

THE BULLETIN
OF
MARXIST
STUDIES

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THE BULLETIN OF MARXIST STUDIES

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THIS ISSUE

The present issue is rather larger than was originally planned, but it was felt that all of the material should be included because of the import and interest of all the items.

Certainly, the article on the international monetary system is most topical and apposite to the situation that has obtained over the last few months. All the signs are that the monetary crisis although it has been allayed cannot have been said to have been settled. One rather clear lesson has emerged from this crisis, and this is that although the capitalists can partially overcome certain problems inherent within the system they are unable to escape them completely.

The discussion on the role and nature of the Fourth International we believe is one that is intimately linked with many - indeed most - of the problems facing revolutionaries. It is in this sense that we welcome David Fernbach's contribution, without agreeing with his conclusions. We said in our first issue that one of the aims of this journal was precisely to initiate discussion and the exchange of views. Therefore we are carrying out what we set out to do. The pages of the Bulletin are always open to those who have a serious contribution to make, despite the fact that we, as editors, may not be wholly in agreement with some of them.

The item on Sects and Groups follows very closely our concern with this question, which was explored in our first issue. Since it is related to a concrete situation - France May/June 1968 - we feel it extends our own analysis.

The reprint of the Rakovsky article serves two functions. Firstly, it presents to readers an item that is not readily accessible. Secondly, and more important, we consider that it throws light on some of the questions that need to be examined by all those who are concerned about the developments within Eastern Europe and the Soviet Union. The nature and origins of bureaucracy in transitional regimes is one that all who are socialists should be concerned about. The notes on alienated labour and political economy, together with the item from Czechoslovakia both help throw light on this question. We shall be returning to this problem in our next issue.

AN APPEAL

Once more we return to the question of finance. Although there has been a good response to our appeal in the last issue, we still need more money and more subscribers. For any socialist journal this is a never ending battle, and particularly so with new and relatively unknown ones. One of our readers wrote saying that "When I first heard of your venture I thought 'not another paper', but having seen it I have modified my views." This has been the reaction of many people, who once they have had a chance to read the Bulletin have become enthusiastic about it. Therefore we would appeal to all our readers to make sure that as many people as possible see and read the Bulletin. And if you do have that odd bit of spare cash lying around (!) make us your favourite 'charity' for the new year.

THE TIMEBOMB IN THE ENGINE ROOM

International Liquidity and the Crisis of Imperialism

by Ken Tarbuck

The problem of international liquidity (+) has been the grumbling appendix of imperialism for a number of years now, one that has been nagging and insistent. With the devaluation of the pound sterling last autumn it seemed to be in imminent danger of assuming unmanageable proportions. Therefore it is necessary to analyse what this means and the possible consequences.

A significant indication that this question was reaching crisis point was that in the year 1966 no new gold was added to world (i.e. capitalist world) reserves. The January 1967 Economic Letter of the U.S. First National Bank pointed out that this was the first time in modern times that this had happened. All the new gold that came onto the market went into the hands of private speculators or was used for industrial purposes. The letter said "...during the first nine months of 1966 official gold stock, as published, actually declined by some \$50m., as compared with a gain of \$250m. in 1965." From 1955 to 1964 the average growth of official gold stocks each year was in the order of \$600m. Since 1966 official gold stocks have actually declined (1). "The situation became dramatic when official stocks of gold after the devaluation of the pound lost over \$3,000m. to private speculators." (2) The largest loser of gold has been, of course, the United States, which had \$23,000m. in gold reserves in 1957, but today this has sunk to \$10,000m.

To understand the full significance of all this it is necessary to retrace our steps a little and examine how the present international monetary system came into being. Upto the early 1930's there operated in most countries what was known as the Gold Standard. This was the system whereby the amount of currency in circulation was in a ratio to the quantity of gold held, and gold was also used to settle outstanding international debts. Therefore when a country had a balance of payments deficit and it lost gold from its reserves there was supposed to be an automatic reduction in the amount of money in circulation, and ultimately there would be deflation, unemployment, decreased imports etc. (X)

Because of the great slump in the early thirties, Britain and nearly all other capitalist countries went off the Gold Standard and there ensued a period of floating exchange rates and devaluations in a period which was dominated by what Joan Robinson has aptly described as "beggar my neighbour

+Liquidity can be described, briefly, as command over money or near money, i.e. those assets that one's creditors will accept in payment for a debt, or that one can easily turn into money. For instance if one holds a bill of exchange that is due to be paid to you in three days time this is much more a liquid asset than a bill that is not due to be paid for twelve months. In this sense international liquidity is the reserve of 'money' that is available in the capitalist world that is acceptable for international debt settlement. It is a very important element within the system, because it partially regulate the flow of trade. X see appendix for definitions.

policies."

After the second world war there was devised what is known as the Gold Exchange Standard. Under this system the only country whose money was directly related to gold was that of the United States. (*) However, all currencies are now linked together via the dollar, and gold. The U.S. Treasury set the price for gold at \$35 per ounce in 1934, and has not increased this price since. Therefore there is now a system where the rest of the capitalist world currencies are only indirectly linked with gold, and this for international purposes only, since exchange rates are quoted in dollars or gold. But for internal usage the limits put upon the quantity of money circulating by the old Gold Standard no longer obtain. An integral part of the Gold Exchange Standard is that the dollar and sterling have played the role of key or reserve currencies, in other words they were accorded a special status, but it should be noted that as far as sterling is concerned this has been by courtesy of the U.S.

Due to the greatly expanded world trade since the end of the second world war there is no longer sufficient gold supplies to maintain an adequate reserve. World trade itself has grown at a staggering pace in the post-war period, more than trebling in the last twenty years, and more than doubling over the last ten. (3) Between 1950 and 1966 world trade increased at the rate of $7\frac{1}{2}$ per cent per annum, gold stocks by less than $1\frac{1}{2}$ per cent. This led to an extension of the use of the two key currencies, particularly of dollars, as reserves. Central banks have been willing to hold these two currencies as part of their reserve. Since both are on the Gold Exchange Standard this has meant that in theory both could be regarded as being as 'good as gold'.

This was fine so long as both currencies were strong. But one of the major problems has been that sterling has not been strong. Given the high ratio of liabilities to reserves (running at approximately 4-1 since 1945, as against 1-1 before the war) it has meant that the British contribution to international liquidity has been declining, and an unstable element. Similarly the decline in United States reserves has been matched by a rise in its liabilities to overseas creditors. In the period 1957 - 68 these liabilities rose from \$10,000m. to \$33,000m. (4)

The Gold Exchange Standard was able to function quite well so long as all the capitalist countries outside the U.S. were short of dollars. These were needed to buy goods and capital equipment which in the immediate post-war years only the U.S. could supply. During this period dollars were eagerly sought after, and the U.S. had a surplus on its balance of payments. The situation began to change in the mid-fifties when the boom in Western Europe and Japan really got into its stride. These areas began to build up large dollar balances, and the U.S. found itself running into balance of payments difficulties. In some respects there is a similarity between the United States and Britain's problems, but they are more apparent than real. The U.S. has a favourable balance of trade, i.e. it is still selling more overseas than it imports, its balance of payments deficits arise from

* There are moves afoot to dispense with this link now.

other sources. (There is some indication that the balance of trade may turn against the U.S. this year). The British problem is that along with some of the factors that relate to the U.S. it also has an unfavourable balance of trade, i.e. it imports more than it exports. This has been usual for Britain historically.

The deficit of the U.S. has two aspects. On the one hand it is an expression of the increasing strength of its competitors. On the other hand it is an expression of its still great superiority in economic and technological terms. The U.S. has still a favourable balance of trade as can be seen from the following -

Export of goods	\$16 billion	1958
" "	\$26 "	1965
Import of goods	\$14 "	1958
" "	\$21 "	1965 (5)

Goods and services

Imports	\$26.99 billion	1967
Exports	\$30.47 "	" (6)

Where does the deficit come from then? From two main sources, overseas investment and military expenditure overseas. In much the same way as Britain, the U.S. has increased its overseas investments tremendously since 1945. The value of this investment has risen from \$19 billion in 1955 to well over \$50 billion in 1966. (7) The reason for this is not hard to find, it has been estimated that the rate of profit for overseas investment for U.S. corporations is 15 per cent as compared with 10 per cent at home. Moreover, this capital export helps maintain sagging profits rate at home, i.e. all things being equal, if the capital exported were to be invested at home it would further depress the existing rate of profit. Military and other U.S. government overseas grants amounted to \$3.4 billion in 1965, in the same year the net private overseas investment was \$3.7 billion. In that year the U.S. had a balance of payments deficit of \$1.4 billion.

Similarly, Britain has increased the export of capital on a great scale since the end of the last war, the latest estimate puts it at £6,000m., and the latest total for British overseas investment is now estimated to be in the order of £11,500m. . (8)

However, certain factors have to be noted about this. Investment income for 1950 was gross £271m., and net £159m. . By 1961 these figures were £676m. and £252m. respectively. (9) This would seem to be a healthy trend. But net property income as a percentage of means of payments for imports declined from 14 per cent in 1950 to 6 per cent in 1961, i.e. although the total amount has increased the specific weight of this item in the balance of payments has declined. (Historically the decline has been much greater, in 1913 this item accounted for 25 per cent). (10) Another element has to be noted, this is the increase in the Government Account in the balance of payments figures; in 1950 this stood at £136m. , by 1964 it had swollen to £439m. In this way both of the major imperialist powers have a common pattern, i.e. rising foreign investment, rising overseas military expenditure, and continual balance of payments deficits. Military expenditure overseas has been a big factor in both cases. The British government deficit on current account, i.e. the amount it spends

overseas less any amount of income from such activities, rose from £67m. in 1955 to £273m. in 1966, there being some reduction in 1967 to £258m. (11)

Although there is no close correlation between capital exports and overseas military expenditure in the sense that the two items do not necessarily take place in the same countries, it is obvious that the intensity and extent of the colonial revolution since 1945 must account for a large part of overseas military expenditure. Therefore, it can be seen as a necessary cost - in an overall way - for the maintenance of overseas investments. This is why both the U.S. and Britain have been putting pressure on their allies in recent years to share some of the cost involved.

II

I said earlier that the deficit of the U.S. was an expression of its own superior economy and the relative strengthening of its capitalist competitors. This can be explained in this way. The large dollar reserves accumulated by Western European countries are an indication of their recovery from the prostration of the immediate post-war years and their increasing role as competitors. The contradiction arises because the dollar reserves are only one side of the coin, the other side is that these reserves represent a large penetration of U.S. capital into Western Europe. In 1957 there was approximately \$500m. U.S. investments in Western Germany, by 1965 this had risen to around \$2,400m. Since 1958 U.S. investment in Western Europe as a whole has been over \$10,000m. which represents more than a third of the total U.S. overseas investment in that period. In Britain, in 1957 U.S. investments stood at a little under \$2,000m., by 1965 this had risen to \$5,000m. (12) What has been taking place has been a massive invasion by U.S. capital and the taking over of some dominant sectors in some industries. For instance, in Britain 80 per cent of the typewriter industry is owned by foreign based companies, mainly U.S.; 50 per cent of the British automobile industry is now controlled by U.S. firms. In the field of computers, a key industry in the development of modern technology, the industry is becoming dominated by U.S. giants such as I.B.M. In the field of electronics, U.S. companies hold a dominating place in all Western Europe. One writer has put the position in these terms - "Fifteen years from now it is quite possible that the world's third largest industrial power, just after the United States and Russia, will not be Europe, but American industry in Europe." (13)

This invasion, and dominance, is one of the major questions at the heart of the 'liquidity dispute'. The French have been the most vocal and persistent critics of the large American deficits, and until this year had been converting their dollars into gold. They were not the only ones, most of the other Western European countries have been doing the same, but without such fanfare. Hence the steady decline in U.S. gold stocks. There are two aspects to this resistance to U.S. capital inflow. Firstly, there is the fact that the Europeans have been largely paying for this themselves. Only ten per cent of the \$4,000m. invested by U.S. firms in Europe in 1965 came from direct transfers from the U.S. (14) In other words by holding large amounts of dollars the West European countries help to finance the U.S. balance of payments deficit and indirectly U.S. investments in their own countries. The second aspect is the fear that vital parts of the economies will be completely subordinated to U.S. interests. The problem here is that there is a fear that in the event of a general recess-

sion it will be European subsidiaries that will suffer cut backs, rather than the U.S. parent company; and also that research will more and more be concentrated in the U.S. and Europeans will become even more dependent than they are today for technical advance. Given the fulfilment of the above projection it would mean the transformation of Western Europe from a position of relative vassalage to one of absolute dependence. De Gaulle's 'anti-Americanism' is therefore far more than the whim of an old man. (In the same way the French attitude to British entry into the Common Market can be viewed not as something irrational but because they see Britain as the Trojan horse of U.S. imperialism).

The accumulation of gold has led to an intensification of the quest for a settlement of the liquidity problem. At the moment the large dollar balances that have accumulated in Europe and the rest of the capitalist world have helped to lubricate international trade. These dollar reserves also have the advantage of earning interest, since they are largely held in the form of short-term U.S. government bills. The exchange of these into gold means that no interest is earned. Therefore the larger the amount of reserves held in gold the larger the amount of capital that is frozen and unremunerative.

At present the official gold price of \$35 per ounce - fixed in 1934 - is one of the big disputes within the liquidity problem. The U.S. was until recently willing to buy or sell gold at this price to any non-American citizen or government. However, since this is a fixed price it means that because of inflation the value of gold in real terms has declined over the years. In this situation where large holdings of dollars have accumulated with overseas creditors it has entailed a transfer of value to the United States, i.e. the longer you hold a dollar in a situation of rising prices the less you will be able to obtain for it. The French, and others, have been arguing that one solution to the present shortage of international liquidity would be to increase the price of gold, even suggesting \$70 per ounce would be a proper price today. In effect this would mean a devaluation of the dollar and all other currencies in relation to gold. This the U.S. has strongly resisted. One reason for this opposition is that at present the U.S. dollar is probably over valued in relation to other currencies (15) and any tampering with it would probably entail this being corrected to the further detriment of the U.S. Along with the suggested price increase for gold there has been great pressure put on the Americans to reduce their balance of payments deficit, since it is argued that these continual deficits have an inflationary effect upon the rest of the world economy. Of course behind these arguments is the dispute about power and U.S. hegemony.

The uncertainty engendered by these discussions explains the disappearance of gold into private hoards, the speculators were hoping for a price increase and so make a 'killing' when they unloaded it back onto the market, or back to the U.S. Treasury.

When sterling was devalued last November (1967) the pressure on the gold market became very great indeed. Therefore earlier this year there was a hurried compromise reached between the U.S. and the other central banks of the capitalist world. This compromise in effect decided that there would be two prices for gold. The first was the old rate of \$35 per ounce at which the central banks would buy and sell gold to each other, but not to private speculators; the second price would be a free market price which would be determined by supply and demand on the world market. This decision helped to ease the sit-

uation somewhat, since the free market price for gold rose above the fixed price and some of the speculators unloaded their gold taking a much more modest (but still considerable) profit than they had anticipated. However most commentators agreed that this was only a temporary measure.

Alternative ideas for increasing liquidity have been circulating for a number of years now. One that both the U.S. and Britain favoured seems to have won out in the end. This was ^{that} the International Monetary Fund should create new international reserve units which would be acceptable to all countries in the settlement of debts. The crucial problem of such a plan is who is to control the creation of this new unit, and how will it be distributed and on what terms?

The whole point in having reserves is to enable one to continue buying when one's income is reduced, or when one wants to buy more than current income will allow. If the I.M.F. is to control the use of such reserves it means that it will be able to dictate economic policy to those who wish to borrow. This in fact has been happening already, particularly with the underdeveloped countries. Since those who put most into the fund also get the most say, this has in effect meant that America has controlled the fund. On the one hand America has been following a policy of deficits for itself, paying its creditors with paper dollars; on the other hand it has, through the I.M.F., been forcing the small fry of the world (including Britain) to adopt deflationary policies when they run into balance of payments problems. Therefore the U.S. has been getting the best of all possible worlds. Should a new international unit of money be created which has been cut off from its gold base the stage will be set for the complete domination by the U.S., and an orgy of inflation. This is what the other capitalist powers are afraid of.

However, the urgency of the situation was becoming evident some two years ago. The editorial of the Financial Times of January 3rd 1967 said "The pressure on gold supplies in general ... and the possibility that it may increase makes it even more urgently necessary to agree some means of stretching these supplies to support the continued growth of world trade." Further on, talking about the conflict between the U.S. and France it said "...it may be necessary to devise some compromise scheme in which composite units are created for use as a supplement to gold in international settlement." This compromise was in fact reached at a meeting of the I.M.F. in September 1967. Then a scheme was agreed to create Special Drawing Rights (SDR's). SDR's have been said to be some kind of new international currency, and their creation was trumpeted as a solution to the liquidity problem. However, on closer examination their real value is much more limited. Member countries will be able to pay off external debts by transferring their claims on the Fund to other nations. In this way they are a form of overdraft to which they will be entitled to over and above their normal quotas, which depend upon their contributions to the Fund. Therefore the ability of the I.M.F. to create SDR's will depend upon the amount of gold and national currencies it holds, in just the same way as any commercial bank is limited in the amount of overdrafts that it can grant by the amount of reserves it holds. In both cases there is a definite ratio. Even when SDR's become fully operative in 1969 they will only be creating new reserves at rate of 1 to 2 billion dollars per year, while trade grows at the rate of \$7 billion per year. Therefore the gap between reserves and needs will not be appreciably narrowed. (16)

III

There is one aspect of the problem that I have not yet dealt with, this is the question of the underdeveloped countries, i.e. the colonial and semi-colonial world. Reading the general and financial press this aspect is rarely mentioned, nor is this surprising since control of international liquidity is an aspect of imperialist domination of these countries. On this aspect all the capitalist powers are united.

If the situation between the imperialist powers is contradictory, then the relationship between them collectively and the colonial world is doubly so. The problem is not only that the imperialist powers want to obtain raw materials and food products as cheaply as possible, but they also need to sell their exports to such countries as dearly as possible. Despite the fact that the largest increase in world trade since the end of the second world war has been between the advanced countries, this does not mean that the trade between the 'two worlds' has declined, far from it, it also has increased. To attempt to overcome the problem of realization of surplus value the imperialists will look more and more to the underdeveloped world. It is in the process of world trade that much of the exploitation of the colonial world takes place, even after formal independence has been granted. "Trade between industrialised and underdeveloped countries at 'world market prices' is not based upon an equal exchange of value, but on a constant transfer of value (surplus profit) from the underdeveloped to the industrialised countries, exactly in the same way as exchange between firms, some of which enjoy monopolies of technical knowhow (and so produce at a level of productivity above the national average) transfer surplus profits to those firms on the national market of a capitalist country." (17)

In a crude way this can be seen from the balance of trade figures for the primary producing countries over the years 1956 to 1967.

	Exports	Imports	Balance in \$billion
1956	7.15	7.64	-0.49
1957	7.38	8.54	-1.16
1958	7.03	8.09	-1.06
1959	7.46	7.96	-0.50
1960	7.87	8.89	-1.02
1961	8.03	9.03	-1.00
1962	8.41	9.19	-0.78
1963	9.22	9.65	-0.43
1964	10.08	10.73	-0.65
1965	10.56	11.52	-0.96
1966	11.27	12.07	-0.80
1967	11.65	12.65	-1.00 (18)

Thus we can see for the whole period the primary producing countries were in deficit, and since such countries have very little in the way of invisible earnings this is important. One point should be made, such countries as South Africa, Australia and New Zealand are included in this category. Also world prices have moved against primary producers during this period, so that to obtain an equivalent amount of exchange more products would have to be exported. Henry Vallin, in the Summer 1966 issue of International Socialist Review, makes the point tellingly in relation to Nkrumah's downfall, "...the real conspiracy that brought Nkrumah down was not the military one...The real conspiracy was the

catastrophic decline in the price of cocoa during the last seven years to nearly one-fifth of what it was in the late fifties. From a peak of over \$1,000 a ton in 1957-58, the price dropped to \$504 in 1963-64 and down as low as \$210 last summer..." (emphasis in the original). This of course reveals one side of the picture, the transfer of surplus value to the imperialist powers and the unbalanced trade of the colonial countries. However, this itself presents a contradiction because the lower the income of these countries the less they are able to import. Ernest Mandel indicates how this is partially overcome "...the adverse evolution of the terms of trade is no absolute check on the imports of manufactured goods by underdeveloped countries, so long as supplementary purchasing power can be found: a) in the revenue of the native ruling classes, exchanged for imported luxury goods (which might imply a drain of gold and silver, if the adverse trend of the terms of trade creates balance of payments deficit); b) through the increase in the quantities of primary products produced and exported, which might offset the effects of the adverse movements of the terms of trade on balance of payments; c) through a development of capital exports by industrialised countries, which play the role of credit, enabling the underdeveloped countries to increase their imports of manufactured goods..." (19) It is this last point that has special relevance here.

Referring back to the table of the primary producing countries trade balances we can see why the provision of credit assumes such an important part of the question of international liquidity. Allowing for some effect from Mandel's a) and recognising that the ultimate outcome of b) will probably be a further decline of income per unit, and possibly a decline in total income, the question of credit assumes an overwhelmingly predominant place not only for the underdeveloped countries but also for the imperialist powers. In this context it is interesting to note that immediately after the coup in Ghana European banks advanced a loan to the military regime, and the I.M.F. moved in a little later with a larger loan. This had been previously refused to Nkrumah, for obvious reasons, but the imperialists were very anxious that the economy of Ghana should not grind to a halt, for this would imply a cessation of imports.

Total reserves of gold and foreign currencies for the industrial countries in 1955 stood at \$37.50 billion, by 1966 they had risen to \$49.72 billion. However, those of the primary producing countries had only risen from \$10.69 billion in 1955 to \$13.98 billion in 1966 (20) Therefore as a whole world liquidity was becoming smaller in relation to the increased trade, and the primary producing countries were actually slipping back, i.e. although total reserves has risen their ratio to trade declined. From the point of view of the needs of the primary producers they should have had access to more liquidity. Balogh explains this so - "Poor countries will probably have a greater need for holding reserves than richer ones, and this for two reasons. On the one hand, the instability of primary products markets and the harvest is notorious, and they mostly depend on a few products of this type, which increases their risk. On the other hand their capacity to obtain credits on reasonable terms is much less than that of the richer countries. Unless purposive international institutional arrangements are made... The limitations on the choice of policy (e.g. the prohibition of direct control over imports and exports) imposes disproportionate burdens on poor countries. Their acceptance of such burdens is rational only if international arrangements are made to offset this burden by special grants or credit arrangements." (21)

However, from the point of view of the underdeveloped countries the suggested remedies are at best only palliatives that cannot basically alter their situation. Their poverty and slow development remains a function of imperialism just so long as that relationship exists. Loans can only be short term measures, nor should the cost of them be ignored. But from the imperialists point of view the grants and loans are very profitable. The profitability of loans needs no explanation, both in terms of interest and induced exports. Grants need a word or so more. Seen from the point of view of the 'national interest' the grants of aid by the imperialist powers to underdeveloped countries seem to be very altruistic. However, seen from the point of view of the monopolists who are interested in exporting, either consumer or capital goods, these grants to colonial countries are a permanent subsidy to the metropolitan exporters. In just the same way overseas military expenditure can be seen as a debit in the balance of payments account but as a gift to the monopolists. The point here is that the whole of the economy, via taxation, pays for aid and military expenditure whilst the monopolists make the profit. True enough that they also pay taxes but this is only a fraction of the cost of either of these two items, particularly in Britain where the incidence of taxation on consumption has risen far more than that on companies since the mid-fifties.

Another aspect of this question is that more and more developed countries who give aid are tying the loans, so that the recipient country is forced to buy from the donor. The United States has recently been in conflict with the International Development Agency over making the quota that it subscribes to the Agency tied, and because of the balance of payments deficits it is encountering now insists on 95 per cent of its aid being tied.

IV

At the moment it is difficult to hazard any prediction as to how the imperialist powers will resolve the related problems of international liquidity. Without the massive American deficits the situation would be catastrophic for the capitalist world - there would be a tremendous contraction of international trade. Therefore the French suggestion of a return to the Gold Standard - which implies a drastic reduction of international liquidity in present circumstances - can only be seen as an extreme bargaining position. No matter how much they twist and turn the West Europeans are caught in a dilemma that they will have to face up to; this is the fact that despite their improved financial position since the mid-fifties they are in no position as yet to have a direct confrontation with the United States. The overwhelming technological and economic superiority of the U.S. ensures its eventual domination in the financial sphere, even though it appears to be somewhat weakened at the moment; for as I have tried to indicate this apparent weakness flows from its basic strength. Moreover, since Congress has at last passed new tax increases this will take some steam out of the U.S. economy, which in turn will affect its balance of payments.

The devaluation of sterling last November opened a phase in the post-war world financial structure. Steps are now being taken to end sterling's role as a reserve currency. The Basle \$2,000m. credit that was arranged this September does in the words of The Times indicate "an epoch making plan". (22)

In essence this plan is one that will allow Britain to gradually divest itself of the large sterling balances that are held as reserves by a number of other countries. This loan will enable Britain to meet these obligation if need arises without undue strain on British reserves, of course the money will have to be repaid but over a period, so it gives time to put matters in order.

But with the gradual run down of sterling as a reserve currency comes ever nearer the problem of expanding international liquidity. In some ways the international capitalists are in a cleft stick. On the one side it is argued that to put matters right both Britain and the U.S. have to reduce their deficits, on the other hand it is recognised that they cannot do this without some other form of international liquidity being found, for the removal of the deficits means a contraction of liquid funds. Given the fundamental irrationality of the present system, where international reserves are still tied to gold, and there is sufficient of this commodity to serve its dual function as a measure of value and an industrial material, it seems that the problem is almost insuperable. Moreover, if the Vietnam war is ended within the foreseeable future this will mean a further reduction in the U.S. deficit and the predictable consequences. This will further strengthen U.S. imperialism, since it will be better equipped to exert its economic superiority over its rivals. This liquidity question partially explains the reasons for the desire of the U.S. to pull out of Vietnam. It is not only that it has been unable to defeat the NLF, but their very efforts to defend imperialist interests has actually led to a weakening of its own position vis a vis its imperialist rivals. This very exertion of tremendous military strength has paradoxically exposed the system to unforeseen strains, thereby exposing the limits to which Keynesian 'solutions' to capitalism's problems can be pushed.

Those who advocate the creation of an international dollar issued by the I.M.F.(23) fail to realise that such a dollar will merely be the U.S. dollar with a different hat on. The creation of such a monetary unit, one that is divorced from a gold base, would lead to U.S. imperialism getting a firmer grip than it has already, and further international inflation, and all things being equal it is always the poor who suffer more from inflation than the rich.

For the underdeveloped countries an increase in world liquidity may mean further loans and a little more 'aid', but this will only be to more firmly chain them to the imperialist system. And this implies their further slide into poverty.

The editors of Monthly Review wrote in December 1966 "... the United States balance of payments deficit is a powerful time bomb ticking away in the financial engine room of the world capitalist system. Unless the bomb is defused in good time a shattering explosion is inevitable..." It is to defuse this bomb that finance ministers scurry around the world. That the bomb is still ticking away we should be in no doubt, Malcolm Crawford writing in The Sunday Times of 29th September 1968 said that unless a solution was found "...the chances are still that there will be one unholy explosion in the engine shed, and the existing monetary set-up will blow itself to pieces." The apparent stability of world capitalism is today more threatened than at any time since the great crash of 1929. Not only does it have the 'time bomb' ticking away, revolution reaches new heights each year. The end of an epoch for sterling.

France May/June 1968, Vietnam, gold crises, all these things are interconnected. They are not separate phenomena but merely different facets of the same system, and that system is one of semi-permanent crisis.

October 20th 1968

Postscript

The new exchange controls introduced by the Treasury and the Bank of England in October, which prohibits sterling being used to provide credits for trade between non-sterling countries, is a further blow to world liquidity. When all such credits that are outstanding are repaid the reserves will improve by about £100m. However the actual loss to world liquidity will be much greater since trade credits are usually three or six months, i.e. this £100m could have financed trade of between £200m to £400m in any one year. This measure, along with the Basle credits, is an indication of the changing role of sterling in the international economy. It also indicates the continuing instability of sterling, and indeed the international monetary system.

November 6th. 1968

APPENDIX

Readers should clarify in their own minds the difference between a trade deficit and a balance of payments deficit. The trade balance is the difference between physical imports and exports. The balance of payments is made up from a number of items, of which the trade balance is only one item. Such items as invisible earnings, i.e. insurance, shipping etc enter into balance of payments, also earnings from overseas investments, and capital account.

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ALIENATED LABOUR AND POLITICAL ECONOMY

by Chris Arthur

In this note I shall first consider a passage in the Economic and Philosophical Manuscripts of 1844 which has caused some people puzzlement. I shall draw from this a methodological moral, and finally apply this to Capital with special reference to Chapter 1, Section 4 - The Fetishism of Commodities.

In the 1844 Manuscripts Marx describes the condition of the workers by such concepts as alienated labour, self-estrangement and so on. I shall not rehearse the details of the analysis here. I shall just remind readers of some of the most important points.

First, Marx describes the relation of the worker to his product as follows: "The alienation of the worker in his product means not only that his labour becomes an object, an external existence, but that it exists outside him, independently, as something alien to him, and that it becomes a power on its own confronting him; it means that the life he has conferred on the object confronts him as something hostile and alien."

Thus it is, says Marx, that the more the worker produces, the poorer, the more powerless he becomes.

Secondly, Marx describes the relation of the worker to his work as follows: "What then constitutes the alienation of labour? First the fact that labour is external to the worker, i.e. it does not belong to his essential being; that in his work, therefore, he does not affirm himself but denies himself, does not feel content but unhappy, does not develop freely his physical and mental powers but mortifies his body and ruins his mind. The worker therefore, only feels himself outside his work, and his work feels outside himself. He is at home when he is not working and when he is working he is not at home. His labour is therefore not voluntary, but coerced; it is forced labour. It is therefore not the satisfaction of a need; it is merely a means to satisfy needs external to it..... Lastly.... the worker's activity is not his spontaneous activity. It belongs to another; it is the loss of his self."

Marx goes on to derive from these two estrangements the worker's estrangement from his species-being and from other men and so on, but I want to move straight on to considering the relation between alienated labour and private property

If one asks for the reason why the worker is in such a miserable situation, a situation in which his product, and even his very activity, belong to someone else, in which he cannot find satisfaction in his work and his product, but on the contrary experiences these as alien, as hostile; it might seem that it is the rule of private property, or more specifically Capital, that is to blame. This is the solution that is often given by some of the more unthinking students of Marx. (Indeed, I heard a visiting Russian Professor say straight out that the cause of alienated labour is private property.)

However there is one snag in defining the relation in terms of private property as cause and alienated labour as effect,-- Marx said exactly the opposite.

It is worth quoting the whole passage:

"The relationship of the worker to labour engenders the relationship to it of the capitalist ... Private property is thus the product, the result, the necessary consequence, of alienated labour, of the external relation of the worker to nature and to himself.

Private property thus results by analysis from the concept of alienated labour - i.e. of alienated men...

True it is as a result of the movement of private property that we have obtained the concept of alienated labour from political economy. But on analysis of this concept it becomes clear that though private property appears to be the source, the cause of alienated labour, it is really its consequence, just as the Gods in the beginning are not the cause but the effect of man's intellectual confusion. Later this relationship becomes reciprocal." (p.80)

Why does Marx want to make private property the product of alienated labour? Why not, for example, taking up the point about reciprocity, treat it as a chicken and egg question, say that private property and alienated labour are mutually reinforcing conditions? That is, say that lack of private property forces workers to alienate their labour, but that private property in its turn, grows on the tribute it exacts from wage labour.

Certainly the difficulty of imagining alienated labour, in isolation from private property makes it impossible that Marx could mean that the former was historically prior to the latter. Indeed in his analysis of the origins of capitalism he stresses the two necessary conditions - a mass of means of production accumulated and a mass of landless vagabonds with nothing to sell but their labour power.

No, as in the first few chapters of Capital it is clear that Marx is giving a structural analysis of a given whole here, rather than considering the origins of the system. In this given whole Marx discerns two aspects - private property and alienated labour, but the secret of why he intends to make the latter fundamental and the former a function of it, can be found a page or two later when he remarks:

"When one speaks of private property, one thinks of being concerned with something external to man. When one speaks of labour, one is directly concerned with man himself."

That is to say, the question with Marx in all his work is how to penetrate beneath the abstract categories of political economy and social life generally, to the human reality underlying them; and then in turn to exhibit the meaning of these apparently self-subsistent spheres and categories in terms of human activity.

To invert this relationship and derive forms of human activity from categories external to it, whether from God in religion, or from the Absolute in Hegel, or from private property as in so many political economists, is a procedure which itself is typical of an estranged form of consciousness. To attribute powers to private property, to make it the subject which originates activity and to make man himself merely its object, is pure superstition. It is to reify an abstract category, that is to say, treat it as a thing

in itself and attribute powers to it that properly belong to human beings.

If we look at the original quote again, notice that Marx illuminates this way of thinking by comparing it with religion - "...the Gods in the beginning are not the cause but the effect of mans' intellectual confusion."

This recalls Feurbach's materialist critique of religion where he argues that men have created God in their own idealised image and then fallen down before it and treated their own creation as their lord and master.

In the same way Marx argues, private property must be understood as a creation of human activity, a form of social life, not an eternal self-subsistent entity. If it appears, and not just in theoretical speculation, but also in the experience of millions, as dominating man himself then it must be due to a very peculiar form of alienating activity which results in the products of human activity appearing as alien hostile beings. Marx generalises this conclusion as follows:

"Just as we have found the concept of private property from the concept of estranged labour by analysis, in the same way every category of political economy can be evolved with the help of these two factors; and we shall find again in each category, e.g. trade, competition, capital, money, only a definite and developed expression of the first foundations."

It is my thesis that Capital must be understood in the light of this dictum, namely that all the categories of Capital, commodity, capital, etc. must be taken ultimately as forms of expression of human activity, in particular of estranged labour.

If this is true one might argue therefore that the importance of the labour theory of value for Marx was, primarily, precisely as a bridge between the human subject and the abstract categories of exchange value, interest etc. (Of course, in Capital, as compared with 1844, there is an advance in that more precise concepts are used, so that the analysis is susceptible of quantitative treatment).

Particularly in the Chapter on commodities it seems to me that the same themes I have drawn from the 1844 Manuscripts reappear again, especially in section 4. Marx is concerned in this section to make clear the mystifications of exchange by showing that underlying the relations between the products (Quarter of corn = 2oz. of gold and so on) are the relations between men. However the relations between men are mediated by, and also disguised as, relations between products. "It is a definite social relation between men that assumes, in their eyes, the fantastic form of a relation between things." (p.72)

Just as in the Manuscripts Marx stresses that, although a product of human activity the commodity system has somehow become independent and enslaved its creators. "The character of having value, when once imposed upon products obtains fixity only by reason of their acting and reacting upon each other as quantities of value. These quantities vary continually independently of the will, foresight, and action of the producers. To them their own social action takes the form of the action of objects, which rule the producers instead of being ruled by them."

Marx calls this section 'The Fetishism of Commodities.' Once again we notice the religious metaphor appearing. Just as the savage fashions a fetish with his own hands and then stands in superstitious awe of it/does modern man worship the commodities he has himself constructed, attributing to them powers to relate to one another in a god given way, treating their movement as an eternal law of nature which man himself could not possibly defy.

But clearly, all economic phenomena are predicated, in the last analysis on human activity and on the form it takes, and therefore can by no means be treated as something external to man.

Thus:

"These formulae, which bear it stamped upon them in unmistakable letters that they belong to a state of society, in which the process of production has the mastery over man, instead of being controlled by him, such formulae appear to the bourgeois intellect to be as much a self evident necessity imposed by nature as productive labour itself."

It was Marx's achievement therefore to have seen that the categories of political economy were founded on a particular form of activity, historically specific, and consequently that a redirection of this activity, a remaking of the social relations between man was possible, and indeed necessary as the next stage in the development of man's mastery of his world and his own activity.

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THE 'PROFESSIONAL DANGERS' OF POWER

by Christian Rakovsky

Dear Comrade Valentinov,

In your 'Meditations on the Masses' of the 8th of July, in examining the problems of the 'activity' of the working class, you speak of a fundamental question, that of the conservation, by the proletariat, of its directing role in our State. Although all the political claims of the Opposition aim to this end, I agree with you that all has not been said on this question. Up to the present, we have always examined it coupled with the whole problem of the taking and conserving of political power; to make it clearer, it should have been taken separately, as a question which has its own value and importance. The reality of events has brought it to the fore.

The Opposition will always retain as one of its merits, as against the Party, a merit which nothing can remove, the fact that it has, in good time, sounded the alarm on the terrible decline of the spirit of activity of the working classes, and on their increasing indifference towards the destiny of the dictatorship of the proletariat and of the Soviet State.

That which characterises the flood of scandal which has become public, that which constitutes its greatest danger, is precisely this passivity of the masses (a passivity greater even among the communist masses than among the non-party masses) towards the unprecedented manifestations of despotism which have emerged. Workers witnessed these, but let them pass without protest, or contented themselves with a few remarks, through fear of those who are in power or because of political indifference. From the scandal of Chubarovsk (to go back no further) to the abuses of Smolensk, of Artiemovsk, etc ..., the same refrain is always heard: 'We knew already for some time'...

Thefts, prevarications, violence, orgies, incredible abuse of power, unlimited despotism, drunkenness, debauchery: all this is spoken of as known facts, not for a month, but for years and also of things that everyone tolerates without knowing why.

I do not need to explain that when the world bourgeoisie vociferates on the vices of the Soviet Union, we can ignore it with a quiet disdain. We know too well the moral purity of governments and parliaments in the whole bourgeois world. But they are not the ones on whom we are to model ourselves. With us, it is a Workers' State. No one today can ignore the terrible consequences of the political indifference of the working class.

Moreover the question of the causes of this indifference and that of the means to eliminate it is considered to be basic.

But this obliges us to consider it in a fundamental way, scientifically, by submitting it to a profound analysis. Such a phenomenon merits our full attention.

The explanation, which you give of this is doubtless correct: each of us has already laid ^{them} bare during our talks: they already form part of our platform / i.e. the Platform of the Left Opposition of 1927 / . Nonetheless

the interpretations and the remedies proposed to emerge from this painful situation have had and still have an empirical character; they refer to each particular case and do not get to the basis of the question.

To my mind this has resulted because this question itself is a new question. Upto the present we have witnessed a great number of cases where the spirit of initiative of the working class has become weakened and declined almost to the level of political reaction. But these examples became apparent to us, as much here as abroad, during a period when the proletariat was battling still for the conquest of political power.

We could not have a previous example of a decline of proletarian ardour in a period when it already had power, for the simple reason that, in history, our case is the first where the working class has retained power for such a time.

Up till now, we have known what could happen to the proletariat, that is the vacillations of spirit which occur when it is an oppressed and exploited class; but it is only now that we can evaluate on the basis of fact, the changes of its mental state when it takes over the control.

This political position (of directing class) is not without its dangers: on the contrary, the dangers are very great. I do not refer here to the objective difficulties due to the whole complex of historical conditions, to the capitalist encirclement on the outside, and the pressure of the petty bourgeois inside the country. No, I refer to the inherent difficulties of any new directing class, consequent on the taking, and on the exercise of power itself, on the ability or inability to make use of it.

You will understand that these difficulties would continue to exist up to a certain point, even if we allowed, for a moment, that the country was inhabited only by proletarian masses and the exterior was made up solely of proletarian States. These difficulties might be called the 'professional dangers' of power.

In fact, the situation of a class which is fighting to wrest control and that of a class holding control in its hands is different. I repeat that when I spoke of dangers, I did not think of the relationships to other classes, but more of those which are created within the ranks of the victorious class itself.

What does a class on the offensive represent? The maximum of unity and cohesion. All spirit of trade or clique, let alone personal interests, become secondary. All initiative is in the hands of the militant mass itself and of its revolutionary vanguard, which is bound to the mass in a most close, organic relationship.

When a class takes power, one of its parts becomes the agent of that power. Thus arises bureaucracy. In a socialist State, where capitalist accumulation is forbidden by members of the directing party, this differentiation begins as a functional one; it later becomes a social one. I am thinking here of the social position of a Communist who has at his disposal a car, a nice apartment, regular holidays, and receiving the maximum salary authorised by the Party; a position which differs from that of the Communist working in the coal mines and receiving a salary of 50 to 60.

roubles per month. As regards workers and employees, you know that they are divided into eighteen different categories...

Another consequence is that certain functions formerly satisfied by the Party as a whole, by the whole class, are now become the attributes of power, that is only of a certain number of persons in the Party and in this class.

The unity and cohesion which formerly were the natural consequences of the struggle of the revolutionary class cannot now be maintained but by the application of the whole system of measures which have for their aim the preservation of the equilibrium between the different groups of this class and of this party, and to subordinate these groups to the fundamental goal.

But this constitutes a long and delicate process. It consists in educating politically the dominant class in such a way as to make it capable of holding the state apparatus, the party and the syndicates, of controlling and of directing these organisms.

I repeat this: it is a question of education. No class has been born in possession of the art of government. This art can only be acquired by experience, thanks to the errors committed, that is by each learning from his errors. No Soviet Constitution, be it ideal, can ensure to the working class an exercise without obstacle of its dictatorship and of its control over the government if the proletariat does not know how to utilise its rights under the Constitution. The lack of harmony between the political capacities of any given class, its administrative ability and its judicial constitutional forms that it establishes for its own use after the taking of power, is an historical fact. It can be observed in the evolution of all classes, in part also in the history of the bourgeoisie. The English bourgeoisie for example, fought many battles, not only to remake the constitution according to its own interests, but also to be able to profit from its rights and in particular, fully and without hind-rance of its right to vote. One of Charles Dickens' books, Pickwick Papers, contains many incidents of this period of English Constitutionalism during which the directing group, assisted by its own administrative apparatus, overturns into the ditch coaches bringing to the ballot boxes the opposition's supporters, in order that they might not be able to arrive in time to vote.

This process of differentiation is perfectly natural for the triumph, or almost triumphant bourgeoisie. In effect, in the wider sense of the term, the bourgeoisie is made up of a series of groups and even economic classes. We recognise the existence of the upper middle and lower (petty) bourgeoisie: we know that there exists a financial bourgeoisie, a commercial bourgeoisie, an industrial bourgeoisie and an agricultural bourgeoisie. After events such as wars and revolutions, regroupings take place within the ranks of the bourgeoisie itself; new strata appear, begin to play the role which is properly theirs, as for example the proprietors, the acquirers of national goods, the nouveaux riches, as they are called, who appear after each war of a certain length. During the French revolution, during the period of the Directory, these nouveaux riches became one of the factors of the reaction.

Generally speaking, the history of the victory of the Third Estate in France in 1789 is extremely instructive. Firstly this Third Estate was itself made up of extremely disparate elements. It included all who did not belong

to the nobility or the clergy; thus it included not only all the various branches of the bourgeoisie, but equally the workers and the poor peasants. It was but gradually, after a long struggle, after armed intervention repeated many times over, that the whole Third Estate acquired in 1792 the legal possibility of participating in the administration of the country. The political reaction which began even before Thermidor consisted in this, that the power began to pass both formally and effectively into the hands of an increasingly restricted number of citizens. Little by little, first by the force of circumstances and then legally, the popular masses were eliminated from the Government of the country.

It is true that the pressure of reaction made itself felt initially along the seams joining together sections of classes which constituted the Third Estate. It is equally true that if we examine a particular group of the bourgeoisie, it does not show class cleavages as clear as those which for example, are seen separating the bourgeoisie and the proletariat, that is, two classes playing a role entirely different in production.

Moreover, in the course of the French Revolution, during its period of decline, power intervened not only to eliminate, following the lines of differentiation, social groups which but yesterday marched together and were united by the same revolutionary aim, but it disintegrated equally more or less homogenous masses. By functional specialisation the given class gave birth, out of its ranks, to circles of high functionaries; such is the result of fissures which were converted, thanks to the pressure of the counter-revolution, into yawning gulfs. Following on this the dominant class itself produced contradictions in the course of the conflict.

The contemporaries of the French Revolution, those who participated and even more, the historians of the following period, were preoccupied by the question of the causes of the degeneration of the Jacobin party.

More than once Robespierre warned his partisans against the consequences which the intoxication of power could bring. He warned them that, holding power, they should not become too presumptuous, 'bigheaded', as he said, or as we would say now infected with 'Jacobin vanity'. However as we shall see later, Robespierre himself contributed largely to the loss of power from the hands of the petty bourgeoisie which leaned on the Parisian workers.

We will not mention here all the fact given by contemporaries concerning the diverse causes of the decomposition of the Jacobin party, as for instance their tendency to enrich themselves, their participation in contracts, in supplies, etc. Let us rather mention a strange and well known fact: the opinion of Babeuf according to which the fall of the Jacobins was much facilitated by the noble ladies with whom they had entangled themselves. He addressed the Jacobins as follows: 'What are you doing, pusillanimous plebians? Today they hug you in their arms, tomorrow they will strangle you'. (If the motorcars had existed at the time of the French Revolution, we would! also had the factor of the 'motor-harem', indicated by Comrade Sosnovsky as having played a very important role in the formation of the ideology of our bureaucracy of Soviets and the Party.)

But what played the most important role in the isolation of Robespierre and the Jacobin Club, that which cut them off completely from the working

and petty bourgeois masses, was, in addition to the liquidation of all the elements of the left, beginning with the enraged, the Herbertists and the Chaumettists (of all the Commune of Paris in general), the gradual elimination of the elective principle and its replacement by the principle of nominations.

The sending of commissioners to the armies or in the cities where the counter revolution was once more gaining ground was not only legitimate but defensible. But when, little by little, Robespierre began to replace the judges and the commissioners of the different sections of Paris which, up till then, had been elected in the same way as the judges; when he began to name the presidents of the revolutionary committees and even began to substitute by functionaries all the leadership of the Communes, he could not by all these measures but reinforce the bureaucracy and kill popular initiative.

Thus the Robespierre regime, instead of developing the revolutionary activities of the masses, already oppressed by the economic crisis and even more, by the shortage of food, aggravated the situation and facilitated the work of the anti-democratic forces.

Dumas, the president of the revolutionary tribunal, complained to Robespierre that he could not find people to serve as jurors for the tribunal, as no one wished to carry out this function.

But Robespierre himself experienced this indifference of the Parisian masses in his own case when, the 10th Thermidor, he was led through the streets of Paris wounded and bleeding, without any fear that the popular masses would intervene in favour of yesterday's dictator.

From the evidence given, it would seem ridiculous to attribute Robespierre's fall and the defeat of the revolutionary democracy to the principle of nominations. However, without any doubt this accelerated the action of the other factors. Amongst these a decisive role was played by the difficulties of supplying food and munitions, due largely to the two years of bad crops, (as also to the consecutive perturbations at the transformation of the large rural properties of the nobility into small peasant culture), to the constant rise of the price of bread and meat, to the fact that the Jacobins did not at first wish to have recourse to administrative measures to repress the avidity of speculators and rich peasants. And when they finally decided, under the pressure of the masses, to vote the law of the maximum, this law operating in the conditions of the free market and of capitalist production, could not but inevitably act as a palliative.

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Let us now pass to the reality in which we live.

I believe that it is first necessary to indicate that when we use expressions such as 'the Party' and 'the masses' we must not lose sight of the content which these terms have acquired in the last ten years. The working class and the Party - not now physically but morally - are no longer what they were ten years ago. I do not exaggerate when I say that the militant of 1917 would have difficulty in recognising himself in the militant of 1928. A profound change has taken place, in the anatomy and the physiology of the working class.

In my opinion it is necessary to concentrate our attention on the study of the modifications in the tissues and in their functions. Analysis of the changes which have occurred will have to show us the way out of the situation which has been created. I do not pretend to present this analysis here; I will limit myself to a few remarks.

In speaking of the working class it is necessary to find an answer to a whole series of questions, for example: What is the proportion of workers actually employed in our industry who have entered it after the Revolution, and what is the proportion of those who worked in it previously? What is the proportion of those who previously participated in the revolutionary movement, have taken part in strikes, have been deported, imprisoned, or have taken part in the war or in the Red Army? What is the proportion of workers employed in industry who work regularly? How many work only on occasion? What is the proportion in industry of semi-proletarian elements, semi-peasants, etc...?

If we descend and penetrate into the depths of the proletariat, of the semi-proletariat and of the working masses in general we will find there whole parts of the population who can hardly be said to be with us. I do not want to speak here only of the workless, who constitute an ever increasing danger which, in any case, has been clearly pointed out by the Opposition. I think of the masses reduced to penury, or semi-pauperised who, thanks to the derisory subsidies given out by the State, are on the border of pauperism, theft and prostitution.

We cannot imagine how people live at times but a few steps from us. It sometimes occurs that we happen onto phenomena whose existence would not have been suspected in a Soviet State, and which give the impression of having suddenly discovered an abyss. It is not a question of pleading the case of Soviet power, by invoking the fact that it has not succeeded in getting rid of the doubtful heritage passed on by the Tsarist and capitalist regime. No, but in our time, under our regime, we discover the existence, in the body of the working class, of crevices into which the bourgeoisie would be able to push the thin end of a wedge.

During a certain period under the bourgeois regime, the thinking part of the working class carried with it this numerous mass, including the semi-vagabonds. The fall of the capitalist regime was to have brought the liberation of the whole proletariat. The semi-vagabond elements made the bourgeoisie and the capitalist State responsible for their situation; they considered that the revolution should bring a change in their condition. These people are now far from satisfied; their situation has been ameliorated little if at all. They are beginning to consider Soviet power and that part of the working class working in industry, with hostility. They are especially becoming the enemies of the functionaries of the Soviets, of the Party and of the Syndicates. They can sometimes be heard speaking of the summits of the working class as of the 'new nobility'.

I will not stop here to treat of the differentiation which power has introduced into the bosom of the proletariat, and which I qualified above

as 'functional'. The function has modified the organism itself; that is to say that the psychology of those who are charged with the diverse tasks of direction in the administration and the economy of the State, has changed to such a point that not only objectively but subjectively, not only materially but also morally, they have ceased to be a part of this very same working class. Thus for example, a factory director playing the 'satrap' in spite of the fact that he is a Communist, in spite of his proletarian origin, in spite of the fact that he was a factory worker a few years ago, will not become in the eyes of the workers the epitome of the best qualities of the proletariat. Molotov may, to his heart's delight, put a sign of equality between the dictatorship of the proletariat and our State with its bureaucratic degenerations, and what is more with the brutes of Smolensk, the sharpers of Tashkent and the adventurers of Artiemovsk. By doing this he only succeeds in discrediting the dictatorship without satisfying the legitimate discontent of the workers.

If we pass to the Party itself, in addition to all the other shades which can be found in the working class, it is necessary to add those who have transferred from other classes. The social structure of the Party is far more heterogeneous than that of the proletariat. It has always been so, naturally with the difference that, when the Party had an intense ideological life, it fused this social amalgamation into a single alloy thanks to the struggle of a revolutionary class in action.

But power is a cause, as much in the Party as in the working class, of the same differentiation revealing the seams existing between the different social strata.

The bureaucracy of the Soviets and of the Party constitutes a new order. We are not concerned with isolated cases, of failings in the conduct of a comrade, but rather of a new social category, to whom a whole treatise should be given.

On the subject of the project of the programme of the Communist International, I wrote to Leon Dadidovitch (Trotsky) amongst other things:

"As regards chapter IV (The Transitory Period). The way in which the role of the Communist Parties is formulated in the period of the dictatorship of the proletariat is somewhat weak. Without doubt this vague manner of speaking of the role of the Party towards the working class and the State is not the result of hazard. The antithesis existing between the bourgeois democracy is clearly indicated; but not a word is said to explain what the Party must do to bring about, concretely, this proletarian democracy. "Attract the masses and get them to participate in construction", "re-educate its proper nature" (Boukharin makes a point of developing this last idea, amongst others more specially in connection with the cultural revolution): these are true statements from a historical point of view, known for a long time; but they are reduced to platitudes if they are not combined with the accumulated experience of ten years of proletarian dictatorship.

"It is here that the question arises of methods of leadership, methods which play such an important role.

"But our leaders do not like to speak of these, being afraid that it might become evident that they themselves have still a long way to go before they 're-educate their proper nature.' If I were charged with the writing of a project of a programme for the Communist International, I would have given much space, in this chapter, (The Transitory Period) to the theory of Lenin on the State during the dictatorship of the proletariat and of the role of the Party in the creation of a proletarian democracy, such as it should have been and not one where there exists a bureaucracy of the Soviets and of the Party as at present."

Comrade Preobrazhensky has promised to consecrate a special chapter in his book 'The Conquests of the Dictatorship of the Proletariat in the Year XI of the Revolution' to the Soviet bureaucracy. I hope that he will not forget the role of the bureaucracy of the Party, which plays a much greater role in the Soviet State than that of its sisters, the Soviets themselves. I have expressed the hope to him that he will study this specific sociological phenomenon under all its aspects. There is no communist pamphlet which, in relating the treason of social democracy in Germany on 4th August 1914, does not at the same time stress the fatal role which the top bureaucracy of the Party and of the syndicates played in the history of the fall of that Party. On the other hand, little has been said, and that in very general terms only, on the role played by our bureaucracy of the Soviets and of the Party in the splintering of the Party and of the Soviet State. It is a sociological phenomenon of the first order, which cannot however be understood and appreciated in its entirety, if its consequences in changing the ideology of the Party and of the working class are not examined.

You ask what has happened to the spirit of revolutionary activity of the Party and of our proletariat? Where has gone their revolutionary initiative? Where their ideological interests, their revolutionary values, their proletarian pride have gone? You are surprised that there is so much apathy, weakness, pusillanimity, opportunism and so many other things that I could add myself? How is it that those who have a worthy revolutionary past, whose personal honesty cannot be held in doubt, who have given proof of their attachment to the Revolution on more than one occasion, can have been transformed into pitiable bureaucrats? Whence comes this terrible 'Smerdiakovschina' (Kamarazov brothers) of whom Trotsky speaks in his letter on the declarations of Krestinsky and of Antonov-Ovseenko?

But if it can be expected that those who have transferred from the bourgeoisie and the petty bourgeoisie, the intellectuals, the 'individuals' in general, slide back from the point of ideas and morality, how can we explain a similar phenomenon in respect of the working class? Many comrades have noted the fact of its passivity and cannot hide their feeling of deception.

It is true that other comrades have seen, during a certain campaign to collect in the wheat, symptoms of the robust revolutionary attitude,

proving that class reflexes still exist in the Party. Recently comrade Ischenko has written me (or more exactly has written in theses which he has equally sent to other comrades) that the collection of wheat and the self criticism are due to the resistance of the proletarian section of the Party. Unfortunately it has to be said that this is not correct. These two facts result from a combination arranged in high places and are not due to the pressure of the workers' criticism; it is for political reasons and sometimes for group reasons, or I should say faction, that a part of the top men in the Party pursue this line. It is possible to speak of only one proletarian pressure - that guided by the Opposition. But it has to be clearly said, this pressure has not been sufficient to maintain the Opposition inside the Party; more, it has not succeeded in changing its political line. I agree with Leon Davidovitch who has shown, in a series of irrefutable examples, the true and positive revolutionary role which certain revolutionary movements have played by their defeat: the Commune in Paris, the insurrection in December in 1905 in Moscow. The first ensured the maintenance of the republican form of government in France; the second opened the road to constitutional reform in Russia. However, the effects of such conquering defeats are of short duration if they are not reinforced by a new revolutionary upsurge.

The most unhappy fact is that no reflex occurs either from the Party or from the masses today. During two years, an exceptionally bitter struggle took place between the Opposition and the high circles of the Party; during the last two months events have occurred which should have opened the eyes of the most blind. However, up till now no-one has the impression that the masses of the Party have intervened.

As comprehensible is the pessimism of certain comrades and which I can feel equally throughout your questions.

Babeuf after his emergence from the prison at Abbaye, looking about him, began by asking himself what had happened to the people of Paris, the workers of the faubourgs St. Antoine and St. Marceau, those who on the 14th July 1789 had taken the Bastille, the 10th August 1792 the Tuilleries, who had laid siege to the Convention, the 30th May 1793, not to speak of numerous other armed interventions. In one single phrase, in which can be felt the bitterness of the revolutionary, he gave his observations: "it is more difficult to re-educate the people in the love of Liberty than to conquer it".

We have seen why the people of Paris forgot the attraction of Liberty. Famine, unemployment, the liquidation of revolutionary cadres (numbers of these had been guillotined), the elimination of the masses from the direction of the country, all this brought about such an overwhelming moral and physical weariness of the masses that the people of Paris and the rest of France needed 37 years of rest before starting a new revolution.

Babeuf formulated his programme in two words (I speak here of his programme of 1794): "Liberty and an elected Commune".

I must now confess something: I have never let myself be lulled by the illusion that it would be sufficient for the leaders of the Opposition to present themselves in Party meetings and in workers reunions in order to make the masses come over to the Opposition. I have always considered such hopes, coming especially from the leaders of Leningrad (this applies particularly to Zinoviev and Kamenev) as a sort of survival from the period when they took ovations and official approbation for the expression of the true sentiment of the masses and attributed them to their imagined popularity.

I will go further: this explains to me the quick about turn which occurred in their conduct. They passed to the opposition, hoping to take power quickly. It is with this aim that they rejoined the Opposition of 1923 (the first opposition being that of Trotsky in Moscow). When one of the 'group without leaders' reproached Zinoviev and Kamenev of having let fall their ally Trotsky, Kamenev answered: 'We needed Trotsky to govern; to enter into the Party he is a dead weight'.

However the starting point, the premise should have been that the work of educating the Party and the working class was a long and difficult task, and that it was that much more so because the minds have first of all to be cleansed of all the impurities introduced into them by the practices of the Soviets and of the Party and by the bureaucratisation of these Institutions.

We must not lose sight of the fact that the majority of the members of the Party (not to speak of the young Communists) have a most erroneous conception of the tasks, the functions and the structure of the Party, to wit the conception taught them by the bureaucracy in its example, by its practical conduct and by its stereotyped formulae. All the workers who rejoined the Party after the Civil War, entered it for the most part, after 1923, (the Lenin promotion); they have no idea of what the Party regime was like previously. The majority of them are without the revolutionary class education acquired in struggle, in life, in the construction of socialism. But as our bureaucracy have reduced this participation to an empty phrase, the workers are unable to acquire any part of this education. I naturally exclude, as an abnormal method of class education, the fact that our bureaucracy, by lowering real wages, by worsening conditions of work, by favouring the development of unemployment, forces the workers to struggle and awakens their class consciousness; but then this is hostile to the socialist State.

According to the conception of Lenin and of us all, the task of the Party leaders consists precisely in keeping the Party and the working class from the corrupting of privileges, of favours, of special rights inherent in power because of its contact with remnants of the ancient nobility and of the petty bourgeoisie; we should have been prepared against the nefarious influence of the NEP, against the temptations of the ideology and morality of the bourgeoisie.

At the same time we had the hope that the Party leadership would have created a new apparatus, truly worker and peasant, new syndicates truly proletarian, a new morality of daily life. We have to recognise it frankly,

clearly and with a high and intelligible voice: the apparatus of the Party has not accomplished this task. It has shown in this double task of preservation and education the most complete incompetence: it has become bankrupt: it is insolvent. We have been convinced for a long time and the last eight months should have proven to all that the leadership of the Party was advancing on a most perilous road. And it continues to follow this road.

The reproaches which we are addressing to it do not concern so much the quantitative side of work, but rather the qualitative side. This has to be emphasised, otherwise we will be once more submerged by a flow of figures on the innumerable and complete successes obtained by the apparatus of the Party and of the Soviets. It is high time to put an end to this statistical charlatanism. Study the reports of the 15th Party Congress. Read that of Kossior on organisational activity. What do you find? I quote literally: "The prodigious development of democracy in the Party...The organisational activity of the Party has widened considerably." And then to back all this up: Statistics, more statistics and again more statistics. And this was being said at the time when there were in the files of the Central Committee documents proving the terrible disintegration of the apparatus of the Party and of the Soviets, of persecutions, of a terror playing with the life and existence of militants and workers.

This is how Pravda of 11th April characterizes the power of the bureaucracy: "Opportunist elements, idle, hostile and incompetent, spend their time in chasing the best Soviet inventors beyond the frontiers of the USSR, in case a great blow may be struck against such elements, with all our strength, with all our determination, with all our courage..." Nonetheless, knowing our bureaucracy, I would not be surprised to hear again someone speaking of the 'enormous and prodigious' development of the activity of the masses and of the Party, of the organisational work of the Central Committee implanting democracy... I am convinced that the bureaucracy of the Party and of the Soviets actually existing will continue with the same success to cultivate around itself such suppurating abscesses, in spite of the noisy trials which took place last month. This bureaucracy will not change merely because it is submitted to a cleansing. I do not deny naturally the relative utility and the absolute necessity of such a cleansing. I merely wish to underline that it is not only a question of a change of personnel but firstly of a change in methods.

In my opinion, the first condition necessary to make the leadership of our Party capable of exercising an educative role, is to reduce the size and functions of this leadership. Three quarters of the apparatus should be done away with. The tasks of the remaining quarter should have strictly determined limits. This should apply equally to the tasks, the functions and the rights of the central organisms. The members of the Party must recover their rights which have been trampled upon and be given worthwhile guarantees against the despotism to which the directing circles have accustomed us.

It is difficult to imagine what is happening in the lower ranks of the Party. It is especially in the struggle against the Opposition that the ideological mediocrity of these cadres has manifested itself, as has

the corrupting influence which they exercise on the proletarian masses of the Party. If, at the top, there existed a certain ideological line, a specious and erroneous line mixed, it is true, with a strong dose of bad faith, in the lower ranks on the other hand demagogy of the worst order has been employed against the Opposition. The agents of the Party have not hesitated to utilise anti-semitism, xenophobia, hate of intellectuals etc. I am convinced that all Party reform which is based on the bureaucracy is Utopian.

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To summarise: whilst noting, like you, the lack of spirit of revolutionary activity among the masses of the Party, I see nothing surprising in this phenomenon. It is the result of all the changes which have taken place in the Party and in the proletariat itself. It is necessary to re-educate the working masses and the Party masses within the framework of the Party and of the syndicates. This process will be long and difficult; but inevitable. It has already started. The struggle of the Opposition, the expulsion of hundreds and hundreds of comrades, the imprisonments, the deportations, whilst having done little as yet for the Communist education of our Party, have in any case had more effect than the whole apparatus taken together. In reality the two factors cannot even be compared: the apparatus has wasted the Party capital handed down by Lenin, not only in a useless way but in one which has caused difficulty. It has demolished while the Opposition was building.

Up till now, I have reasoned abstractly from the facts of our economic and political life which have been analysed in the Platform of the Opposition. I have done this deliberately, since my task was to underline the changes which have occurred in the composition and psychology of the Party and of the proletariat in relation to the taking of power itself. These facts have perhaps given a unilateral character to my exposition. But without proceeding to give a preliminary analysis, it would be difficult to understand the origin of the economic and political errors committed by our leadership in that which concerns the peasants and the problems of industrialisation, the interior regime of the Party, and finally, of the administration of the State.

Astrakhan, 6th August, 1928.

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THE FOURTH INTERNATIONAL - STRATEGY OR UTOPIA?

by David Fernbach

Chris Arthur's article in the B.M.S. No.1 on the need for the Fourth International is argued within an idealist problematic that has little to do with Marxist political theory or strategy. The ideal form of revolutionary organisation is deduced from the trivial statement that "we live in one world with one history" and from the thesis that the socialist revolution cannot be victorious in one single country, which is trivially true if we use the term 'socialist revolution' to refer to the ultimate aims of the revolution. Not for nothing is the article entitled 'The Idea of the Fourth International'.

With the idea of the Fourth International we have no quarrel. Any Marxist would agree that a single 'world party of socialist revolution' is the most effective organisation for world revolution. The question for us however is not what in abstract is the most perfect form of revolutionary organisation, but what in the concrete and complex situation of the world today is our optimal strategy for social revolution. And this question involves taking account of the specific autonomy and therefore specific weight of organisational forms, which do not become real simply because they are rational. The weakness of Trotskyism from 1933 on is not its characteristic analysis of Soviet and world actuality but its organisational voluntarism; a fourth international was desirable, therefore it should be built. But if the Fourth International was premature (as Deutscher argued) in 1938, it is today not a viable goal of that part of revolutionary strategy that involves Party-building, and therefore rather than a strategy, a mere utopia.

The following notes on the Bolshevik party, the Comintern and the Fourth International will help to establish this:

- (1) The Bolshevik party, organisational model for the Comintern and the Fourth International that imitates it, was established not around a sociological group (the working class) but around a strategy. This is the essence of Leninism and the precondition for any Party that aims to make the revolution.
- (2) The creation of such a party was premised on the acceptance of the authority of a single political leadership. In the Bolshevik Party Lenin invariably made it clear that he was only prepared to lead a Party that accepted his authority. (This did not preclude free discussion within the Party which contributed to the formation of its strategy and tactics, but the role of the leadership was paramount, and its authority held the party together).
- (3) Authoritative revolutionary leaderships such as have directed all successful revolutions have only built their parties with extreme difficulty. A series of splits has inevitably occurred in the process, and unity of the greater part of the conscious revolutionary forces has only been achieved when the correct strategy of the authentic revolutionary tendency has been demonstrated in practice.
- (4) Since every concrete revolution is directed in the first instance against one national state, the authority that a revolutionary party may win within one country before the revolution does not translate into international authority. National, social and historical differences are too great for a

strategy in one country to win acceptance elsewhere as strategy.

(5) Nevertheless, a successful proletarian revolution carries such prestige in the international revolutionary movement that the party in question may well be able to gain the global hegemony on the movement and construct an international party within which it formulates and carries out a global strategy.

(6) A world revolutionary centre can only be situated within a revolutionary state. Imperialism could never tolerate the H.Q. of a revolutionary international in its territory.

(7) The history of the Comintern shows that despite Lenin's call in 1914 for a new International, the revolutionary tendencies up to October 1917 were disparate and divided and unlikely to be submissive to any central authority. After October 1917 the success of the Bolsheviks was such a magnet on the working class in Europe and on the national liberation movements in Asia that it pulled many different tendencies together around the authority of the Bolshevik leadership. This done, a process of Bolshevisation, which purged the Comintern somewhat, transformed the Comintern into a single world party on the Bolshevik model, which carried out the strategy of the Bolshevik leadership (and inevitably degenerated with it).

(8) Trotsky's attempt in 1938 to found a Fourth International met with failure (a) because it took place in a period of world-wide ebb of the revolutionary movement. The one growth-point at the time - Mao's base in Yen-an - was no more interested in Trotsky than he was in it. (b) because the Communist parties of the West, far from being exposed as counter-revolutionary, still organised the most active sections of the working-class. Indeed the Comintern was never counter-revolutionary in the sense that the Socialist International was after 1914. The contradiction between the interest of the Soviet state and world revolution was secondary to the primary contradiction between working-class, national liberation movements and the Soviet leadership on one hand and imperialism on the other. The subservience of the Comintern to Soviet state interest made its strategy structurally deformed with respect to the world revolution, but the Moscow wing of the world Communist movement could never play a directly counter-revolutionary role until the advent of nuclear weapons finally enabled the Soviet state to co-exist peacefully with imperialism. (c) because although Trotsky's personal authority was substantial, it could not substitute for a concrete proletarian revolution as a rallying-point for all genuine revolutionary tendencies that saw through Stalinism - and these were few apart from isolated intellectuals. And after Trotsky's death every dispute on strategy inevitably split the Trotskyist movement into tendencies that quarreled less rationally and more dogmatically because what was at stake was the symbol of Trotsky which alone provided their legitimacy. Hence there are today four F.I.'s (Pablos, Frank, Healy, Posadas) and tomorrow - who knows?

But if Trotsky's attempt in 1938 was an honorable failure, the project of a Fourth International 30 years later is outright utopian. For added to the organisational obstacles to a revolutionary international not tied to a victorious proletarian revolution, there is the brute fact that at least two such revolutions exist - China and Cuba - that each provides a certain degree of leadership for substantial part of the revolutionary vanguard today, and a rallying-point even for those that are not directly led by them.

In 1938 the zenith of Stalinism provided the conscious internationalists in the West with a certain negatively imposed unity - Trotsky could be seen as alone representing the world revolution. But in 1968 Cuba and China both have highly influential strategies for world revolution - each with possible weaknesses, and in certain respects mutually contrary, but between them defining a complex strategic space to which any revolutionary Marxist group must relate itself. The idea that a Fourth International can be built outside and in opposition to these two revolutionary states is absurd.

The Unified Secretariat does of course hitch itself very firmly to Cuba, and supports the OLAS strategy in Latin America. This is commendable but hardly compatible with the project of a Fourth International, unless they are asking the Cuban leadership to take over the functions of the Unified Secretariat in this area. But in the construction of revolutionary parties elsewhere the utopianism of the Fourth International is an obstacle to the revolutionary movement. Although the Unified Secretariat has freed itself from dogmatism to the extent that it can see the importance of some revolutionary organisation that develop independently of it and uninfluenced by it (eg the Castroite movement, the SDS in Germany), although it has an avowedly non-sectarian attitude towards party-building, the fact that the majority of revolutionary forces will continue - correctly - to deny the relevance of the Fourth International, even though sharing much of its analysis, and that the F.I. will not be able to persuade them to the contrary, will lead the F.I. tendency, when a revolutionary party in a particular country is constructed, to be faced with the choice of either breaking with it or of submerging itself in it. And just as the Trotskyists broke with the Chinese CP under Mao, and submerged themselves in the Cuban revolutionary organisation under Castro, so we may expect that if an anti-Trotskyist leadership wins revolutionary hegemony in one country then the Fourth International will break with it, and if a non-anti-Trotskyist leadership wins revolutionary hegemony in another country then the Unified Secretariat -(being 'non-sectarian')- will submerge itself in it. In no case will a revolutionary party adhere to the Fourth International unless the F.I. builds that party. As the Fourth International is everywhere one revolutionary tendency among many, to expect to do this in more than one or two countries would be absurd, and even if the F.I. succeeds in creating one or two mass parties, the centripetal attraction of a weak international centre on strong national sections would be inadequate for the Fourth International to hold its own organisation together. The project of an independent Trotskyite international is therefore utopian, and since utopian, sectarian, as sooner or later the organisational fetishism of 'Fourth Internationalism' will interfere with the concrete strategic needs of each particular revolutionary movement.

This is not to quarrel in the least with the thesis that a total understanding of the world situation and of the global needs of the world revolutionary movement is essential to the formulation of a revolutionary strategy in any country. What we dispute is that the most effective translation of revolutionary internationalism into national strategies can be made via the Fourth International, precisely because the F.I. is in each country one tendency among many and its attempt to impose itself organisationally (as opposed to ideologically) involves a sectarian deviation.

Only a successful proletarian revolution was able for a while to unite the world revolutionary vanguard into one organisation; with the multiplicity of proletarian revolutions a new international ^{may} be possible, although each successful revolution in a new area is certainly in a position to unite and lead revolutionary forces in its section of the globe. To sum up - revolutionary internationalism yes, Fourth Internationalism no!

COMMENTS ON 'STRATEGY OR UTOPIA?'

by Chris Arthur

David Fernbach's contribution is to be welcomed because the subject is a very important one for the youth vanguard now coming forward that needs to find organisational forms appropriate to the tasks facing us. Pending a fuller consideration I make the following random comments.

1. The idea of the Fourth International. "We live in one world with one history" may be a truism, but it is a very important one, as Marx recognised. He drew out some of the implications in 'The German Ideology'. I merely attempted to take this a stage further.

I would remind David that though we think this is a truism, our opponents deny it. Polycentrism, peaceful co-existence, national roads, the demand for autonomy of the C.P.'s, are all predicated on this denial.

However I think it is perfectly proper to argue that the conclusions of the very general analysis I sketched can be undercut by moving to a more concrete level and showing that there are countervailing features invalidating them. This is really what David is trying to do.

2. Re. D.F.'s point 2. This could be just the usual reference to democratic centralism. However it could also be read in a Stalinist way. To read, not that a central leadership is necessary but that one particular man or group has a God-given right to impose themselves. Lenin certainly never asserted the latter. As against the looseness of the Menshevik organisational forms he asserted the need for unity in action and an authoritative centre. That this meant Lenin's personal dictatorship was the Menshevik slanderous interpretation of this. It is totally unMarxist for any individual to identify the party with himself. To do so results in crass errors due to the resulting 'subjectivism' (to use the C.P.S.U. euphemism).

3. Re. D.F.'s point 3. I agree - but it is inconsistent to then charge under 8c that the Fourth International has suffered splits. Given the fundamental questions posed to revolutionists in the last two decades it would be a miracle if there had not been splits. I think David would agree that the major formation, under the leadership of the U.S.F.I., is the most rational, and the minor tendencies the more dogmatic.

4. Re. D.F.'s point 8b. The counter-revolutionary record of the Third International in its later years is enormous: France in '36, Spain, the advice to Mao to submit to the Kuomintang, France and Italy in '45 etc. etc. (I am not saying that these, any more than France '68 would have

been successful even with correct C.P. policies. I am saying that the C.P.'s did their level best to deliver the masses into the arms of the bourgeoisie, so that the question was never put to the test).

5. Re. D.F.'s point 8c. Further to my previous remarks (3) it is important to point out that Britain has a peculiarly bad experience of Trotskyism, which may colour the question for comrades like David. In no other country has the movement been afflicted with such a collection of deadheads and megalomaniacs. (Whether this was just bad luck or has deeper roots in the structures I leave aside). It is therefore no accident that at the present time there is no official section of the Fourth International in Britain, only more or less sectarian groupings, some posing as the Fourth International and others favourable to the U.S.F.I. Nevertheless in many countries the movement has held together and is the dominant tendency among the revolutionary youth. I think the influence of the Fourth International can both, assist in the emergence of a genuine Marxist praxis in this country, and also produce a solid section here out of this.

6. Cuba and China. Perhaps the most extraordinary statement that David makes is that "Cuba and China both have influential strategies for world revolution". I would say that is just what these leaderships have failed to provide. (And even if they tried to they could not do it adequately on the basis of their own experience). It is precisely because of this that so many of those who rally to them provide the most absurd examples of a literal translation of programmes from the Cuban or Asian situation to quite different situations in Europe.

It is true that O.L.A.S. raised itself to the level of envisaging a continental strategy, but this is still only partial. As for the Chinese they don't rise much above the level of slogans. Where and when did either of these leaderships call together a world-wide tendency to integrate the experience of revolutionaries working in different sections and issue a document that can stand comparison with the Fourth International's Dynamics of World Revolution Today and many other World Congress analyses?

And if we move from theory to practice - who organised the world movement of solidarity with heroic Vietnam? Was it the pro-Moscow C.P.'s with their enormous material resources? No. Was it the Maoists with their revolutionary phraseology? No - almost everywhere they exhibited a sectarian refusal to work with other people until the movement got so big they had to join in - if only to disrupt it. Was it the Fidelistas? No - of course people wear Che badges - but where are the leaders that think of themselves as Fidelistas first and foremost? (The fact is that, in default of the C.P. the Trotskyists have done the major work in making proagenda for Cuba).

So what about the Vietnam movement? The sober truth is that in so far as the movement did not generate spontaneously an ad hoc leadership, the people who worked day and night on it (following a world congress resolution), who raised the level from pacifism to anti-imperialism, who took the initiative in forging the necessary unity with other people, in country after country were the Trotskyist. Tiny in numbers and resources as they were, they fulfilled their revolutionary duty in a way that can stand com-

-parison with anybody. Of course the objective circumstances were very favourable, but someone had to come forward to forge an actual movement, to have the political guts and insight to wrest hegemony from the C.P./pacifist line up. Of course the movement is far too big for any one tendency to control but I would argue that Fourth International militants made a significant contribution in providing key activists, particularly in the early stages, and especially considered internationally.

It is elementary that if a revolutionary internationalist current were to emerge in either Cuba or China that was interested, the Fourth International would gladly merge with it.

(One can only regret the loss of Che here. After his bad experiences with both wings of the Bolivian C.P. he would probably have turned to the Trotskyists in the tin mines for reinforcements and he, at least, had no prejudice against Trotskyists. We discover from his diary that among the very few books he humped around on his back were Debray and "one of Trotsky.")

7. The final section. Here D.F. poses a whole number of false antitheses. It needs to be emphasised that the Fourth International has only been engaged in a holding operation - during the gradual revolutionary renewal on a world scale. It does not consider itself the world party - only a grouping of nuclei for such.

Incidentally why on earth should revolutionaries sharing much of the Fourth International's analysis, reject its relevance? As for the counterposing of ideological and organisational hegemony, it was the whole point of my article to argue that in the long run these cannot be separated.

In the last analysis, the perspective for the Fourth International turns on its capacity to contribute to the theory and practice of revolution. If it degenerates into a band of dogmatic, sectarian fetishists, then it will become an irrelevance, and all the dilemmas posed by David Fernbach will obtain. If, on the other hand, it does retain its life and its revolutionary outlook then it will have justified its existence, and even if it does not itself become the new international, it will be able to participate in the process of re-groupment as a respected contributor, and I forecast its main contribution will be to convince the comrades of the importance of building a world party!

RSSF: MANIFESTO FOR A POLITICAL PROGRAMME

1. RSSF commits itself to the revolutionary overthrow of capitalism and imperialism and its replacement by workers' power, and bases itself on the recognition that the only social class in industrial countries capable of making the revolution is the working class.

2. RSSF opposes all forms of discrimination and will lend its support to any group engaged in progressive struggle against such discrimination.

3. RSSF commits itself on principle to all anti-imperialist, anti-capitalist and anti-fascist struggles and resolutely opposes all forms of capitalist domination and class collaboration.

4. RSSF will lend its support to any group of workers or tenants in struggles against the wage freeze and price and rent increases.

5. RSSF aims cannot be achieved through parliamentary means and it therefore constitutes itself as an extra-parliamentary opposition.

6. RSSF extends to all left students and organisations the invitation to co-operate with it in supporting and organising for its aims, and extends fraternal greetings to organisations abroad already doing so.

7. RSSF recognises the trend of modern capitalism to the increasing integration of manual and mental labour, of intellectual and productive work, makes the intellectual element increasingly crucial to the development of the economy and society and that this productive force comes into sharpening conflict with the institutional nature of capitalism. The growing revolutionary movement of students in all advanced capitalist countries is a product of this. To organise this vital sector as a revolutionary ally of the proletariat and as an integral part of building a new revolutionary movement, RSSF resolutely opposes ruling-class control of education and determines to struggle for an education system involving comprehensive higher education, the abolition of the binary system, public schools and grammar schools; the transformation of this sector requires the generation of a revolutionary socialist culture.

8. RSSF believes that existing political parties and trade unions cannot either structurally or politically sustain revolutionary socialist programmes. It affirms that it is neither meaningful nor valuable to attempt to capture these organisation. While retaining support for their defensive struggles, it believes that new, participatory mass-based organisations are required to overthrow capitalism.

9. RSSF believes that students will play a part in the building of such organisations and in the linking of struggles of existing militant groups. It sees its particular role as developing socialist consciousness among youth.

10. RSSF believes that the institutions of higher education are a comparatively weak link in British capitalism, and that the ruling class' field of action can be severely restricted by correctly waged struggles for student control and universities of revolutionary criticism.

11. RSSF will build red bases in our colleges and universities by fighting for the following Action Programme:-

ALL POWER TO THE GENERAL ASSEMBLY OF STUDENTS, STAFF AND WORKERS - ONE MAN ONE VOTE ON THE CAMPUS.

ABOLITION OF ALL EXAMS AND GRADING.

FULL DEMOCRACY IN ACCESS TO HIGHER EDUCATION.

AN END TO BOURGEOIS IDEOLOGY - MASQUERADING AS EDUCATION - IN COURSES AND LECTURES.

cont.

ABOLITION OF ALL INEQUALITY BETWEEN INSTITUTIONS OF HIGHER EDUCATION - AGAINST HIERARCHY AND PRIVILEGE.

BREAK THE AUTHORITY OF UNION BUREAUCRACIES AND INSTITUTE MASS DEMOCRACY.

Adopted by the 2nd RSSF Conference - London November 10th 1968.

WORKER PARTICIPATION IN MANAGEMENT - CZECHOSLOVAKIA

/Taken from 'Czechoslovak Life' - October 1968/+

Much has been said about the deformation of socialism. It would be more exact to talk about the introduction of a kind of state collectivism, something quite different from what Marx and Lenin had in mind. This system put an end to capitalist ownership, it is true, but it replaced capitalist monopolies with a state monopoly in which a central bureaucracy, represented by the Party and state apparatus, appropriated disproportionate authority and disposed of what was common property in a monopolistic way. This apparatus, with its hierarchy of bosses, pushed into the background all the features of democratic participation in management by the workers which had been introduced into the new Czechoslovak society by the revolutionary labour movement.

It was not chance that immediately after the war workers' committees were formed in factories and plants not unlike the workers' council in Yugoslavia, but these were abolished by administrative measures in 1948. This was a step backwards. The subsequent bureaucratic system of management by directive which advertised, and still advertises itself as supersocialist, and dismisses all other methods as revisionism and a return to capitalism, in reality preserved an important aspect of capitalist society: the worker did not feel himself a co-owner of his factory but a manipulated wage-earner facing the all-powerful bosses of the apparatus.

In the political ferment of the last few months our still limping process of economic reform has been relegated to the background and workers' councils are being formed in a spontaneous, haphazard way, although economic reform and the creation of workers' councils occupy an important place in the Action Programme of the Communist Party. Without thorough-going economic reform which would break the monopoly of state ownership and decentralised decision making regarding the disposition of surplus value, and without the introduction at the same time of worker participation in management, bureaucratic centralism could rapidly revive and put an end to the newly gained freedom. The bearer of liberal bourgeois democracy was the active factory owner, businessman, farmer, while the working man was from the very beginning excluded from the game. The socialist entrepreneur, whether an industrial enterprise or a farm co-operative, must be created by the combination of economic reform plus the introduction of workers' councils.

Although the economic reforms have been agreed upon, opinions on worker participation differ. Three basic objections have been raised:

1. If you put the factories into the hands of the collectively elected body of workers they will drink up the plant. They will distribute

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* This extract was published in the Monthly Digest of the Institute for Workers' Control, December 1968, 91, Goldsmith Street, Nottingham.

the profits in the form of wages and nothing will be left for investment. Proponents of this argument are unable to explain how it is that the farm co-operative have not "drunk up" their jointly owned property. Why should experienced industrial workers be worse managers? Especially when the state can use tax policy to influence the division of income, as it has in Yugoslavia where the taxes on wage funds are very high.

2. We've had enough amateurs in management! The workers' councils will mean a continuation and intensification of this dilettantism. Especially if they have a say in appointing and firing directors. We are for independent managers!

This is a fundamental question. The belief that workers will choose poorer specialists than did the centralised bureaucracy has no foundation, however, because whoever carries the risk is interested in having a good captain. We have a recent example in the Dukla mine in Ostrava where the workers threw out the old director and chose a real expert instead. Of course, the council must not interfere in the manager's work any more than a share-holders' board does. The function of the council is to decide together with the management, on the basis of expert advice, what is to be done with the surplus value, the profits which the enterprise keeps after deducting the share paid to the state. Indeed it is their future that is involved. And in addition, it is important for socialist managers to receive their powers from below and not from themselves as a privileged ruling group.

3. The third objection is not directed at the idea of workers participation but simply wants to postpone it so that the workers will not have to assume responsibility for unprofitable enterprises whose future is doubtful. But when will the economy be completely consolidated? On the contrary, it seems to me that if workers, technicians, and office personnel are to learn to think in economic terms - and they will never learn under the old system - they must bear part of the risk involved in doing business.

I have tried to outline briefly the problems around workers participation in management. In my opinion democratic socialism is unthinkable without recognition of this in principle, and anyone who rejects it is unable to transcend the limitations of state capitalism.

7th WORKERS' CONTROL CONFERENCE PLANNED FOR MARCH 1969

The Institute for Workers' Control has just announced preliminary plans for the conference to be held at Sheffield, during the last week-end of March 1969. Among the speakers will be Hugh Scanlon, Ernie Roberts, both of A.E.F., and Lawrence Daly, who was recently elected General Secretary of the Mineworkers. Full details can be obtained from the Institute for Workers' Control, 91, Goldsmith Street, Nottingham.

SECTS AND GROUPS

by D. Bensaid & H. Weber *

Every revolutionary organisation is permanently threatened by two sorts of political deviation, opposed but not mutually exclusive. The first sort is leftist sectarianism; it shows itself in failure to understand the real process through which the rising of the masses comes about. In the presence of a mass movement, leftism adopts a semi-suspicious, semi-contemptuous attitude: in so far as it does not correspond to traditional schemas, it constitutes a priori, an either dangerous or misleading phenomenon. Leftist deviations are characterized by a break with the mass movement and a cramping turning in on itself by the organization.

The second type of deviation is rightist opportunism. It is characterized by an unprincipled "adaption" to the mass movement treated as a fetish. The dynamic of opportunist deviations is the self liquidation of the revolutionary vanguard by progressive dissolution into the movement.

These two types of deviation, which clearly distinguish themselves by two sorts of degeneration, are not accidental. Their basis lies in the very nature of the class struggle: every revolutionary organization strives to mobilize the exploited classes against the system. But these exploited classes are also dominated ideologically. They are by no means ready to radically question the social order under which they suffer.

They come to revolutionary consciousness precisely in the course of everyday struggles for limited objectives, waged for years within the bounds of the system. Such is the contradiction with which every revolutionary organisation is faced; in order to mobilize the masses in struggle against the system it is necessary first of all to organize and educate the masses for struggle within the bounds of the system.(1)

Opportunist and sectarian deviations originate in an actual division introduced between struggles conducted "against the system" and struggles conducted "within the system". There is an inability to bind together dialectically these two sorts of struggle, a tendency to autonomise them, and to gravitate onesidedly to one or the other.

The sectarian deviation reverts to promoting "struggles against the system", and on the contrary the opportunist deviation reverts to promoting "struggles within the limits of the system", whilst neglecting the perspective of passing beyond them in a revolutionary manner. Rosa Luxemburg, who first developed this theoretically, put the workers parties on guard against rightist-opportunist deviations which are their natural inclinations: the conservative and privileged apparatus of the working class, wholly absorb themselves in day-to-day struggles and shout out at every revolutionary crisis that "all the conditions are not yet present." But as far as the grouplets are concerned, the danger of sectarian deviations is undoubtedly by far the most real.

The grouplets are not fundamentally differentiated from the large workers formations on the level of practical politics. Their roots are too superficial for the difference to be shown in the realm of action. At the

present stage of their development it is on the level of ideology that their specific nature is essentially affirmed.

A doctrinaire attitude, based on the necessity to preserve at all costs the purity of their principles which might be corrupted by a real-life application, is their immediate reaction. Their smallness and peripheral nature prevents them from proving their strategy through the test of practice. At the same time, the positions they adopt are not of much consequence. That is certainly a situation favourable to delirium...

The road that leads from leftist deviation to sectarian degeneration: leftist orientation shows itself in fantastic analyses, maladjusted political actions, a stunted sort of relationship with the mass movement and rival organisations... its analyses, its political actions, its relationships are made up of so many peculiarities, which define the grouplet by differentiating it from everyone else. The grouplet becomes a sect when the multiplication of its own peculiarities becomes the unconscious motive of its political activity.

The grouplet is no longer made to function in the general interest of the labour movement and the revolution. From then on it is constrained to function by its internal needs, to preserve itself as a clearly defined grouplet, marked out in its political setting by its list of peculiarities.(2) The grouplet becomes a sect when it sets up a fetish of itself.

From the moment when sectarian degeneration is effected, the problems are posed very differently. The logic of a sect hasn't got much in common with the logic of a revolutionary group, however small. The analyses and political activity in the two cases correspond to very different laws. In the case of a sect, they stem from a logic of reproduction: political analyses aim to confirm (hence reproduce) the original assumptions. They tend to recognise in social reality the verification of the particular theses held by the sect, whatever the "distortion" that it needs to impose on events to justify this. In the first instance political activity is determined by the internal needs of the sect. It seeks above all to preserve itself, by means of its particular shibboleth. Its relationship with the mass movement and political groupings also arises from the logic of preservation: the sect considers anything that it cannot control as a menace. In the presence of the mass movement it adopts defensive positions either by denigrating or by claiming self-appointed leadership of it. With regard to political groupings it shows that attitude which has given the description "sectarian" its correct meaning. Virulent hostility to everyone else is an important part of its mode of cohesion. This hostility is all the sharper when the political grouping is closest to its own positions.

A sect can grow numerically up to a certain point, but it is condemned to remain in the state of a grouplet. It is basically incapable of rising above its marginal nature. It is irremediably cut off from the mass movement which it does not understand and on which it lives parasitically. It recruits its militants in this movement, but this recruitment is selective (at least when there are a number of organisations). Insofar as it is a small, fringe group and sectarian in operation, the sect recruits a certain type of individual, an unmistakable psychological type, an individual

sufficiently predisposed to the atmosphere of the sect as to be attracted by it. The group undertakes in some respects to integrate new recruits and to absorb those admitted. But it can not sustain quantitative growth beyond a certain limit. Its internal processes of homogenization and cohesion function badly after a certain stage. The sects themselves only having distant contact with social reality, and one aberration being as good as another, centrifugal tendencies then develop naturally. When the cement, (i.e. the sects techniques of internal cohesion) begins to soften, the sect inevitably crumbles to pieces.

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* Mai 1968; Une Repetition Generale, by D. Bensaid & H. Weber (ex-member of the National Bureau of the JCR), Maspero cahiers libres 133 chp. 4. "Le mouvement etudiant Francais: Typologie des groupuscules" - "Sect et Groupuscule" pp. 53 - 56.

(1) R. Luxemburg: Leninism or Marxism

"The international movement of the proletariat towards its complete emancipation is a process peculiar in the following respects. For the first time in the history of civilisation, the people are expressing their will consciously and in opposition to all ruling classes. But this will can only be satisfied beyond the limits of the existing system. Now the mass can only acquire and strengthen their will in the course of day to day struggle against the existing social order - that is, within the limits of capitalist society. On the one hand, we have the mass; on the other, its historic goal, located outside of existing society. On one hand, we have the day-to-day struggle; on the other, the social revolution. Such are the terms of the dialectical contradiction through which the socialist movement makes its way."

(2) cf. Karl Marx, "The sect sees the justification for its existence and its 'point of honour' - not in what it has in common with the class movement but in the particular shibboleth which distinguishes it from it". (Marx to Schweitzer, 13 October 1868. In the Selected Correspondence of Karl Marx and Frederick Engels, International Publishers edition, p. 230) Cited by E. Germain, Marxism and Ultra-Leftism. p. 9

BOOK REVIEWS

THE BEGINNING OF THE END *

Reviewed by Tom Fawthrop

Only a few years ago it seemed to most comrades on the Left, that the prospect of revolution in the West was little more than a forlorn hope, if not a forgotten dream; that our modern consumer society had developed walls that were impregnable to any radical change and deaf to the muffled cry of its victims.

Capitalism in the 1960's seemed to say that the revolution was no more than a thing of the dim and distant past.

This book vividly describes the death of this myth, and how all the complacent assumptions about the modern era were devastatingly shattered by the events of May in France - which represented one more of history's great spontaneous upheavals, "when the unpredictable has happened, and the seemingly impossible is at hand".

Once more the attention of vast numbers of radically-minded people has been drawn away from the prosaic and mundane tasks which accompany a commitment merely to reform the system, and once more a wider political horizon is visible to the mass of people, who in times of ideological depression oscillate between despair of change on the one hand, and the fetishistic acceptance of half-baked reforms on the other, which contribute little to serving the people for whom they are intended.

The strength of this book is the degree to which it succeeds in capturing the spirit of this dramatic stage in the development of Western society - a stage in which man the creator was rediscovered in France, the creator struggling to be free in the Sorbonne, in the factories, in offices, and in the streets; struggling to seize control of his environment, of his work, his leisure, and his life.

This was the general will against the will of the General and his plutocratic friends, advisors, accomplices, and allies.

Yes this was most certainly the revolutionary renaissance - the shape of things to come. In this respect Tom Nairn's analysis is particularly important in posing new factors and new contradictions operating in this, the final stage of capitalism.

The events of France will undoubtedly prove to be the single most important question in provoking the long-awaited development of 20th century theory of revolution in modern advanced societies. It is surely time to cease from clinging on to the revolutionary skeletons of the past as blueprints for the future - the bones of Lenin and Trotsky both haunt and hinder this re-birth of Marxist theory, (as well as help it). So many revolutionary groups have contributed to the ideological sterility of the recent past, that now they have much to atone for in combatting the mighty gulf between theory and practice, which has clearly been opened up by the student revolt, which displays not only a refreshing spontaneity that is so effective in mobilizing enormous numbers of people against the drab mediocrity of capitalism in 1968, but also a distressing lack of political strategy, which leaves the vast numbers of people readily vulnerable to disillusionment after the first revolutionary upsurge has failed. Blind heroism guided only by revolutionary purpose is not enough. The essence of Marxism is to understand not only where we are now, and where we are trying to go - but further some analysis of how we get there, this is the whole point of developing among ourselves a theory of revolution in the West for the 1970's.

These questions are raised by the book, and some intimations are given but these are only a beginning. Another merit of this little volume is the way it highlights the failure of the many revolutionary "groupuscules" to keep abreast of the spontaneous tide, which swept over many traditional concepts of revolution, and revolutionary organisation.

The revolution failed - not surprisingly, but before we draw the rather complacent conclusion that this only confirms our own pet hypotheses condemning the role of a revolutionary party, a vanguard, or some other instrument set up to lead the masses to the promised land, we might consider a bit more deeply why it failed.

Spontaneity may not be enough - yet in France last May it could have been much more, but for the containment role of the Communist Party. Much of the evidence suggests that without this policing of the French working class the general strike could have developed a more offensive nature, with the workers actually re-starting work in some factories on the basis of workers' control, and emerging Soviets. Organisation itself, arose spontaneously out of the revolution in Hungary in 1956.

By substituting the leadership of one small group for the counter-revolutionary leadership of the C.P. do we thereby achieve a successful revolution? Like the authors of this book, I very much doubt it. At the moment the workers probably suffer from too much leadership, not too little. Once the yoke of C.P. leadership has been overthrown, another stage in the rebirth of the revolutionary movement will have begun - and this will truly be the "Beginning of the End"; and let us hope that the "groupuscules" will learn enough lessons in modern revolution so that next time their theories are in tune with the "praxis" of the moment, instead of being only in harmony with the "praxis" of the past.

I need hardly add the final comment, that if you have not yet read this book, then in the interests of the next revolution in the West, run out and grab hold of a copy without delay. It is too important to miss!

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* The Beginning of the End. France, May 1968: Angelo Quattrocchi and Tom Nairn. Panther Books Ltd. 1968.

A YUGOSLAV PHILOSOPHER

Reviewed by Chris Arthur

It has long been known that there exists in Yugoslavia a flourishing school of non-dogmatic Marxists grouped around the journal Praxis. Foremost among these is Gajo Petrovic, and it is the purpose of this note to draw readers' attention to the fact that a sample of his views is now accessible in English. The book is Marx in Mid-Twentieth Century, Anchor 1967, paperback; 12/-, and is a collection of articles written between 1961 and 1964. It is believed that Petrovic has recently been expelled from the Party and, judging by this book, it is the Party's loss.

I shall not attempt a critique here but merely indicate some of the important points. The point that Petrovic comes back to again and again is that, for Marx, man is essentially a being of praxis, i.e. a being that creates his world and himself through action. A subsidiary theme, naturally enough, is alienation, i.e. the process in which, instead of a free creative

praxis, there occurs the turning of man's powers against himself, and his subordination to apparently self-subsistent, non-human entities such as capital. These writings, therefore, are slap in the middle of the 'humanist revival' in Marxism, inspired by the early writings, though, be it noted, Petrovic argues for the continuity of the later Marx with the earlier.

The analysis is at a very general level - we are usually talking about 'man' rather than, say, the bourgeoisie or proletariat. Nevertheless Petrovic makes telling points. For example, in the first essay, Marxism versus Stalinism, the fractured Marxism of Stalinism is criticised for having expelled man from the centre.

"In the centre of the Stalinistic conception of dialectical materialism are such concepts as 'matter', 'nature', 'mind', 'consciousness', 'universal connection', 'movement' etc. In historical materialism everything turns upon 'society', 'conditions of material life', 'productive forces'. Neither dialectical nor historical materialism, as conceived by Stalinists, contains any word about man as man.

Some people say that one cannot speak about man as man, that man as such is an empty abstraction. 'Matter', 'mind', 'movement', 'quantity', 'quality', 'society', etc. accordingly, are not abstractions! Is only man abstract?

The study of different aspects or forms of man's activity (economic, political, artistic, scientific) that are abstracted from the whole man Stalinism regards as concrete. Only the whole (concrete) man is abstract!" (p. 22).

Perhaps the most interesting essay in the book is the one entitled Man as Economic Animal and as Praxis. This summarises pithily the views on historical materialism of Marx, Engels, Labriola, Plekhanov, Lenin and Stalin and develops into an assault on the 'theory of factors' and an affirmation of the unity of man's being. However, the theory of factors is not simply a logical mistake, Petrovic suggests, but reflects an historical process.

"It is natural for the social thought of class society to move inside the limits of the theory of factors, because it is a self-alienated society split into mutually independent and conflicting spheres."

In sum, apart from two technical pieces, the book is very readable, and worth reading.

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