13.6%

Figures calculated from Angus Maddison, Economic Growth in Japan and the USSR, Table F-1, Indices of Manufacturing Output 1870-1965, page 164.

Some notes on these figures before interpreting them: we chose to use Maddison's "manufacturing output" data instead of total output in order to test as closely as possible Comrade Bailey's claims for heavy industry. The 1953 starting date was chosen (by Maddison) in order to skip the period of immediate post-war recovery, which took longer in Japan than elsewhere. Recall also that Japan, like the USSR, suffered great economic damage in the war. Its population losses were not comparable to the Soviets', but the destruction of its industry was; moreover, Japan's economy was dismembered by the American occupation forces. Pre-war economic levels were not reached until 1954.

We can see in this table the advantage that the Soviet Union had during the decade of the 1930s over its most vigorous capitalist rival -- which, moreover, benefited from imperialist exploitation of China, Korea and Manchuria. We point out that the seeming advantage of post-war Japan over the pre-war USSR should not be given too much weight. In the post-war period both countries gained from the overall imperialist prosperity. In the pre-war period the USSR was forced to make its gains despite its trade stagnation with the depression-ridden West.

But it is also apparent that the USSR fell behind Japan after World War II. In our view the sharp shift between the pre-war and post-war years is attributable fundamentally to the culmination of the Stalinist counterrevolution in the Soviet Union in 1939. Afterwards, the Soviet economy had no underlying advantages over traditional capitalism.⁹

Now we turn to the East European states. First of all, Comrade Bailey's statement that "all the East European countries eventually became major producers [in heavy industry], especially Czechoslovakia and East Germany" is a bit odd, since (as Bailey notes elsewhere) these two countries were major industrial producers before World War II. That aside, let us look at figures.

Suitable pre-digested comparisons are harder to find for East Europe. But we can combine two sources at the risk of some imbalance. Here we have to deal with total output rather than manufacturing alone, since this is what we can get our hands on. For the period 1951-65 we find that Japan increased its output at an annual rate of 9.6%, and Italy (to take a Western country at roughly the level of the USSR) grew annually at 5.5%.¹⁰

As for the Comecon countries, as a whole they had an annual growth rate of 8.4%, while individually they ranged from Rumania's 9.9% to Czechoslovakia's 5.6%.¹¹ Whatever these very similar figures may be worth, they surely indicate that post-war Stalinism did not expand "at rates unknown in the capitalist world."

Our analysis is not complete unless we look at the movement of these growth rates over time. Economic growth in West Europe and North America has declined (unevenly, of course) over the past two decades; that is one of the signs of the resurgence of the crisis of capitalism temporarily concealed during the post-war period. But the same is true of East Europe. Three different calculations for the average annual growth rate in East Europe for the 1970-77 period yield estimates of 6.4%, 5.7% and 3.6%.¹² Needless to say, none of these compares favorably with the figures for 1951-65.

Since the late 1970s it is well known that the Stalinist economies have declined further, with Poland and possibly other countries achieving negative growth rates for a time. Yugoslavia boasts world-class figures in unemployment and inflation, and Rumania suffers perennially through wartime-like shortages of energy and consumer goods. The workers' movement of 1980-81 was triggered by such economic conditions. The same causes will lead to more such revolts.

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9. See "Planning and the Law of Value in the USSR" in Socialist Voice No.20. This is the first of two articles refuting the Stalinist state theory of (British) Workers Power and the Irish Workers Group.
 10. Calculated from Maddison, op.cit., Table B-1, Movement in Total Volume of Output 1870-1965, page 154.
 11. Calculated from Marie Lavigne, The Socialist Economies, Table 4.1, National Income, Annual Rates of Growth, page 127.
 12. Paul Marer, "Economic Performance and Prospects in Eastern Europe"; in Joint Economic Committee of the U.S. Congress, East European Economic Assessment (1981), Part 2, page 35.

In the Soviet case, the slowdown in growth has been similar. Figures supplied by the CIA (their overall trend matches official Soviet figures) show a slide from the near 6 percent average annual growth of the fifth and sixth Five-Year Plans of the 1950s to less than 3 percent for the late 1970s.¹³ In the 11th Five-Year Plan (1981-85) the rate of growth was even lower.

No Marxist can study the economic decline of the USSR and East Europe without seeking a materialist explanation. For our part we have analyzed it as resulting from the same laws of capitalist development discovered by Marx.¹⁴ We do not claim that the economic faltering of the Stalinist states is sufficient to prove that they are not (or in the case of the USSR, no longer) workers' states. Nevertheless, the facts have to be accounted for. Mandel, the most prominent deformed/degenerated workers' state theorist, customarily rationalizes such evidence by saying the cause is really the world economic decline, above all in the capitalist West.¹⁵ We would never deny the overall crisis of capitalism, but solely external explanations are insufficient -- as Comrade Bailey recognizes. The internal factors still have to be specified.

In our view, the initial surge in industrial development came not from the importation of any proletarian methods, and certainly not from the exploitative Soviet joint-stock companies, but rather from the intensified exploitation of the workers that their initial defeats at the hands of Stalinism made possible. This brutal exploitation led very quickly to proletarian revolts, and in fact it was the workers' uprisings of the mid-1950s that reversed the trend. They too were defeated, but nevertheless concessions were granted in order to stave off further revolts -- and these helped cut the margins available for accumulation. The relative attention given to consumer goods production in Hungary today is a proletarian gain, however distorted, of the workers' revolution of 1956 -- not of any supposed proletarian extension by the USSR in the previous decade.

THE STALINIST COUNTERREVOLUTION

Bailey correctly points out that a Marxist must approach any phenomenon with a theory, in order to reveal its essence. He is also right that the Marxist task is not simply to describe events through the theory, but to develop the theory as well. Any Marxist theory must develop -- it must have within it from the start the internal capacity for development -- because movement and change are inherent in all material phenomena. We will apply this methodology to the theory of permanent revolution, as does Bailey. But first we need to apply it to Trotsky's theory of the Stalinist counterrevolution.

In the 1920s, the Stalinists' policies were not consciously counter-revolutionary. Towards China, for example, they reflected the hesitations of a caste that placed decreasing confidence in the capacity of workers for revolution and consequently intervened abroad in increasingly disastrous ways. Trotsky at this time thought of the dominant wing of the bureaucracy as centrist, with Bukharin representing the main danger on the right. Bukharin's pro-kulak and slow industrialization policy, despite his own intentions, would have paved the way for imperialist penetration of the workers' state.

13. Joint Economic Committee of the U.S. Congress, USSR: Measures of Economic Growth and Development, 1950-80 (1982).

14. "Karl Marx and the World Crisis," Socialist Voice No.19, pp.24-26.

15. For example, "The Impact of the World Capitalist Recession on Eastern Europe," Intercontinental Press, July 14, 1980.

Stalin turned against this danger with his "third period" policy, featuring forced collectivization of the land to destroy the private property-based peasantry, as well as breakneck industrialization to build "socialism in one country" in defense against imperialism. The build-up required a massive growth of the working class and a severe drop in its living standards, to maximize the extraction of surplus value for reinvestment. It also produced severe economic problems throughout the 1930s. Politically, before Stalin could drop Bukharin and begin his adventurist industrialization, he had to decapitate the working class by eliminating its most advanced layer, the Left Oppositionists.

Bailey asserts that "although the Left Opposition was defeated, its call for the rapid development of industry through the planned economy was carried forward." (Page 11.) This is true only in part. Of course, the Opposition called for rapid industrialization -- but "its call" was different from Stalin's. Trotsky believed that the Soviet achievements reflected the tremendous motivation of a working class which had made a socialist revolution; as well, they confirmed the nature of the USSR as a workers' state -- a point we have already noted. That is all that can be deduced from the Trotsky quotation (from The Revolution Betrayed) which Bailey cites as evidence -- and which, moreover, says nothing about Stalin's alleged planning. Nor could it, for Trotsky believed otherwise.

The industrialization of the 1930s provided a powerful base for the growth of the nationalist bureaucracy. To build and manage this base it introduced a system of economic plans, notably the Five-Year Plans. But the word "plan" is deceptive. It has nothing to do with the conscious planning by the associated producers that Marx advocated. It is rather bureaucratic management from the top. As Trotsky commented in 1933, at a time when the madness had produced a major crisis: "The Soviet economy today is neither a monetary nor a planned one. It is an almost purely bureaucratic economy."¹⁶

Trotsky even called for a retreat from Stalin's adventuristic expansion and a "year of capital reconstruction" to replace the Five-Year Plan with a return to the market. "The present condition of the economy excludes in general any possibility of planned work."¹⁷

In order to deal with the crisis, the Stalinists turned to a policy of economic decentralization in the middle 1930s -- contrary to the myth accepted by Max Shachtman, Tony Cliff and many others. Independent ministries and subdivisions multiplied, competitive bargaining over plan assignments was instituted, hoarding of labor and resources (the opposite of planning) was ritualized, enterprises became legal personalities with the rewards for each manager and official tied to local performance.¹⁸ But it still occurred within the context of nationalized property and central control over foreign trade, both legacies of October.

16. "The Degeneration of Theory and the Theory of Degeneration"; Writings 1932-33, page 224.

17. "The Soviet Economy in Danger," Writings (1932), pp. 258-284. The quotation is on page 281.

18. A compilation of evidence is in our forthcoming book. Pending that, see "Planning and the Law of Value in the USSR," Socialist Voice No.20.

At the same time political centralization was intensified. The bureaucracy consolidated by means of the Great Purges, which eliminated all remnants of the Bolshevik revolution within the Party, the civilian apparatus of the state, the army and the secret police. As Trotsky remarked, the Bonapartist regime in a bureaucratically degenerated workers' state is an unstable, temporary thing -- like a ball balanced on the point of a pyramid, it must fall one way or the other. The bureaucracy can never rest easy with its usurped power.

Hence the workers had to be crushed, and that was the task of the "preventive civil war" (Trotsky's term) waged against the unarmed and demoralized proletariat in the middle and late 1930s, of which the purges were the surface reflection. The idea that the ball could balance in place for more than an historical moment, that class struggle could be paralyzed in a sort of suspended animation, was not that of Trotsky, the dialectical materialist, but of his later epigones.

Abroad, the Comintern went from a bureaucratic centrist force wavering between opportunism and adventurism¹⁹ to an instrument of unhesitating counterrevolutionary capitulation. The zigzagging ended. This was proved by its acts in the Spanish revolution, where it didn't just follow a false perspective on the basis of a conservative outlook, as in China in the 1920s, but now openly suppressed the fighting proletariat in the interests of imperialism. For over a half century now, Stalinism has held to its line of class collaboration with bourgeois forces, in normal times as well as revolutionary periods. Starting with Spain, the authority of the workers' revolution was used unwaveringly to engineer defeat after defeat.

The counterrevolutionary process peaked on the eve of World War II, when a new bureaucratic layer that had grown up under Stalinism replaced the old guard (even the Stalinists within it). Trotsky had noted that the Soviet Constitution of 1936 laid the legal basis for capitalist restoration. The formal culmination came at the Eighteenth Party Congress in March 1939. Here the triumphant Stalinist party sanctified the new social relations and openly dedicated itself to the new intelligentsia. Whereas the 1936 Constitution had symbolically deposed the proletariat in favor of the "whole people," now the Congress handed power to the new layer.

Dedicated to the building of "socialism in one country," the party made itself as the ideal accumulator of capital, the coherent, formally unified capitalist, operating through the state. But as Marx foresaw, when capital "seeks refuge in forms which, by restricting free competition, seem to make the rule of capital more perfect," it only succeeds in adopting forms which are "the heralds of its dissolution and of the dissolution of the mode of production resting on it." Rather than "socialism in one country" the bureaucracy had consolidated capitalism -- in a form bound and deformed by the proletarian heritage which it had negated but could not entirely erase.

In sum, gains made by the proletariat through its revolution were now used against the proletariat. There is nothing startling about such a conception for dialectical materialists. Capital itself is "dead labor" created by the workers and used to further exploit its creators. "The very product of the worker is turned into an instrument for his subjugation" (Engels).

19. See "The Lessons of Spain: The Last Warning," The Spanish Revolution, page 311; and "On the History of the Left Opposition," Writings (1938-39).

STATIFIED CAPITALISM

Marx insisted that the motivation driving capital forward is to "preserve the value of the existing capital and promote its self-expansion to the highest limit"²⁰ -- not simply to maximize the rate of profit. This drive, and the contradictions that follow from it, work out differently under different forms of capitalism as they develop historically. It is fundamental for understanding the capitalist nature of Stalinism and its role in the system as a whole.

In the case of pre-monopoly capitalism, maximizing the value of a given capital and maximizing its rate of profit are essentially equivalent, assuming that the capitalist invests the bulk of his profit in his own firm to increase its capital. This goal, however, cannot be achieved by all capitals at once: some capitals expand and others are destroyed as a result. Maximizing the value of individual capitals detracts from maximizing the total social capital because of this periodic wave of destruction, but the system as a whole expands while wiping out the weak inefficient capitals.

In the imperialist stage of capitalism, the interests of a monopoly firm often run counter to maximizing the profit rates of its individual branches or even of the whole firm. For example, introducing modern techniques in one branch may mean ruining operations in other branches of the same corporation. In such cases modernization will be held back (or undertaken abroad). In the extreme, imperialists will even allow their own national economy to run down for the sake of foreign investments and the security of their overall profits. Britain today shows the result of this policy, as do parts of the U.S., but the decay of imperialism is of course most apparent in the neo-colonial nations.

Under the developed and changed laws of motion governing the present epoch of capitalist decay, centralized ownership of capital often contradicts the motive of maximizing profit. The Stalinist statified model follows this characteristic pattern, with its own peculiar twists. Like Marx and Engels before him, Trotsky had accepted the theoretical possibility of a fully statified capitalism but held that the class struggle would make it historically unviable. He wrote:

"Theoretically, to be sure, it is possible to conceive a situation in which the bourgeoisie as a whole constitutes itself a stock company which, by means of its state, administers the whole national economy. The economic laws of such a regime would present no mysteries. ... Such a regime never existed, however, and, because of profound contradictions among the proprietors themselves, never will exist -- the more so since, in its quality of universal repository of capitalist property, the state would be too tempting an object for social revolution."²¹

Such a degree of statified property was never created by the bourgeoisie, as Trotsky noted. It did come about through the route of counterrevolution in a workers' state, as we will see shortly. Trotsky was also correct in saying that its laws would be no mystery, given a Marxist understanding of capitalism.

20. Capital, Vol.3, Chapter 15, Part 2.

21. The Revolution Betrayed, pp. 245-6.

Under Stalinism the social aim of production is to maximize the value of the state-owned national capital as a whole. This goal is fundamentally an extension to statified capitalist society of the overall capitalist motive: preserving and expanding the value of the existing capital. But it is modified by the Stalinist policy of autarky or self-reliance -- "socialism in one country." Ironically, the nationalist goal means that the society motivated for over fifty years by Stalin's slogan has been really operating under a program of "capitalism in one country." It operates in conjunction (and often at variance) with the narrower goals of local and sectoral bureaucrats; they seek to maximize the value of the firm or sector they are responsible for. That is the result of the economic transformation of the second half of the 1930s.

Cliff and others use the term "state capitalism" to suggest a "single-factory" economy with no internal exchange, and where the laws of capitalism have to be imposed from outside to the extent that they exist at all. Our term "statified capitalism" is meant to suggest that Stalinism is nothing but a distinct form of the state monopoly capitalism of our epoch, where the laws of motion as they have evolved historically do act as the system's internal drive. Capital accumulation on a solely national basis is so fundamentally contradictory that its distortions are even greater than those of decadent capitalism in its "traditional" forms.

The Soviet economy behaves according to Marxist laws of capitalist development because it operates under the law of value. In particular: labor power is a commodity, exchanged for money which purchases consumer commodities, which are in turn produced through the working of producers' commodities. Accumulation of capital through modernization is a necessity. Moreover, as Marx explained, it undermines the value of existing capital. These laws apply to the Soviet system as well as to any other capitalist society and they inevitably produce their lawful effects.

Take for example the anarchy that Comrade Bailey thinks is absent from Stalinism. We have already seen what Trotsky thought of early Stalinist planning. Things are no better now. Official plans do not meet their targets; moreover, they diverge in predictable and typically capitalist ways. Department I (producers' goods) always dominates Department II (consumers' goods); moreover, the divergence always exceeds the amount that is already built into the plan. As we have already seen, the rates of growth tend forcibly to decline. This, like under traditional capitalism, is a consequence of the falling rate of profit tendency that Marx analyzed. These are capitalism's laws of motion in operation.

Further, the crises of Stalinist economy are also lawful in capitalist terms. The inefficiency of bureaucratically managed economies, like the unregulated anarchy of traditional capitalism, ensures that there is continuous overproduction of capital goods (in the sense of the system's needs, not of genuine abundance). Comrade Bailey notes this fact (page 26), in welcome contrast to most deformed workers' state theorists. He attributes it to international competition, including overcapacity within the Soviet bloc itself. And it is certainly true that overproduction is most visible on the international scale in Comecon, an organization which is incapable of internationally coordinated planning. Each country "needs" its own steel mill, for example, making overproduction and shortage of supplies inevitable.

But as Bailey points out, it is methodologically wrong to bypass the question of a system's internal contradictions. Within each Soviet-type economy there is always competitive hoarding by individual enterprises, so that they can guarantee getting the materials needed for their "planned" targets. On their part, the central planners assign targets beyond the enterprises' known capacities, in the hope of forcing them to use secret illegal reserves. This back-and-forth game guarantees that supplies continue to be dispersed, wasted and hoarded. Gaps have to be filled outside of the plan, either through a black market, private production or foreign trade. The result is the unique Stalinist combination of overproduction and shortages.

Overproduction applies to non-capital goods as well; as Marx observed, you cannot have overproduction of capital without overproduction of commodities in general. As a Polish workers' representative said in 1981: "The government gives the workers directives, 'You must produce this much; you must work this long. This factory must produce this type of shoes, this style, this amount.' There is no concern about use value. The workers produce. The stores must stock the items. The people, however, refuse to buy. Then we end up wasting everything; money, material, human energy. For what? It doesn't serve any purpose."²²

The Soviet system's chewing up of use-values illustrates another Marxist law. The decay of capitalism in the West has produced mounds of fictitious capital not based on real production and genuine labor value. The same is the case under Stalinism. Why are the ruble and the other East-bloc currencies not convertible? It is not just because of the autarkic goals, for the rulers are now desperately seeking Western economic links. The currencies' real values, at international levels of productivity, are so low that free conversion would make them collapse. It is again the law of value at work.

The so-called "degenerated workers' state" functions in exactly the opposite way from a workers' state, which would strive to close outmoded plants as quickly as possible. New techniques would be introduced and generalized, and full employment would be maintained by the gradual reduction of working hours (not wages). Further, a genuine workers' state would by its very nature move towards the elimination of value over time (and therefore of profitability criteria in general) in favor of a new mode of production based on use.

Cliff, Mandel and Shachtman all believe that the Soviet system operates on the basis of use value, not value. But what does it really mean to say that in our time the law of value has been abolished? It means that consciousness, not blind law, determines production. It means that genuine planning is dominant -- not just the struggling efforts of the initial stages of a workers' state, and not at all the capitalist pseudo-planning that exists today in both blocs.

Such planning demands among other things a society of growing material abundance. For if goods are needed that are not produced, that means that nature and human economy are still well out of control. The law of value, in contrast, is simply an expression of the fact that scarcity exists. It explains how scarce goods are produced and allocated under the class divided conditions of capitalism. To say, as do the leading Marxist "experts," that scarcity exists in the USSR but that value has been superseded is to turn Marxism on its head, into idealism.

22. Intercontinental Press, May 25, 1981; emphasis added.

Other peculiarities of the Stalinist economy are accounted for by the law of value, together with our autarkic national capital approach. For example, why are enterprises allowed to operate unprofitably? Closing down a factory that still functions, even if inefficiently, would reduce the state capital's total value (and would also undermine the local managers). Thus few enterprises are ever forced out of business; an unprofitable firm can stay in production and get state subsidies -- that is, surplus value produced in other firms. Accumulation of new dead labor is sacrificed for the preservation of the value of old. And raising the overall rate of profit is sacrificed for the sake of preserving sections of the national capital.

Bailey does not explicitly reject the law of value for the Stalinist system, but he does not accept it either. He does draw conclusions about the outcome of the Stalinist system's drives: "The development of the nationalised productive forces had reached their limit within the boundaries of the Soviet Union alone." (Page 12.) And as opposed to Wohlforth and Mandel, he insists that this drive is internally based. Discussing the USSR's expansion after World War II, he says:

"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." (Page 17.)

But despite these generalities, he gives no indication at all of what self-movement and contradictions are supposed to drive the Stalinist economy. To say that it has reached its national limits and therefore has to expand abroad tells us nothing at all; it is true as well of every Western imperialist country. In his silence on this fundamental question of theory Bailey is in the same position as every other deformed workers' state theorist, although Bailey at least seems to recognize the need for what he fails to provide.

Stalinism points up the changing role of the nation and nationalism as capitalism changed. In its progressive stage capitalism created nation-states as its characteristic form, both to overcome feudal barriers and boundaries and give capital room to expand, and to protect the national capitals from foreign competition. But with the advent of a world economy, national economy became reactionary in general, and the goal of national autarky a reactionary utopia. International competition is far more deadly than in past epochs. For a backward nation to defend its own national capital, to preserve its own surplus value for building its own economy, more than formal independence is needed; it takes centralized state control over foreign trade, banking and credit, and large sections of production itself.

Many of the new nations arising out of anti-colonial revolutions moved along these lines but could not succeed in achieving real centralization. They could not overcome their subordination to imperialist domination. The one exception was Soviet Russia. Here the proletarian revolution, by destroying the political power of capital, achieved through nationalization an unprecedented degree of economic centralization. With the defeat of the proletariat by Stalinism the centralization decayed. Nevertheless the development of Soviet national capitalism based on harnessing the workers' achievements paved the way for further attempts at statified capitalism after the Second World War.

This is not the place to elaborate our own analysis of Soviet imperialism, which we have done extensively elsewhere.²³ We believe that it, unlike Bailey's elusive theory, explains both Russia's relations with the other Stalinist nations and the Soviet role as a rival and a prop for the stronger imperialisms of the West. Suffice it to say that there is an economic motivation for Soviet expansionism, although it is not an internal drive to export capital and thereby import surplus value, as it is for traditional imperialism. Because the Stalinist goal of national autarky is impossible, the Soviet rulers are forced to turn abroad for use values -- minerals, food, new technology -- to fill the gaps reproduced daily in their domestic economy.

As Comrade Bailey discusses, in the immediate post-war period the Russians utilized three basic methods of exploiting their allies: 1) outright looting on the (blatantly anti-Leninist) pretext of obtaining war reparations; 2) the joint stock companies previously described; 3) unequal trade relations with their satellites; for example, charging high prices for Soviet goods and demanding low prices for goods in return. It is hard to see how anyone describing these methods can avoid the term imperialist; Bailey limits himself to "systematic plundering" but leaves this phenomenon unexplained.

Of the three methods, the first two were essentially abandoned in the 1950s. In recent years another technique of economic domination has been developed, the so-called "joint investment projects" undertaken with satellite countries to develop the USSR's resources. The East European partners complain about the low interest rates they get for their investment, the high manpower costs they have to pay, in comparison with low Soviet rates of compensation, and their burden of compulsory hard currency contributions. The arrangement both maintains their dependence on the USSR and expands the USSR's national capital at its satellites' expense.

We stress that it is use values, not value, that the USSR wants abroad, in contrast to the values it seeks to build up at home. This is parallel to the privately produced consumer goods (the "second economy") within the USSR, a highly non-planned phenomenon tolerated by the authorities to fill in where the statified economy does not produce. Of course, all such use values have value, but this is not the criterion for choosing them. Losses can be tolerated in the effort to obtain the missing use values, as long as the overall result is to maintain the national capital and maximize its value. The need to import use values inheres in the USSR's organization of production; it is an inescapable feature of the system, not just a policy of the rulers.

Lenin described Czarist Russia as a major imperialist power even though it did not export capital significantly; on the contrary, it itself was the recipient of Western capital export. Yet Russia then exercised military, political and economic power over other countries and played a central role in propping up everything reactionary in Europe; in the early 20th century it was a bulwark of European imperialism. Stalinist Russia is fundamentally dissimilar, being founded on the overthrow of a revolutionary workers' state. But as a defender of imperialism as a whole and of its own narrow sphere of interest, it too stands as a major, if limited, imperial power.

23. "Imperialism and Soviet Imperialism," Proletarian Revolution No.24.

THE THEORY OF PERMANENT REVOLUTION

With this development of the theory of the Stalinist counterrevolution we now turn to permanent revolution. (This order is merely our method of exposition here. In practice we reached our theory of Stalinism in the process of developing the theory of permanent revolution.)

As Bailey notes, Wohlforth tries to analyze the expansion of Stalinism without starting from the theory of permanent revolution which is so evidently connected to it. By ignoring permanent revolution Wohlforth was inevitably led to revise it; he was "logically drawn along the path of Jack Barnes and Co. [the U.S. SWP] who want to throw out permanent revolution altogether." (Page 5.) We agree. It is our contention, however, that although Comrade Bailey does start out from the basis of permanent revolution, he fails to develop it correctly -- and therefore faces the same danger as Wohlforth, who in fact did go the way of Barnes. We hope to make the implications clear.

Bailey describes the theory of permanent revolution as Trotsky first presented it. He notes that the late-arriving Russian bourgeoisie was incapable of carrying out the bourgeois democratic tasks posed by the development of Russian capitalism; it could not overcome the impediments to the growth of industry and solve the agrarian question. Trotsky, in the face of Plekhanov's "orthodox" insistence on a bourgeois revolution led by the bourgeoisie, reasoned that only the proletariat with the support of the peasantry could carry through the bourgeois-democratic tasks in the process of socialist revolution. Trotsky also opposed Lenin's theory of the "revolutionary democratic dictatorship of the proletariat and the peasantry" as a necessary stage before the socialist revolution. Finally, Trotsky saw from the beginning that a Russian proletarian revolution could succeed only as part of an international revolution.

"Such was the power of Trotsky's analysis," Bailey writes, "that in practice the 1917 revolution followed the lines laid out in it to the finest detail." (Page 10.) This formulation is one-sided, as we shall see, but there is no doubt that all the two-stage theories, Lenin's revolutionary version as well as the orthodox ones, had been proved wrong.

But for all Bailey's thoroughness in delineating Trotsky's theory, he ignores two central aspects of it which are crucial for understanding permanent revolution in our day. These are 1) the development of the theory itself over time, as history -- the class struggle above all -- provided evidence for both corroboration and extension; and 2) the understanding of the antithesis to the growing revolutionary force of the proletariat, namely the increasingly counterrevolutionary development of the bourgeoisie. We will take up these points in turn and then apply them to the question of Stalinism's expansion.

Trotsky's original theory was, as Bailey says, thoroughly internationalist, centered on the international character of the socialist revolution. It was essentially a re-formulation of Marxist internationalism to incorporate the special situation of Russia. It was understood by Trotsky to be specific to the conditions of Czarist Russia and the limitations of the Russian bourgeoisie. Even after 1917, he did not raise permanent revolution as a perspective for revolutions abroad, in the sense of a clear-cut opposition to notions of two-stage revolutions in backward countries. Nor, of course, did Lenin. The term does not exist in the statements of Trotsky's Commissariat of Foreign Affairs. It did not occur in the debates of the early Communist International. Nor does the conception, even independent of the term.

However, during the faction fight against Stalin Trotsky was forced to defend the validity of permanent revolution for Russia in order to refute aspersions that he had undervalued the peasantry. As well, events after Lenin's death forced him to extend the theory to the world he now faced.

In analyzing the Chinese revolution in the middle 1920s, Trotsky opposed the "bloc of four classes" perspective and its corollary, the subordination of the Communists to Chiang Kai-shek and his bourgeois party, the Kuomintang. The Stalin-Bukharin bureaucracy, acting out its theory of "socialism in one country," hoped by this route to defeat imperialism in China and win breathing space for the beleaguered Soviet Union. For this bourgeois allies were needed, who would be frightened off by independent acts and self-organization of the working class, which Trotsky advocated. But Trotsky did not consciously apply permanent revolution to China until the late '20s. Then he argued that there was no possible bourgeois solution to the need for democratic rights, the land question for the peasants or the domination of China by imperialism. The workers' crushing defeat at the hands of Chiang in 1927, after the capitulation forced on them by Stalin's policy, gave negative confirmation.

Trotsky then extended the theory further. He applied it to Spain to counter the Stalinists' treacherous and now conscious subordination of the workers' movement to the bourgeoisie and imperialism. He espoused it as a world-wide perspective, applying, for example, to the fight for democratic rights of black people in the United States. He stated that there was no iron-clad barrier between the developed and undeveloped countries on this score.

Indeed, the theory applied to the world as a whole, a point that Bailey makes, but incorrectly (page 21). It also applies to our epoch as a whole. It is the theory governing not only our space but our time.

The modern world of capitalism in its epoch of imperialist decay is plagued with backward conditions. Bourgeois property is everywhere interwoven with older and more reactionary forms. The proletariat is still a minority in the world; the exploited masses include huge numbers of urban petty bourgeois and peasants. Yet only the proletariat, organized and developed in consciousness by capitalist production, can lead the revolutionary overthrow of all existing reactionary conditions. Only a revolution with an internationalist perspective can overcome the miserable conditions of small, backward and isolated countries. "Socialism in one country" can only mean a policy of holding the revolution back.

A factor of great importance, different from the conditions that shaped permanent revolution in its infancy, is the nature of the reaction that the revolution faces. In the 19th and early 20th centuries, Marxists saw the chief impediments to bourgeois democracy arising out of the leftovers of pre-capitalist society. But today these remnants are weak or non-existent in terms of content. Pre-capitalist property forms still exist in vast areas of the world but their essence has become that of dominant capitalism. (Even the 19th-century slavery of the United States was chattel slavery, a distorted feature of bourgeois property.) Trotsky recognized that the impediments to democracy came now not from pre-capitalism but from the decaying of capitalism itself, the imperialist form that it took in this epoch.

Permanent revolution, then, had become the expression of proletarian revolution in this epoch on the world scale. Without it revolutions would be bottled up in nationalist and reactionary strait-jackets and could not spread or even, except in the most partial and temporary ways, succeed in overcoming the conditions that people had revolted against. All these elements were clearly present in Trotsky's thought, although we cannot say that he had put it all together in a succinct scientific form. Stalin saw to that.

Trotsky did, however, fully clarify the second point that Comrade Bailey has left out: the bourgeois counterrevolution. In his discussion of Trotsky's early theory, Bailey shows that the bourgeoisie's incapacity derives from its entanglement with pre-capitalist forms of property. He points to the greater relative weight of the proletariat owing to the prominence of foreign capital in Russian development (page 7). But he stops short of the conclusion that this factor contributed to the bourgeoisie's fear of undertaking any challenge to social stability -- that, in fact, it helped make the bourgeoisie counterrevolutionary.

"Plekhanov obviously and stubbornly shut his eyes to the fundamental conclusion of the political history of the nineteenth century: whenever the proletariat comes forward as an independent force the bourgeoisie shifts over to the camp of the counterrevolution. The more audacious is the mass struggle all the swifter is the reactionary degeneration of liberalism. No one has yet invented a means for paralyzing the effects of the law of the class struggle."²⁴

That is, when the proletariat not only grows in weight but also goes into social motion -- when it becomes an "independent force" -- then all property is threatened, not just pre-bourgeois forms. No wonder the bourgeoisie runs from revolution. Trotsky went on to underline this conclusion in the Russian case:

"The masses can rise to an insurrection only under the banner of their own interests and consequently in the spirit of irreconcilable hostility toward the exploiting classes beginning with the landlords. The 'repulsion' of the oppositional bourgeoisie away from the revolutionary workers and peasants was therefore the immanent law of the revolution itself ..."

In sum, the threat of the masses led by the working class, and the consequent counterrevolutionary repulsion of the bourgeoisie, was not only the "fundamental" lesson of the 19th century but also the "immanent law" of the Russian revolution in the early 20th century. No development of permanent revolution can ignore so central a conclusion in coming to grips with subsequent revolutions.

PERMANENT REVOLUTION TODAY

We face the problem of extending the theory of permanent revolution to the situation where the working classes were defeated. This occurred in post-war Europe, and its consequences spread around the world inspiring setbacks everywhere. As well, the already weakened Trotskyist leadership was further disoriented and disintegrated by the turn in the class struggle.

24. "Three Conceptions of the Russian Revolution," Writings (1939-40), p.61.

Bailey recognizes the fact of the workers' defeats at the Stalinists' hands after World War II; he uses this to show that Stalinism is still counterrevolutionary. But he does not integrate these facts into the theory. And therefore he makes a grave mistake in analyzing events, even trying to correct Trotsky on a question where Trotsky was fundamentally right and was developing the theory of permanent revolution.

By the 1930s the Chinese Communists had abandoned their former base in the cities of China and had staked their hopes on the peasant movement in areas ruled by the Red Army. Trotsky foresaw a potential battle between the Stalinist army and the revolutionary proletariat when the army confronted the industrial workers in the cities. Bailey agrees with Trotsky that a class conflict could arise, and that "it would signify that the Left Opposition and the Stalinists [had] ... become hostile political parties, each having a different class base." (Page 18.) But he disagrees on the class nature of a Stalinist victory.

In a passage cited by Bailey, Trotsky said that such a victory would establish the state power of "a new bourgeois clique, some 'Left' Kuomintang or other." (Page 21.) This is essentially what happened. The Maoist armies finally swept over China, defeating the imperialists and Chiang Kai-shek in 1949 and subduing the proletariat. (Trotsky's only error was to hope that the workers would be under revolutionary Marxist leadership.) Bailey disagrees: he insists on calling the result a (deformed) workers' state, not a bourgeois state.

To show that Trotsky's "bourgeois clique" assessment was not just a momentary epithet, let us look more closely. For years the Maoist leadership had hoped for a deal with the Kuomintang: the bourgeoisie, with Communist aid, would carry out the bourgeois revolution. Stalin agreed. But by 1940 Mao came to realize that this wouldn't work. Chiang wouldn't even mount a serious fight against the Japanese takeover of China (another confirmation of permanent revolution). No longer was Mao's strategy "First the Kuomintang, then us." The Communist Party (CCP) would have to play the historical role of both bourgeoisie and proletariat. So it acted as the best defender of capitalist and landed property, in the areas it controlled as well as elsewhere.

The areas it controlled are especially significant. Amid all his quotations from Trotsky's writings on China, Bailey seems to have overlooked Trotsky's most prescient insight into the possibility of "deformed workers' states." There were already "soviet governments" in the large areas of China ruled by the Chinese Communist Party in the 1930s. These areas had a population of tens of millions and were administered fully by the Communists. They constituted a state in every essential way. In North China, the areas that the CCP had taken over by the late 1930s were extended, after the end of the world war, into the Communist state of China as a whole.

What then was the class character of this Stalinist state? Was it a workers' state, or in some sense destined to become so when the CCP conquered all of mainland China? And if it was, why did Trotsky not take note of so significant a fact?

The answer is that Trotsky did take note of the areas ruled by the CCP, and he rejected the idea that they could be considered proletarian or genuinely soviet -- because the working class was not in power. Here is what he wrote:

"The Stalinist press is filled with communications about a 'soviet government' established in vast provinces of China under the protection of a Red army. Workers in many countries are greeting this news with excitement. Of course! The establishment of a soviet government in a substantial part of China and the creation of a Chinese Red army would be a gigantic success for the international revolution. But we must state openly and clearly: this is not yet true.

"Despite the scanty information which reaches us . . . , our Marxist understanding of the developing process enables us to reject with certainty the Stalinist view of the current events. It is false and extremely dangerous for the further development of the revolution. . . .

"When the Stalinists talk about a soviet government established by the peasants in a substantial part of China, they not only reveal their credulity and superficiality; they obscure and misrepresent the fundamental problem of the Chinese revolution. The peasantry, even the most revolutionary, cannot create an independent government; it can only support the government of another class, the dominant urban class.

"The peasantry at all decisive moments follows either the bourgeoisie or the proletariat. . . . This means that the peasantry is unable to organize a soviet system on its own. The same holds true for an army. More than once in China, and in Russia and in other countries too, the peasantry has organized guerrilla armies which fought with incomparable courage and stubbornness. But they remained guerrilla armies, connected to a local province and incapable of centralized strategic operations on a large scale. Only the predominance of the proletariat in the decisive industrial and political sectors of the country creates the necessary basis for the organization of a Red army and for the extension of the soviet system into the countryside. To those unable to grasp this, the revolution remains a book closed with seven seals."²⁵

We note in passing that this passage refutes Comrade Bailey's assertion that "peasant armies have on numerous occasions taken power." (Page 19.) No, they take power for others, and in this historical epoch those others, if they are not the workers, can establish only capitalist relations of production. Although far from Comrade Bailey's purpose, his argument backs up the idea that Trotsky did "underestimate the peasantry," as both the Stalinists and the American SWP contend.

To think that Trotsky would agree that the present Stalinist states are workers' states in any sense is to assume that he overlooked a parallel "proletarian revolution" in China during his own lifetime. He didn't, and it wasn't. Trotsky knew that the proletariat does not win socialist revolutions by going down to defeat. Notice as well that Trotsky never conceived of a socialist transformation depending on Soviet contact, direct or indirect -- only on the proletariat.

The decisive point is this: the Stalinist victories represent not a deformed extension of the proletariat's permanent revolution, but instead an extension of the antithesis that Bailey overlooked: the counterrevolution.

25. "Manifesto on China of the International Left Opposition," in Leon Trotsky on China, pp. 476-480.

In this light, in the aftermath of the massive defeat that the world proletariat underwent in the World War II period, the theory of permanent revolution has to be extended. But not in the way Comrade Bailey proposes: he takes the workers' concrete defeats as abstract victories, albeit limited ones, so that Stalinism as a result of its counterrevolution against the workers is nevertheless able to carry out "progressive" acts.

What we must postulate instead is a corollary to permanent revolution. The bourgeoisie is still too reactionary to carry out "its own" democratic and national tasks. The proletariat is still the only class capable, through socialist/revolution, of carrying them to completion. But if the proletariat is defeated or decapitated and its threat to the "tempting" nationalized property is temporarily removed, then other sectors stemming from the bureaucratic middle class (vastly expanded during the post-war prosperity bubble) can seize the reins of power from the enfeebled bourgeoisie.

This is the essential law behind the wave of petty-bourgeois nationalist-led revolts in the colonial countries -- as well as the succession of Stalinist gains from Asia to Cuba. The whole period was made possible by the victory of the Stalinist armies over the proletariat at the end of the war.²⁶

Our development of permanent revolution is counterposed to Tony Cliff's "deflected permanent revolution," which postulates the victory of state capitalism "in the absence of the revolutionary subject," the proletariat.²⁷ Likewise it has nothing in common with the Pabloite extension and the view of deformed workers' states expressed by Michael Lowy:

"Such a possibility had obviously never occurred to Trotsky (or, for that matter, to any other Marxist), but it is not at all contradictory to the main theses of the theory of permanent revolution. Rather it demonstrates that Trotsky, and classical Marxism in general, underestimated the revolutionary potentialities and the political importance of the radical sections of the intelligentsia in the peripheral capitalist societies."²⁸

Both of these authorities are describing situations where the proletariat is "absent" or replaced by non-proletarian elements. They overlook that the proletariat first had to be defeated. The fault lies not in the workers' inability to rise to the occasion, as they would have it, but in the treachery of their mis-leaders. In the case of Cliff, it is the flip side of his patronizing "rank and file-ism" coin.

Bailey's version of permanent revolution runs into several concrete problems. For example: in his last writings, Trotsky regarded Stalinism as fundamentally weak, momentarily perched atop a monumental contradiction between counterrevolution and proletarian property forms. The "counterrevolutionary workers' state" was inherently unstable. He concluded that the USSR could not survive the coming war in that form. Either the world bourgeoisie (or the Stalinist bureaucracy as its agent) would overthrow the foundations of the workers' state, or else the workers would reassert their own power and overthrow the usurping bureaucracy.

26. See "What Are the Communist Parties?" in Socialist Voice No.3.

27. "Permanent Revolution," in International Socialism No.12.

28. The Politics of Combined and Uneven Development (1981), p.159.

As is well known, Trotsky's prognosis was faulty. The USSR did survive the world war in the same form. Also, Stalinism expanded into East Europe and Asia, and the Communist Parties greatly increased their influence in Western Europe. Bailey attributes the workers' state's survival to the inability of the imperialists to unite against it (as Trotsky had expected them to). Here he forgets his own criticism of Wohlforth for providing only external explanations. Trotsky had posed also an internal reason for expecting Stalinism to collapse: the tottering weakness of bureaucratic caste rule. Bailey can't make Stalinism's survival, much less its expansion, jibe with this view of Stalinism. So he has no choice but to drop it.

Further: Stalinism emerged from the war with unexpected strength that enabled it to collaborate with imperialism, seize the leadership of the workers and colonial peoples and hold back their struggles from within. The basis for this resilience was the triumphant counterrevolution that gave the bureaucracy class power and its own national capital, enabling it to serve as a shareholder and bulwark of imperialism as a whole.

Capitalism had been reeling at the end of the war and frightened of the impending workers' revolution. The workers' defeat enabled the West to recover with the U.S. at its helm, and it was able to risk reviving West European industry. Resurgent imperialism owed much to its Stalinist prop, but Stalin was no longer needed. The Cold War was inspired by the hope of getting a share of East Europe too.

Bailey, in correcting Wohlforth's discounting of Stalinism's internal drive to dominate East Europe, underrates the Cold War drive of the West. Imperialist encirclement is critical for understanding the forms that Stalinism's drives have taken. The two form a reciprocal relationship, a symbiosis.

Bailey correctly observes that the Stalinists did not nationalize property in East Europe until after the workers' uprisings had been crushed with the aid of the resurrected bourgeoisie (pages 14,15). Had the Stalinists allowed the nationalization of property when the workers were on the move just after the war, they would have had to fight an aroused working class for state power. In China they moved to thorough-going nationalization only in the mid-'50s, when the workers had been contained. In Cuba it was only after the workers' leadership had been brought under the control of the CP, not before, that the remaining bourgeois were ejected from the state apparatus and the economy overhauled. As with the objectively pro-imperialist Bukharinists in the USSR, only when the workers had first been defeated could they afford to dispense with the traditional capitalists, the bourgeoisie.

With these victories Stalinism stood astride its territory in Europe and Asia like an unshakeable colossus. But it was being eaten away from within by the concessions it had to make to the workers (as well as the "profound contradictions among the proprietors themselves"). It was destined to be hit with the renewal of capitalist crisis sooner than even the weakest imperialists of the West; above all, it had repeatedly to face insurgent proletariats.

Trotsky's prognosis of Stalinism's weakness, therefore, turned out not to be entirely wrong after all. He didn't see the completed counterrevolution that made its temporary strengthening possible. But he fully understood the fearful fragility -- once the proletariat revived as an independent power -- of any statified capitalist system.

With this understanding we can see why the USSR does not want more Cubas as drains for its subsidies or as challenges to the far stronger imperialism of the United States. And we can also understand why the Nicaraguan Sandinistas, as would-be Stalinists, insist on maintaining their "mixed economy" and defending the hated, pro-contra bourgeoisie: because to eliminate it would remove one of the props on which their Bonapartism rests. As well, the resulting state-owned property would provide the very "tempting" object for the still undefeated proletariat that Trotsky spoke of.

Now that the mortal crisis of our epoch has wiped away the imperialist revival that fed on the workers' defeat, the middle classes are crumbling, polarizing between the major class forces, bourgeoisie and proletariat. The illusion in nationalist capitalism, temporary but nevertheless materially based, is evaporating. The petty-bourgeois nationalists, Stalinists and reformists try to grab onto the coattails of the imperialist bourgeoisie. Their revolutions no longer even pretend to move to the "second stage" of socialism, not in the face of the reviving proletariat.

THE REVOLUTIONARY PARTY

The conception of permanent revolution presented here explains the period in which Stalinism (and its petty-bourgeois imitators) were dominant. It enabled us to understand the fragility of Stalinist economies when other theories still believed them to be strong. It allowed us to foresee the course of the petty-bourgeois nationalists once the economic crisis reasserted itself and the proletarian struggle revived on a world scale starting in 1968. It compels us to maintain the centrality of the proletariat for socialism, as well as the necessity of the vanguard party and the Fourth International.

On this subject, Bailey writes: "Only through the dialectical movement of theory in conjunction with the practices of the world Trotskyist movement can the living struggle be understood. The highest point of our struggle is the fight to reconstitute the world party of Trotskyism." (Page 31.)

This sentiment is entirely correct, but it is unsupported in its context. Bailey has spent an entire document ignoring the revolutionary party. The Bolshevik revolution carried out Trotsky's theory "to the finest detail," we are told. But what about the detail of the Bolshevik party? That essential contribution was absent from Trotsky's theory as it was first formulated and as it stood into 1917. Only through the process of the revolution did Trotsky come to see that Lenin (whose understanding had been developing, through contradictions, over time) had been right on this vital question. This change helped correct the theory of permanent revolution, for now Trotsky understood that the independent power of the proletariat resided not only in its movement but in a new kind of vanguard leadership as well.

Bailey's version imagines the "proletarian" revolution spreading without a revolutionary party. He has revolutions in East Europe resting on not any revolutionary leadership but on counterrevolutionary Stalinism and a defeated proletariat. He sees a similar overturn in China achieved by an anti-proletarian army which, in Trotsky's projection, could create only a bourgeois state. "There will never be a repeat of the 1917 Russian Revolution," Bailey writes (page 30). What this appears to mean is that, because of their implied connection to the Soviet Union and its nationalized property, all Stalinist revolutions (and occasionally others) are necessarily proletarian. Thus throughout the article, the permanent revolution marches down the hallways of post-1917 history, without any conscious agent acting to carry it out.

In different forms, this is the idea that many Pabloites (notably the SWP/USA) have accepted because, under the cover of an objective process, it gives them the chance to tail very subjective petty-bourgeois nationalists riding on the backs of peasant forces.

Bailey is not pleased with the implications that emerge from his theory; he recoils from them. He is an anti-Stalinist who knows that Stalinism cannot bring communism:

"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." (Page 31.)

Democracy is impossible for Stalinism because it would pose the end of the nation state, the bureaucracy's base. But look what Stalinism can do: it ousts the bourgeoisie from state power and replaces it with a form of workers' state. That is, it makes the socialist revolution on a national basis, creating the proletarian dictatorship. (Remember that Lenin and Trotsky insisted that the Russian revolution was a socialist revolution, even though it had been isolated nationally.) To achieve full socialism what remains is the international expansion and unification, and that, according to Bailey, is the workers' democratic task.

Oddly enough, this amounts to a sort of permanent revolution in reverse: only the proletariat can complete the socialist revolution by carrying out unfulfilled democratic tasks that are beyond the capacity of the Stalinists! A strange reversal of the proletarian role indeed. And it is even stranger to think of internationalism as a democratic task.

It is also a two-stage theory. The revolutionary Trotskyist party that Bailey calls for seems to be necessary only at the second stage, for the democratic and international revolution -- after the mere proletarian tasks have been accomplished by petty-bourgeois Stalinism. Given the frequency and ease with which revolutions have been made by non-proletarian forces since the last war, the logic is that the building of proletarian parties can be postponed. Bailey argues that a Trotskyist vanguard is necessary to combine the socialist revolution in the West with the political revolution in the East. In his scheme, however, this is merely the preferable way to proceed in the West, since Stalinism can also carry out the immediate task of social revolution. Bailey says Trotskyism is necessary. But his logic says otherwise.

It has often been asked (by Trotsky among others) what different programs are inherent in opposing theories of the Stalinist state. We cannot be sure in the case of Bailey, since his article does not take up the question of program in detail. But some inferences are possible. For example, judging from what we have seen, the "political revolution" he calls for is primarily democratic. He specifies that "democratic control of the means of production" is the main thing Stalinism cannot allow. For us, on the contrary, the revolution must be social: it must destroy the Stalinist state apparatus, not just reform it; it must centralize economic control under democratic supervision, not decentralize it further; it must extend itself internationally to centralize the world economy, in order to overcome the capitalist barriers to the advance of the productive forces. The best framework for this would be a centralized council of soviets (in the sense of 1917: workers' councils). But the necessary guiding force is the democratic centralist revolutionary workers' party.

We mentioned at the beginning that we feared that Comrade Bailey's line of reasoning pointed to a third-form-of-society theory, a conclusion that has come to be called Shachtmanism. Now we can elaborate. It is often forgotten that Shachtman's third-camp theory did not originate the way it ended up, when he labeled "Communism" a greater menace than capitalist imperialism. At the start, shortly after their break with Trotsky and the Fourth International, the Shachtmanites held an "intermediate" third-camp theory. The USSR was "bureaucratic collectivist," a new form of society inferior to socialism and in no way transitional to it. Nevertheless, because of its collective form of property, bureaucratic collectivism was progressive over capitalism.

Now look at Comrade Bailey's theory. He describes "deformed workers' states" which come to power by counterrevolutionary acts against the proletariat combined with revolutionary overthrows of the bourgeoisie. Their Stalinist rulers rest on nationalized property, a form which Bailey describes as intermediate between the individual property of the bourgeoisie and the socialized property tied to international planning of the proletariat (page 24). Nationalized property appears to be no longer a proletarian property form (as it was for Trotsky and is for us, since it is a stage on the road to socialism that only the proletariat can achieve on an overall basis). Only international "property" is proletarian.

Do not the Stalinist states appear to stand halfway between bourgeois and proletarian states? They are revolutionary with respect to one, counter-revolutionary with respect to the other. Their property form is intermediate. They are therefore an intermediate, relatively progressive, third-camp system. The name "workers' state" is just an unfortunate historical hangover.

As well, Bailey's attachment to "political revolution" is at risk. It will be hard to maintain the idea that internationalism requires simply a democratic or political transformation, when the task he poses is a fundamental change in property (from national to international). He would logically be forced to conclude that a social revolution is necessary. This clarification would also undermine the proletarian character of the Stalinist states, since their property form is not genuinely proletarian.

Our conception of permanent revolution rejects the notion common to Shachtman, Cliff and Pablo that the program to fight Stalinism is democracy. For us, in the Stalinist states as well as all others, the proletariat will carry out the democratic tasks in the course of its socialist and internationalist revolution.

Bailey is not the first "deformed workers' state" theorist to hold what is coming all too close to a third-camp theory.²⁹ The problem with it is not just its theoretical inaccuracy but its political consequences. It subordinates the workers and undermines the struggle for the revolutionary party.

29. Westoby, for example (in his subsequent book Communism Since World War II) already has one; so, almost, does the Socialist Organiser Alliance, of Britain and the Australian Socialist Fight group (see "Max Shachtman Rides Again!" by Paul White, issued by Workers' Revolution, our fraternal Australian group).

Many former revolutionists, groups and individuals, have abandoned the struggle for the revolutionary party. Most of them postulate intermediate stages (or states) on the road to socialism, stages that do not require the difficult work of party building. The Maoists and Stalinists (Shachtman too, at one point) have their intermediate democratic stage; the "Trotskyists" buried in the Labour Party have their parliamentary stages; "third-world" socialists have their national-democratic stages

Bailey has his deformed proletarian stage, and unlike the others he has not surrendered the revolutionary party. But the two conceptions are at loggerheads. Theory cannot long hover between the illusory attractions of middle-class planning notions and proletarian impulses. One must win out; he must inevitably reject the other. The aim of this document has been to convince him, and those that think like him, to defend the struggle for the proletarian party by rejecting conceptions alien to it.

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