

PROLETARIAN REVOLUTION

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Latin Debt Threatens Capitalism

Two topics not often linked together have dominated the news about Latin America this past spring: 1) the United States' escalating acts of war against Nicaragua, and 2) the rising protest over the enormous (nearly \$400 billion) debt owed by the Latin American countries to North American and European banks.

War moves include the U.S.-sponsored contra raids, Reagan's hypocritical ravings against "terrorism," his trade embargo, military maneuvers and threats of invasion by high officials. The debt, much of it incurred for arms spending, luxury imports and sheer looting by such regimes as Argentina's recent military junta and Nicaragua's former dictator Somoza, forces the various "democratic" governments of the region to apply harsh austerity measures.

The war and the debt are intimately connected. Latin American people are overwhelmingly hostile to U.S. aggression, a gross violation of the right of national self-determination. But their capitalist governments, which claim demagogically to stand for the principles of national independence, are dependent on Washington and therefore tolerant of its imperialist moves.

One thing they could be forced to do, by mass
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Imperialism and Soviet Imperialism

The role of the Soviet superpower within world imperialism is obviously one of the most crucial questions of international politics. It has also been one of the most disputed on the left. Many believe that the USSR, despite its bloody history of counterrevolution, remains a progressive international force. Others see it as an equal (or greater) imperialist

threat as compared with the U.S. Each of these incompatible views reflects different aspects of the Soviet state, whose contradictions are sharper even than those of capitalism in its more traditional forms.

The view expressed often in this magazine is that the USSR is an economically weak imperialist power.¹ Its statified capitalist economy is undermined by the very proletarian gains that the Stalinist bureaucracy was unable to destroy when it overthrew the Soviet workers' state on the eve of the second world war. Today it is prop and parcel of the world imperialist system, helping to maintain the stability of that system as a whole while defending its own

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Cop Violence Against Blacks Grows

The wave of police violence against black people continues. On June 12 a New York City plainclothes cop said to be on decoy patrol killed Edmund Perry, a young black student at elite private schools. Within weeks the murderer was exonerated by a grand jury, and the victim's brother was indicted for participating in an alleged attack against him. This outrage only continues the rash of racist police killings in New York, whose recent victims include Eleanor Bumpurs and Michael Stewart last fall.

A qualitative escalation occurred in Philadelphia on May 13, when a police helicopter bombed a house with members of the "counterculture" group MOVE inside. The bombing and the fire it touched off claimed the lives of 11 people, including 4 children, and destroyed over 60 homes in the black working-class neighborhood, leaving over 250 people homeless.

These tragedies are not accidents. The circumstances that make them possible are firmly rooted in class and racial realities. Working-class fighters have to analyze them and draw the proper lessons.

Consider the MOVE group and its relationship with the capitalist state. MOVE was formed in the early 1970s as a small, overwhelmingly black sect. Although the media calls it radical, its ideological foundations are a mix of "naturalism" and rejection of authority. Its back-to-nature beliefs translate into a lifestyle of virtual squalor, e.g., the accumulation of garbage and the care and feeding of rats. This hardly serves to attract working-class blacks

who are desperately trying to hold on to what material gains they have won.

But MOVE's hatred of the capitalist state and its willingness to take it on are beyond doubt. In a very distorted form MOVE reflects a reaction against capitalism; this alone guaranteed the cops' hatred and active hostility. In 1978 Philadelphia's notoriously racist Mayor Frank Rizzo ordered a siege of a MOVE house. A cop was killed in the raid, and as a result nine MOVE people got prison terms.

So the city bosses had a big axe to grind. Unfortunately MOVE made it easier for the city to carry out its next attack. When MOVE set up quarters in West Philadelphia, its lifestyle understandably alienated many neighbors. In addition, MOVE reportedly used loudspeakers to blare obscenities at neighbors as well as cops and had several scraps with community people. In fact, the immediate excuse for police intervention was complaints by local residents. MOVE's isolation opened it up for a police siege.

Black Politicians' Role

Perhaps the most significant factor was the treacherous role of black Mayor Wilson Goode. The bombing plan was formulated and implemented by others, but Goode approved it and rushed in afterwards to justify it and "accept" the blame. Rizzo's 1978 raid had outraged the black community and prompted broad sympathy for MOVE. Had he or another white official been in charge of the latest attack, he

Back Issues

Back issues of this magazine contain in-depth analyses of a wide range of political, economic and social issues from the vantage point of revolutionary working-class communists.

Topics covered include: internationalism versus nationalism, the nature of Stalinist capitalism, modern reformism and the trade unions, imperialism, the labor aristocracy and the political economy of capitalism. Recent issues have focused on the black struggle and the Democratic Party, U.S. foreign policy and specific liberation and industrial struggles.

There has been considerable material on theoretical and practical questions of Trotskyism: the Transitional Program, the workers' government slogan, the labor party question and the general strike. Articles also present the political history and views of the League for the Revolutionary Party (LRP) and analyses of various left organizations in the U.S. and abroad.

You may obtain a list of articles in back issues by writing to us. Each costs \$1.00; a complete set is \$20.

Correction

A picture caption was garbled in our last issue. The caption on page 7 should have read:

British miners heroically battling police. Leninists know that such workers are spontaneously revolutionary — but must build a vanguard party "to transform this spontaneity into consciousness."

PROLETARIAN REVOLUTION

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would have faced seething hostility from blacks. Yet polls after the bombing showed Goode getting relatively high approval ratings not only from whites -- no doubt for being "tough" -- but also from blacks; apparently many sought to rally behind a black politician in the face of attack. Goode manipulated this feeling

(Workers Vanguard, May 17). The blame evened out in later issues, but the danger is clear: blaming the right for all the evils of capitalism, racism included, is a direct path to popular-front support for enemies of black people like Wilson Goode. The Stalinists have long traveled this road, and the SL's

Black mayor Wilson Goode incinerated a black neighborhood to massacre MOVE. In South Africa, black masses are attacking the black pawns of their racist state. The lesson will be learned here too.



in order to stifle any breakout of mass black anger.

The Philadelphia outrage is a grisly demonstration of the deepening racism of the capitalist state. This episode added a new twist: the attack on the black community was carried out in the name of protecting it. Even when posing as guardians of the "public interest," the bosses and their cops show their racist and anti-working-class venom.

The most important lesson to be drawn is that the black bourgeois politicians are an obstacle to the aspirations of the black masses. The decaying central cities have become home to oppressed people: many black workers have powerful roles in production, while others are unemployed and desperate. Goode is one of several black mayors who have taken office in recent years to preside over these dynamite kegs and enforce austerity on the masses.

On the left, the Spartacist League, formally a staunch enemy of Democratic politicians, in effect apologized for Goode with its headline "Reagan Bombs Black Babies" and an initial article that treated Goode's taking responsibility for the bombing as a deliberate cover up for the Reagan administration

emphasis on the Reaganites' supposed craziness and fascist leanings has led them onto it.

The lessons of the New York cop killings are similar. Here Police Commissioner Benjamin Ward is also black, serving under the notoriously anti-minority and anti-labor mayor Ed Koch. Ward has been forced to discipline his cops only for the most extraordinary crimes, such as the murder of a Park Avenue psychologist in March when a drunken police sergeant ran over two pedestrians, and the wave of "stun gun" tortures in police precinct houses. But murderers of innocent black victims have gone free.

These attacks are the inevitable result of capitalism's divide and conquer tactics toward the working class. Beneath the transient glitter of prosperity for the gentry, the cities and the private capitalists are tightening their noose on working people. Blacks and Latins are the main victims, although they are not alone. Racism is being escalated in order to prevent a united working-class response to capitalism's drive to squeeze more profits from the workers.

In this light the most indicative racial attack was the one perpetrated by the self-proclaimed white

vigilante Bernhard Goetz in New York last December. He shot four black youths in the subway, proclaiming that his aim was to rid the city of criminals. But although his victims were undoubtedly hassling people verbally, they committed no crime. Nevertheless, all the media and politicians at first treated Goetz as a hero, until the extent of his racism came out (see our last issue for details). Then a growing majority of blacks, as well as many whites, rejected their original support for Goetz over the crime issue.

The Left's Miserable Response

The Goetz affair highlighted the failure of the left to take a working-class view of the racist attacks. Most left papers responded with the anemic attitude of bleeding-heart liberals: to them the four victims were poverty-stricken innocents rather than petty toughs obnoxiously menacing subway riders. They tried also to bury the crime question, denying in effect that there exist lumpenproletarians who prey on the working class and above all on black workers. Leftists who advise the working class to fight criminal attacks by denying their existence when carried out by blacks only succeed in leaving the field to law and order champions like Goetz and the cops, forerunners of tomorrow's lynch mobs.

On the opposite side of the left spectrum were those who covered for Goetz. The Spark group, for example, argued that the major issue was the crime wave Goetz claimed to be fighting (Class Struggle, March 1985); this article appeared months after the facts came out, not under the pressure of the initial pro-Goetz media barrage. (Even then, of course, politically aware observers had lots of evidence that Goetz was not a color-blind hero.) Spark airily dismissed racism as a question of media propaganda and gave no hint that Goetz might actually be guilty of a crime himself.

The Spartacists had a similar line. Posing as the opposite of the bleeding heart liberals, in reality they are the flip side of the same middle-class coin. They labeled Goetz a "racist nut" but nevertheless picked up fraternal vibrations from him out of sheer class instinct:

"One could sympathize with Goetz's frustration over his attempt to get a handgun license. He went through the wringer of bureaucratic investigation/interrogation like a good citizen and was rejected anyway. ... But Marxists, and the U.S. Constitution, hold that everyone has a right to bear arms." (Workers Vanguard, January 11.)

Marxists indeed insist on the right of the masses to bear arms. But not out of sympathy with "Goetz's frustration" stemming from obstacles to carrying out his dream of wasting blacks. A major reason the oppressed and exploited need to arm themselves is that

not only the cops are armed, but lynch mobs and individual racist vigilantes like Goetz are too.

At first the SL came close to apologizing for Goetz as an apostle of self-defense instead of making him an example of what workers must defend themselves against. Subsequently it was forced to retreat, given the revelations of Goetz's racist fantasy life and his cold-blooded attempt to finish off one of his wounded victims. The Spartacists still insist that the Goetz case is "contradictory," because of his initial popular support from blacks. In reality their position all along has been an indefensible concession to the backward (anti-proletarian) response aroused by the crime issue.

A letter to the Spartacist paper pointed out correctly that the SL line "stops just short of saying that Goetz did a good thing. ... In this deeply divided, racist, capitalist society, there is always a danger of the working class being sucked into and ripped apart by race war. The WV article should have focused much more on this threat instead of seeing gun control as the main question posed."

The SL responded by insisting that Goetz's racism was secondary: "...whatever was going on in his head, his situation was that of a potential victim of a mugging under way -- a skinny blond guy with glasses -- What's the conclusion, then, that vulnerable looking white people shouldn't live in New York City?" (Workers Vanguard, January 25.)

The Answer to Crime and Police

The Spartacists' sympathy for Goetz was obviously encouraged by his clean-cut middle-class image. As defined by the cops and capitalists, the "criminal element" consists of low-class characters who are generally black or Hispanic but can even include coarser whites as well. Ironically, the Spartacists show this same attitude in their analysis of the police themselves: "Who are these cops? a bunch of dim ethnic white thugs who barely made it through high school -- getting paid good money, far more than they would otherwise earn." (Workers Vanguard, March 22.)

But the problem with cops is not their dimness, ethnicity, earning power or lack of education -- all code words for their working-class origin. They betrayed their class roots to become mercenaries for capitalism, the bosses' hired thugs. The worst thugs are the bosses themselves, the "bright" Ivy Leaguers who run the system. Ivy-League leftists may miss the point, but workers can't afford to.

The answer to crime, police brutality and the exploiters who profit off them is not with the patronizing liberals or middle-class left chauvinists. As a proletarian Marxist organization, the LRP stands for armed black self-defense and workers' defense guards. These can lead to a workers' militia to overthrow capitalism, the real source of racism and crime. ■

China Finds Marx Unprofitable

It's not every day that Marxist theory gets discussed prominently in the bourgeois press -- or even the left press, for that matter. But it's happening. China's well publicized retreat from "socialist planning" is being hailed by Western ideologists as further proof that Marxism is useless. Symmetrically, many leftists are wringing their hands in despair over China's taking the "capitalist road."

Within China, on the one hand the Peking party paper revealed that Marx has been dead 101 years, so his writings won't "solve all our problems now." On the other, spokesmen complain about the long neglect of Marx's law of value, and his "Critique of the Gotha Program" is being studied in party schools to justify the new turn.

It is time to come to Marx's rescue. First, the Chinese Communist Party never governed according to any principles of Marxism. For Marx, socialism meant genuine working-class power, not rule by an elite class "serving the people." The 1949 revolution that loosened imperialism's grip on China placed a nationalist (i.e., capitalist), not a proletarian, regime in power. The regime, however, has up to now made a pretense to Marxism, and not just via the nationalization of industry that is so often taken as sufficient for socialism.

Following Marx, the Peking authorities used to denounce the law of value as a capitalist mechanism, which indeed it is. But now they embrace it: "The latest effort aims at invigorating the economy by letting the law of value play an increasingly important role in economic management." (*China Daily*, October 16, 1985.)

Red-Blooded Capitalists

When pseudo-socialists praise the law of value, they are treating it as a law of circulation, one that guarantees approximate equality in the exchange of commodities. But for Marx the law of value was primarily a law of production. It explains not only the exploitation of the workers but also the drive for capital accumulation at the workers' expense. Marx's analysis of labor value as the basis of capitalist exploitation is now an embarrassment, for Beijing wants to use this method itself. No wonder the Chinese bureaucrats find fundamental aspects of Marx's critique "obsolete." So do capitalists everywhere.

The one Marxian work which the current Chinese rulers approve of, the "Critique of the Gotha Pro-

gram," was praised also by Stalin in order to justify the gross inequalities that his counterrevolution was forcing on the masses. This is a wild distortion: in this work Marx simply explained that the labor-payment principle under the first stage of communism, "to each according to his work," would still be an unfortunate remnant of bourgeois inequality -- people who do equal work and are therefore paid equally nevertheless have unequal needs. For Marx the communist goal was to eliminate all inequality, rapidly and steadily -- not, as with Stalin and the CCP, to sanctify it as a "Marxist" principle.

The bureaucrats' goal, now openly acknowledged,



Heilongjiang plant in China announced doubled output after introducing piecework. "Marxism-Leninism"-Mao Zedong Thought equals GM-IBM-Ronald Reagan Thought.

is just what Marx understood: to accelerate the growth of China's capital by any means necessary. These include intensified accumulation, as already indicated, and opening up the economy to Western and Japanese investment. There will be takers, for what red-blooded capitalist can resist the temptation of a literate and severely disciplined working class serving forty eight-hour weeks with few paid holidays, no unions and no health and safety protection? No wonder American Motors has begun a joint venture with a Chinese firm: auto workers' wages plus benefits run less than a dollar per hour, compared to over \$20 here.

China's new policy amounts not to a turn away from Marx but rather a turn to a sort of establishment pseudo-Marxism. It is directed not toward proletarian liberation but toward a more "scientific" exploitation. The appropriate response would be for the Chinese working class itself to turn to Marx, the revolutionary Marx who fought for class consciousness and against oppression in every form. The increased class confrontation that China's new policy will compel gives the workers every incentive to do so. ■

Steve Zeluck 1922-1985

Steve Zeluck died on March 1, 1985 at the age of 63. He was a political opponent of ours; we mourn his death.

Our sadness does not derive from any notion of Marxist charity now that he is gone. Patronization of the dead is worse than of the living, since the dead cannot defend themselves. We respected Comrade Zeluck when we fought him in life. Now we respect his memory while we continue the combat against those who maintain his political legacy.

First it must be said that Steve's whole life was dedicated to the struggle by the proletariat for a new, humane, socialist world. In our opinion, his strategy for this struggle was contradictory and self-defeating. He was killed by capitalism not, however, because of his mistakes but because of his devotion to the working-class mission.

Steve's recent death from mesothelioma, cancer of the lining of the lung, was caused by exposure to asbestos while working in the Philadelphia Navy Yard in the early days of World War II. He took a job there prior to being drafted as a political act, as a member of a revolutionary party seeking to lead his fellow workers in the class struggle; the communist goal, which he shared, was to turn the imperialist world war into a civil war against capitalism and for the rule of the working class.

For years the capitalist bosses had been well aware of the fact that asbestos was a killer. But they suppressed this knowledge, did not warn the workers, and made no adequate safeguards for the workers' health. In this they had their priorities perfectly straight. After all, if they were willing to set in motion the slaughter of millions of workers-as-soldiers in fratricidal war in the interest of profits abroad, why stint on human sacrifice at home? As a result, Steve Zeluck, like many of his fellow workers, was murdered by capital.

The Struggle for Trotskyism

Steve became a Trotskyist as a young man in the late 1930s. He served both as a union activist and as a theorist and writer. He also lived through many of the decisive internal battles in the Trotskyist and ex-Trotskyist milieu. He continued his industrial work after the war at the International Harvester plant in Chicago, where he participated in militant strike action. Later he became a teacher and a leader in the United Federation of Teachers, where he fought the right-wing social-democratic Shanker machine.

He left the Trotskyist Socialist Workers Party in 1940 with the Shachtman split, a tendency that tried to mask its gradual turn towards the U.S. labor bureaucracy while highlighting the more evident dispute

over the class character of the USSR. Within Shachtman's Workers Party, he turned to the left and joined the "state capitalist" Johnson-Forest tendency led by C.L.R. James and Raya Dunayevskaya. With them he rejoined the SWP after the war; and when Johnson-Forest left the SWP in the late forties in a break from Trotskyism, he stayed behind as part of a loosely organized tendency including Art Fox and other union militants. As the SWP turned increasingly in the direction of middle-class radicalism, Zeluck and many others were dumped by the wayside in the mid-1960s.

In 1971 Steve joined the International Socialists (IS), a left-centrist Shachtmanite group strengthened by the New Left movement of the 60s. The IS was one of the first groups built during this period to turn to activity in the working class, but it was doing its best to bury the remaining shards of its revolutionary Trotskyist tradition. It presented itself as a militant trade unionist outfit seeking to spark a rank-and-file struggle for reforms and democracy.

The deepening capitalist crisis that set off the IS's growth also led to its shattering. There were mass eruptions throughout the world, including the French general strike. In this country the black ghetto rebellions and the rash of wildcat strikes in the early 70s inspired new struggles, splits and expulsions within socialist groups. Among these was the 1973 fight of the Revolutionary Tendency in the IS that became the LRP of today, aimed at reconstructing a Trotskyist organization (see "The Struggle for the Revolutionary Party" in Socialist Voice No. 1).

Although he still identified himself as a Trotskyist, Steve remained loyal to the IS up to the point when its sole interest in union reform led it to embrace the left wing of the bureaucracy. This was too much for Steve and others, who reluctantly left in the late 70s to form the Workers Power group and publish the non-organizational magazine Against the Current, which he edited. This was Steve's political home until his death.

Steve's Broad Left Strategy

Workers Power and Against the Current embodied Steve's conception that all tendencies of what he regarded as the broad revolutionary left ought to unify despite their serious political differences over the crucial questions of our time. The groups' program had therefore to be vague enough to embrace as many disparate elements as possible. In Zeluck's view this multi-tendencied melange would succeed if it held a common approach to rank-and-file union reform. He drew the line against support for the capitalist Democratic Party and against submission to the left union bureaucrats.

"Rank and file" groups within the working class had been a hallmark of the original Shachtmanites. The idea was nurtured during and after the war, in opposition to the position of the then communist SWP for building the revolutionary party in industry as the alternative to the bureaucracy. The Shachtmanites inevitably capitulated to the bureaucracy (right as well as left) and the Democrats. Today they are the core leadership of both the Social Democrats USA (Lane Kirkland's strategists) and the trendy Democratic Socialists of America (DSA). The IS was born in a fight to preserve the earlier forms of Shachtmanism -- a labor party and rank-and-fileism -- against the Democrats and bureaucrats. But because it never broke from the basic Shachtmanite assumption that militant reformism was the place to start, the IS ended up traveling on the same road to the right that it once fought against, albeit more slowly and hesitantly.

Steve too, despite his greater subjective leftism, still accepted the basic militant reformist strategy. Fittingly enough, at the memorial meeting



held for him in New York on March 24, the upcoming re-merger of Workers Power and the IS was announced.

It is no accident that Steve's grand perspective for regroupment has produced only the impending reunification with the remnant of the IS (and perhaps also a wing split from the Socialist Action outfit, itself recently expelled from the SWP). The real object of Steve's (and the IS's) desire was the large ex-Maoist milieu, in great disarray since the death of Mao Zedong and the exposure of China's pro-U.S. activities. But the elements emerging out of the collapse of "anti-revisionist" Stalinism are uninterested. They have no need for impractical halfway houses that fight for reformist programs but refuse to embrace the only potential power centers for those programs, the left-tinged bureaucracy and the Democratic Party. Many New Left and Maoist veterans, some of them in

the DSA, now serve as left covers and water carriers for the union misleaders. The effort to reconstruct an earlier, less capitulatory stage of Shachtmanism to avoid this path is as futile now as in the 1960s.

Multi-tendency centrist amalgamations like the ones Zeluck spent much of his life fighting for are inherently unstable; they maintain a tenuous existence only during periods of working-class retreat. But when the workers erupt, they have to choose between the real alternative programs: reform and revolution. The centrist groups split, recombine, flare up momentarily but then die out. They have always done so and always will.

Steve Zeluck was a fine teacher, especially patient with younger comrades. Many of us learned many things from him that arm us to this day. One reason was that he was genuinely concerned with what less experienced comrades had to say. In contrast to many of those who pass for leaders on the left, he never attempted to set himself up as demigod or guru spouting perfect wisdom. He likewise made a point of knowing his opponents' views. He was always above the "anti-dogmatist" attitude that the opinions of small minorities, or of opponent tendencies, could be ignored out of disdain for the significance of their numbers.

Unfortunately his political course dictated a political and theoretical inconclusiveness which fed into the malaise enwrapping the left today. It encouraged young comrades to make uncertainty into a positive virtue, to identify political sureness and intransigence -- qualities that were characteristic of Marx, Engels, Lenin, Trotsky, Luxemburg and our other great forebears -- with dogmatism and shallowness.

Steve's Theoretical Ideas

Steve's comrades at the New York memorial meeting praised him repeatedly for the ideas he contributed -- without mentioning what they were (aside from the regroupment perspective they share with him). Let us correct this omission, if only in brief outline.

In the mid-1950s he wrote two articles under the nom de plume David Miller for the SWP's theoretical journal on the role of state capitalism in China and other ex-colonial countries; these are still valuable sources of information and theoretical insight. He argued in particular against the prevailing, cynical view that statified capitalist societies like Maoist China's were workers' states, however deformed, transitional to socialism.

His later theoretical legacy is more ambiguous. In his own journal in the 1980s, he published two critiques of currently popular economic conceptions, the monopoly theory of Baran-Sweezy and others and the dependency theory of "third-world" backwardness. He convincingly attacked Baran-Sweezy's anti-working class assumptions and their reformist logic leading to the strategy of working through the bourgeoisie's state

machine and its political parties. He also nailed the bourgeois nationalist logic of the dependency theorists. But in doing so he implicitly accepted these reformists' claim to uphold the Leninist theoretical heritage. While Steve acknowledged that Lenin's view was not the same as today's third-worldists', he ignored what Lenin considered the key question: the imperialist epoch and its close link to the development of monopoly. Without this understanding, Lenin's strategy of building an intransigent revolutionary party becomes just one option to discuss among many.

Refusing to Draw Lines

On the same lines, in his critique of underdevelopment theory, he amassed evidence that capitalism has advanced the productive forces in certain ex-colonial and semi-colonial countries -- but neglected to raise the question of whether this contradicts Lenin's conception of the epoch and Trotsky's theory of permanent revolution. Arguing against "dependency" while leaving these points unmentioned implies that a backward country in this epoch can rise to autonomous, even imperialist, levels -- a possibility that both facts and theory dispute. As a result, Steve's reluctance to either affirm or openly confront the Leninist-Trotskyist tradition left open the sort of reformist conclusions that he spent his life in combat against.

Steve was caught between his strong allegiance to the working class and revolution on the one hand, and his constant effort to broker a left regroupment on a least-common-denominator basis on the other. While he was committed to rigorous Marxist theoretical analysis of fundamental questions, his melange strategy inevitably prevented him from drawing sharp political conclusions. Of course, sharp political conclusions are the only point of theoretical activity for Marxists. But Steve's deep and sincere interest in Marxist theory produced less than it should have because his efforts remained probes; he fell short of the kind of illumination his abilities and interest promised. And whenever faction fights broke out, even those over serious questions, the story always was that "Steve is somewhere in between."

Workers Power, for example, has no defined position on the "Russian question." (In the last decade Steve's own view was that the USSR was more progressive than capitalism but less so than socialism. He may have been more precise than that, but if so we never knew. He was so concerned to reconcile opposing views that he didn't crystallize his own.) The differences are vast: some see it as a workers' state on the path to human progress, although perhaps stalled; others as a reactionary blockade to socialism. Obviously this affects one's view of what socialism is and how to fight for it. Workers Power is devoted to discussing the need for a discussion of such vital

questions but is absolutely adamant in refusing to come to conclusions which would draw lines.

In pursuit of his unifying mission, Steve demonstrated tact, patience and diplomatic skill. Yet he was also an embittered man who could, and did, explode upon occasion. Bitterness was not an uncommon trait among the generation of communist militants who entered industry in the 30s and 40s expecting to see the revolution in their time. Their sacrifices and dedication were mocked by their former comrades who sold out or capitulated when the post-war prosperity bubble inflated. When the surviving militants saw that the revolution had to be postponed to the indefinite future, they realized that their whole lives would be spent within the capitalist society they hated. Their tragedy is ours too. If Steve's devotion to the working class was marred by a certain cynicism over its potential for revolutionary consciousness (as it was, in our opinion), we can understand his outlook even though we are hostile to it.

When we fought Steve in the IS in 1973, he took an extremely hard line against us, as we did towards him. He attacked us as unregenerate sectarians whose insistent evocation of Trotskyism would frighten off positive developments within the IS. We jeered at him as a "creeping Trotskyist" who believed Trotskyism could triumph without an open fight. When he took a stance between our tendency and the majority leaders, we attacked him for being firm against his left and soft towards those on his right. In that fight the truth was not "somewhere in between." The I.S. did not creep toward Trotskyism; it galloped away, even when our spectres were no longer there to haunt it.

Steve's Political Tragedy

Marxists would normally commend another socialist's honesty, dedication and courage and then pass on, since such characteristics should be expected. These days, however, the defeats that embittered Steve have made others viciously cynical and vindictive. Steve was not like that. In a decadent milieu full of supreme leaders with small souls, he was a decent man. Faction fights in particular can be notoriously venomous and frequently dirty. In all of our battles with Comrade Zeluck, we knew him to be an honest and political opponent, never petty or personalistic. In recent years, when others have sought to use narrow organizational means to prevent opponents on the left (such as ourselves) from speaking at meetings or participating in events, Steve -- just as hostile to us as were his friends -- relied on political means and political ideas to fight with. We respected him despite our political hostility; we believe the same was true for him with respect to us.

Steve Zeluck lived an honorable life fighting "against the current." Tragically, he was unable to find the channel through the rapids. We in the LRP are also dedicated to working-class unity, but in our

view the key to that achievement at present is to fight for the general strike -- unity in action as opposed to the unity over minimal reform programs that Steve and others believed would do the job. We believe that a Bolshevik (Trotskyist) party can be built only through struggle against liquidationism and for a rock-hard revolutionary program. Within such a party, rich diversity and conflict will be productive and decisive, in contrast to the flaccid

Latin Debt

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revolutionary struggles, is to stop cooperating with imperialist bankers in paying off the debt burden at the expense of their over-exploited workers and peasants. An avalanche of debt repudiations would destabilize the world financial system and push it to the brink of collapse. A real threat of such an action would increase the bargaining power of the oppressed nations against the imperialists. It could also trigger parallel anti-imperialist struggles across the world and even among the debt-ridden farmers and hard-pressed workers of the imperialist countries.

Castro's Conciliatory Line

Their rejection of debt repudiation exposes the underlying pro-imperialist policies of all the Latin governments from right to left. Cuban president Fidel Castro, notably, has been seeking friends among Latin

inconclusiveness of the political amalgams favored by Steve. We aim for the same goals with different means; we don't think his means could or ever will achieve that end.

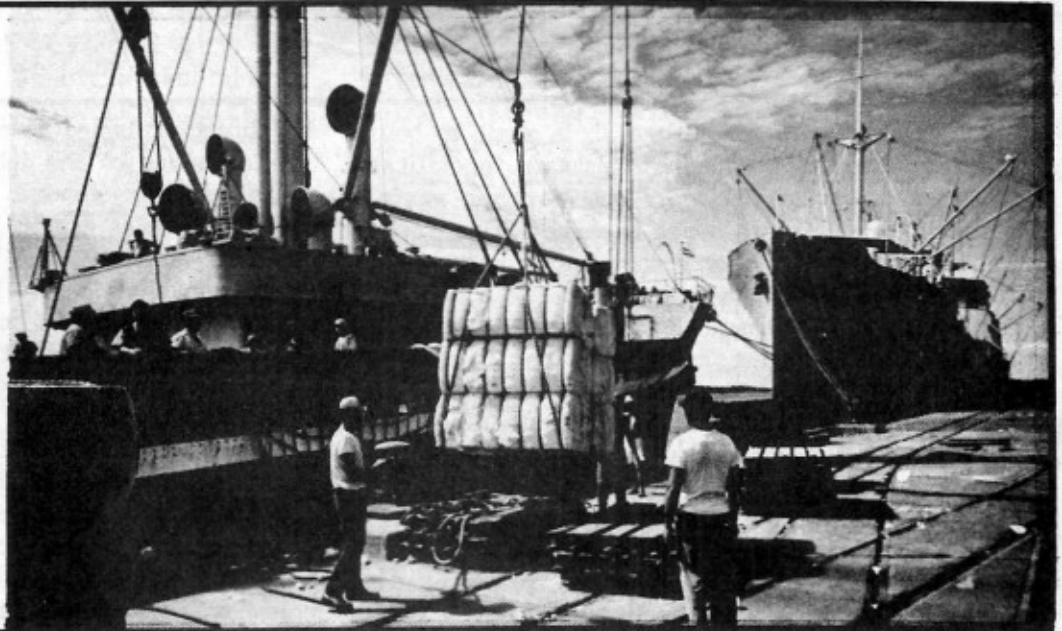
We not only mourn his death, but we dedicate ourselves to avenge an honest fighter against the criminal social system that killed him. The truest retribution will be the victory of that class, the proletariat, for whom Comrade Steve Zeluck gave his life. ■

he specifically calls not for real repudiation but for reconciliation with imperialism.

Some of his rhetoric about looming social upheaval may sound like the radical Castro of old, but Fidel sees this as a "danger," not something to be worked for. Commenting on the likelihood of destabilization due to the debt, he said "I have no interest in such an outcome." (*Guardian*, May 22.) In an extensive discussion of the debt burden (an interview in March with Regino Diaz of the Mexican paper *Excelsior*, serialized in the U.S. *Militant*), he explained:

"If you ask me -- as one journalist already did, 'As a revolutionary, aren't you glad that this is so?' -- I'm going to tell you what I think. Right now there is something more important than social change, and that is our countries' independence.

Corinto, Nicaragua: Port was modernized by World Bank financing in 1960s under Somoza, bombed and mined by CIA in 1980s under Sandinistas. Today Sandinistas enforce austerity on workers to pay Somoza's debt to propitiate U.S. Result: mines, embargoes, contras.



rulers by campaigning against the debt burden. In speeches, interviews and pamphlets he has warned of "generalized revolutionary social outbreaks" if the debt problem is not solved. The twist is that Castro does not look upon widespread revolution with favor;

The situation has brought the Third World countries to such a state of dependence, exploitation, extortion and abuse that independence and the struggle for the new international economic order have become the main issue for the Latin

American and other underdeveloped countries. Social changes alone are not the solution."

Castro went on to elaborate his "new international economic order" as an agreement between the debtor and imperialist nations for the latter to assume the debts of the former and pay the interest demanded by the banks out of their own budgets.

This reasoning is very revealing. Castro is admitting that the post-World War II nationalist-led revolutions have failed. The "South" remains in the grip of the imperialist "North," and the grip is strangling these countries. The Cuban leaders are crystalizing the policy they have followed for some time: social change must be subordinated to national "independence" -- that is, viability in the imperialist world. This concept serves as a basis for Castro's collaboration with "democratic" (and not so democratic) Latin American regimes frightened by the masses'

immediately advised the Nicaraguan revolution in 1979 not to go as far as Cuba in seizing property. (The Sandinistas have willingly complied all along.) But the situation today undermines his case completely: despite all Nicaragua's efforts for a U.S. deal, the imperialist onslaught only intensifies. All the more absurd, therefore, is the idea of reaching an all-around deal with imperialism. The imperialists will give up none of their power without a fight; they will never strain their economies to bail out their confreres to the South. That means the masses need not partnership but revolution (trivialized in the new Fidelista vocabulary as "social change").

How the Left Faces Reality

While much of the bourgeois press remains wary of Cuban "commies" bearing gifts, the U.S. left is happily following in Fidel's non-revolutionary wake. The



Dominican Republic, 1984. Troops respond to riots when International Monetary Fund ordered new round of starvation policies.

restiveness and cries for change. It is music to bourgeois ears when Cuba, with its reputation for militancy based upon its revolutionary past, argues against social revolution. Castro hopes that the imperialists -- also terrified of property-threatening upsurges -- will take note, buy his deal and prevent "chaos" by graciously assuming the debts.

Even the Wall Street Journal noticed the incongruity between Castro's reputation and the reality of his position, observing that in this interview "Mr. Castro sounded less like a subversive than a worried banker." (May 23.) The New York Times, on the other hand, was fooled into thinking that he actually favored debt renunciation. It cited Cuba's "willingness to honor the confidence bestowed on her creditors, thereby honoring her commitments" from a Cuban National Bank report and claimed that this stood "in sharp contrast to public exhortations by Mr. Castro that Latin American countries repudiate their Western debt." (June 5.)

The Times aside, Castro's moderate position is not only consistent but familiar. For example, he

Militant explained reasonably that "Capitalist countries taking on the debt would be a step towards more just and fair economic relations." (June 7.) And Guardian economics expert Anna DeCormis approved too:

"The essence of the Cuban proposal is that everyone involved should face up to the situation and act together now in an orderly fashion rather than wait for a political explosion or series of explosions in the South."

It is comforting to hear from such respected Marxists and Leninists that the imperialist countries are capable of more just and fair economic relations, especially at a time of economic crisis. If only Lenin had realized this he could have saved himself and millions of working people a lot of trouble. Oppressed and oppressors only have to "act together now in an orderly fashion" and all our differences can be resolved. And we all, again oppressed and oppressors alike, would be spared the pain of political explosions. Should some of the oppressed misguidedly look forward to exploding their oppressors, that's just because they refuse to "face up to the situation." As

Fidel says, the time is past for romanticizing about "social change." Let's just bite the bullet, face reality and get our deal going with the imperialists -- hoping of course that they face up to the situation as manfully as we do.

Fidel has a long-term "solution" of a new economic order co-existing with imperialism; he also offers an immediate way out of the debt crisis. In response to the "debtor's club" of neo-colonial nations, what the imperialist governments ought to do is take over the foreign debts themselves. The U.S. Treasury, for example, could sell 10-year bonds to cover the cost and pay the interest by reducing military spending.

Clever idea. For years reformist leftists have argued with Reagan and the Congress to cut the military budget in favor of domestic jobs and housing programs, with no success; for some imperialist reason these imperialists prefer guns. Now the left expects the Pentagon to grudgingly accept cutbacks in the name of "everyone involved ... act[ing] together." And maybe if we pressure them they'll switch their embargo and stop shipping arms to the contras too. If that works, perhaps the generals will turn their cannon into flowerpots for National Petunia Week.

Castro undoubtedly believes he is being eminently practical in forsaking revolutionary programs for a "lasting" resolution of the debt problem. And for him it makes sense, although it is doomed to fail. He is a nationalist, and in this world that means starting from the existence of imperialism and finding a way to live with it. Each nationalist state maneuvers for "independence," hoping for a live-and-let-live deal.

In this spirit Fidel explained in 1979 why Cuba sent no arms to the Sandinistas embattled with Somoza's butchers: "You cannot export a revolution. Each people has to make their own revolution in their own way. This was a Nicaraguan revolution." In the same way, after Reagan's Grenada invasion in 1983 Castro announced in advance that Cuba wouldn't be able to aid Nicaragua either. Other peoples' revolutions are nice but they aren't ours.

The reason for his apparent betrayal of the revolutionary cause Castro is known for is that nationalist revolutions have run up against a deadly barrier. The Cuban revolution a quarter century ago seemed able to succeed in nationalist terms. In the 1960s the world economy appeared sound, and crises did not spread so quickly from one country to its neighbors. But today more than ever, the American rulers fear the spread of a revolution, however peaceable the aims of its leaders. Likewise, then the Soviet Union could afford to subsidize an ally on the U.S.'s doorstep as an assertion of its own world role. Today new dependencies are more difficult; as well, the USSR's reliance on Western economies dictates greater caution. Hence it has been strikingly circumspect with the Nicaraguans.

Economic questions aside, there is little doubt that Russia and Cuba fear that provoking Reagan could lead to World War III. So they counsel pacifism and capitulation: the sheep shall lie down with the wolf. Unfortunately that only whets the wolf's appetite. Civil war is the only answer to imperialist war. And the only alternative to international capitalism is a "new international order" of workers' states.

Castro's vaunted "internationalism" is rather an attempt to broker a deal with the U.S. for Latin America. His effort reflects the increasing mass upheavals as the bottom drops out of the imperialist-dominated economies. The Latin rulers undoubtedly welcome his efforts because he can enlist their populations better than they can. The U.S. bourgeoisie is also paying close attention, for similar reasons.

Fidel is maneuvering: he makes threats in the headlines and pleads for a deal in the small print, otherwise known as speaking loudly and carrying a small stick. We have no fear if the masses take him at his word. We challenge Castro and his allies in Nicaragua, El Salvador, etc., to make good on their rhetoric: call for a debtors' general strike and carry it through! The masses can take the opportunity to go beyond the Cuban proposal. They will be successful only if revolutionaries in Latin and North America do not encourage illusions in Castro but prepare the masses for his deal with imperialism and betrayal of their struggle.

No Independence Without Revolution

Such a campaign would be a major step toward building a revolutionary proletarian international party. Defeating imperialism rather than living with it requires a revolution that is thoroughgoing and internationalist and led by the most class-conscious workers. Revolutionaries must not be confined by national borders and must have no illusions about preserving bourgeois property. Their aim must be the destabilization and overthrow of international capitalism by every means necessary. The only real independence is the international interdependence of a socialist federation of nations.

Castro's "independence" priority really means anti-independence and is criminally wrong. The U.S.'s government's continued assault on Nicaragua proves the futility of accommodation. There will be no national independence, no freedom from the imperialist market, no escape from imperialism's bloody wars, without "social change" -- that is, proletarian revolution to destroy imperialism. The "third world" nationalists and North American leftists who don't comprehend this are obstacles to socialism.

**U.S. Hands Off Nicaragua!
Repudiate the Imperialist Debt!
For Workers' Revolution and a Socialist Federation
of the Caribbean and Central America!**

Imperialism

continued from page 1

nationalist interests within it.

Opponents of this position often argue that the Soviet Union does not fit Lenin's famous capsule definition of imperialism based on "monopoly capital"; that it does not, in particular, engage in the export of capital for imperialist purposes. In this article we will describe specifically the relation between the internal drives of the Soviet system and its imperialism. Following Lenin, we have no interest in compressing and distorting reality to make it fit a theory. Therefore we will show that that USSR fits the conditions of the epoch of imperialism as outlined by Lenin, because doing so adds to our understanding of the world scene. This analysis will account for the relative weakness of the Russian economy, nationally and internationally, as well as its exceptional and paradoxical appearances. It will also shed light on "Soviet defensism," another question still much debated on the left.

I. The Theory of Imperialism

In everyday discourse the word "imperialism" means the forceful domination of weak countries by the strong. But for Marxists, capitalist imperialism has a deeper meaning: the entire stage of development that capitalism reached at the beginning of the 20th century. The domination of the world by the great powers is just one aspect of this epoch, the external expression of capitalism's internal contradictions. It is the one, however, which we have to explain in this article. For within this imperialist world some countries are imperialist and some are not, and that is the issue.

In the early years of this century several socialist theorists observed that capitalism had changed its form decisively. The small independent capitals that once characterized the system when Marx first analyzed it had spawned large joint-stock companies ("private production without the control of private property"²). These in turn had led to monopolies and international cartels; and there was also major state intervention in the formerly "laissez-faire" system. As well, from the late 1870s on, the European powers had completed the colonization of Asia and Africa, and the capitalist market now embraced the world. At first sight all of this could be regarded as extending the laws of capital accumulation and centralization discovered by Marx -- but now quantitative development had resulted in qualitative changes. These had to be incorporated into the theory and their political consequences drawn out. A Marxist debate ensued whose issues are still controversial.

The first current to deal with the new situation was the "revisionists," the openly reformist German social democrats who held that capitalism's development had overcome the deepening tendency toward crisis analyzed by Marx. The concentration and centralization of capital would culminate in socialism if prodded by the movement. Socialism, they argued, would be achieved progressively through pressure for gradual reforms rather than a forcible workers' revolution.

Rosa Luxemburg was the leading left opponent of the reformist wing. She not only believed that the new stage of capitalism had placed socialism on the political agenda but also insisted that the tendencies toward crisis and collapse were even more powerful than in capitalism's first epoch.³

On the question of imperialism Luxemburg developed a unique theory. She thought that capitalism could exist only within a non-capitalist environment (including both non-capitalist countries and pre-capitalist production within a capitalist country). This followed from her erroneous underconsumptionist view of capitalist accumulation: neither capitalists nor workers could consume the surplus product arising from capitalist production, so buyers had to be found outside the system. Hence the capitalist powers had to seize colonies, and once the colonial markets had all been conquered, the same pressures would compel the powers to confront each other to extend their holdings. Imperialist war for the re-division of colonies was inevitable.⁴

Luxemburg's theory of imperialism bolstered her attack on reformism and helped the German left wingers withstand the enormous chauvinist pressure to support "their" bourgeoisie when the world war broke out. But her theory also supported certain political errors: 1) she denied any possibility of national self-determination for the dominated countries, on the grounds that every national struggle was necessarily subordinated to some imperialist power; 2) she believed that the bourgeoisie had abandoned democracy, which had become a "direct impediment to capitalism."⁵ In these arguments Luxemburg underestimated both the bourgeoisie's capacity to extend its life by using democracy as a tool to deflect the workers' struggle, and the proletariat's need to connect the fight for reforms and rights with its socialist goal.

Rudolf Hilferding, an Austrian socialist who later became a minister in the German bourgeois Weimar republic after the war, introduced the concept of "finance capital" as the fusion of banking and industrial capital that controlled the monopolies.⁶ With the suppression of competition, the finance capitalists dominated the state and used it to set up protectionist barriers against foreign goods and to carve out ever wider "economic territory." This encouraged international investment, the "export of capital,"

for the purpose of expanding production and surplus-value under monopoly control. Hilferding also cited Marx's law of the falling tendency of the rate of profit as a force compelling the capitalists to invest in economically backward countries, where profits were higher due to low wages and material costs.

Hilferding did not draw sharp conclusions from his theory, wavering between the revolutionary heritage of Marx and reformism. He saw the weaker countries becoming battlefields for the great powers, but he also thought that inter-imperialist war could be deterred by the international nature of capital and the bourgeoisie's fear of socialism. As well, he welcomed the growing "socialization" effected by finance capital which "facilitates enormously the task of

he thought that the trends of monopoly and statification would lead directly to state capitalism and the end of internal competition. Indeed, the growth of state intervention has been an increasing tendency in the imperialist epoch, but only in wartime has it reached the peaks which Bukharin saw as the norm. "

In contrast to Bukharin, Karl Kautsky, the self-dethroned "pope" of orthodox Marxism, seized the other horn of Hilferding's dilemma and pointed it in a revisionist direction. He claimed that capitalism could reach a new stage of international unification, "ultra-imperialism," signifying the end of destructive competition and war. (Amazingly, he reached this conclusion during the first world war, when the capitalist powers were tearing each other apart.) He



1968: Russian-led forces invaded Czechoslovakia. In a memorable contribution to the science of sophistry, some called this imperialist act "fraternal aid" or "expansionism."

overcoming capitalism." He implied that the socialist movement might not have to smash the bourgeois state (as Marx had believed necessary) but need only take it over and widen its role in organizing the economy.

Nikolai Bukharin wrote the first Bolshevik work on imperialism during the world war, condensing, amending and sharpening much of Hilferding's analysis.⁷ He stressed the growth of national capitalist blocs and international rivalry between them; because of the increased power of the state it was much easier to reduce competition within a country than between them. He thus overcame Hilferding's ambiguity over the prospect of imperialist war. But he exaggerated this tendency and came close to denying the possibility of capitalist crisis within a national economy. Likewise, influenced by the German war economy,

regarded imperialism as a mere policy of the various capitalists generated by the industrialists' desire for control over agrarian colonies, not an innate drive of the system. Hence it could be transcended and pacified without any socialist revolution.

Lenin on Imperialism

The best known Marxist work on imperialism, for good and bad reasons, is Vladimir Lenin's 1916 pamphlet, Imperialism, the Highest Stage of Capitalism. It was written as a "popular outline" and it drew out the deepest political conclusions. However, Czarist censorship prevented Lenin from making his revolutionary program fully explicit. And later, Lenin's deification by the Stalinist Comintern turned his words into sacred incantations. Factual observations whose

context Lenin carefully limited have been echoed unthinkingly for decades, while his real contributions have more often than not been overlooked.

Lenin began by describing five basic features of the new stage that had been analyzed by Hilferding and the non-Marxist John Hobson -- monopoly, finance capital, the export of capital, international cartels and the territorial division of the world. He also followed Hilferding in characterizing imperialism as a new reactionary epoch of capitalism in which the bourgeoisie was dedicated to domination, not its traditional goal of liberty. But he treated this insight much more dialectically. In one sense the transformation to the new epoch was progressive:

"Competition becomes transformed into monopoly. The result is immense progress in the socialization of production. In particular, the process of technical invention and improvement becomes socialized. ...

"Capitalism in its imperialist stage leads right up to the most comprehensive socialization of production; it, so to speak, drags the capitalists, against their will and consciousness, into some sort of a new social order, a transitional one from complete free competition to complete socialization."⁸

However, imperialism's tendency toward socialization was limited. Marx had predicted that capitalism, like all previous class societies, would inevitably enter an epoch of decay in which the expansion of the productive forces would be held back. Lenin identified this as the monopoly-imperialist epoch. In the previous epoch capitalism had ruthlessly developed the productive forces to the point where, for the first time in human history, scarcity could be abolished and therefore communism was potentially achievable. The concomitant development of the proletariat made a successful socialist revolution possible. For Lenin the new epoch was a transitional one whose manifold socializations foreshadowed the proletarian revolution: imperialism was "the highest stage of capitalism" because it stood at the doorstep of socialism.

Lenin on Revolution

But the same process made capitalism reactionary. Lenin stressed that monopoly induces stagnation: it restricts technical progress and super-exploits the peoples of the undeveloped regions. At the same time it strives to prevent the proletariat from effecting the socialist transformation. And, against Kautsky, Lenin argued that the giant blocks of capital created in the new epoch would inevitably war against each other rather than merge; heightened competition for the bloody redivision of the world market was characteristic of the monopoly epoch. World unification was possible only under socialism.

Lenin shared Luxemburg's views that the new epoch

made imperialist wars to redivide the world inevitable, and that such wars could in no way be progressive. But in contrast to Luxemburg he believed that national oppression would stimulate progressive liberation movements, and that the workers' defense of the right to national self-determination would help win the oppressed masses to the side of the European proletariat in the fight against imperialism.

In addition, Lenin gave the idea of capitalist decay a twist that appears odd today. He predicted economic expansion in the colonies accompanied by decline in the imperialist countries; decay showed itself chiefly in the parasitism of the richest countries and their dependence on the poor ones.⁹ We will return to this "odd" prediction later.

Lenin's interpretation of imperialism above all highlighted the theory's profound political consequences. Imperialism meant that socialism was not only possible but necessary: there was no other way out of capitalism's crises and misery, for the new epoch of war and slavery threatened to fling humanity back to barbarism. Moreover, not just socialism as a system but revolution as the means was on the agenda: the war had made proletarian uprisings achievable.

Finally, imperialism had created a grossly uneven development of capitalism: even though finance capital could rationalize production within an industry, and state monopoly capital could begin to do so within a country, there remained disproportions, competition and contradictions between different sectors and different states. The upshot was that economically retarded Russia had the most politically advanced proletariat when it overthrew the Czar in February 1917; backward Russia, "the weakest link in the imperialist chain," could lead advanced Europe to socialist revolution.

Lenin in 1917 went against the entire social-democratic tradition and the leadership of his own Bolshevik party to fight for a socialist, not just bourgeois democratic, revolution in Russia. Through his analysis of the international economy he had come to agreement in practice with Leon Trotsky and the theory of permanent revolution: that the socialist revolution was needed to achieve even the bourgeois-democratic tasks still unfulfilled. For two decades of political life Lenin had strongly defended the "orthodox Marxist" view that a workers' government in Russia was out of the question in the immediate future. But the programmatic goal of a proletarian state was dictated by his theory of the imperialist stage of capitalism.

Lenin's conception of imperialism and its epoch was one of the great advances in Marxism. The conditions he outlined in 1916 have characterized this century of imperialist wars, genocide, fascism, counter-revolution -- and revolution. For revolutionary theory to advance further on the basis of this concep-

tion, its gaps must be filled in and its errors understood and corrected.

First of all, it is customary to update Lenin and the other Marxists of his era on one point in particular. While monopoly and international cartelization (in the form of "multinational" corporations) are still dominant, the outright colonialism of the first part of the century is comparatively limited today. A handful of powers still exploit the world, not primarily through direct political rule but rather through economic power -- backed up, as always, by overwhelming military force.

Has Imperialism Changed?

Yet Lenin may have been more correct than it appears. Just as the epoch of imperialist decay opened when England's colonial monopoly was challenged by rival powers, today the United States' imperial hegemony over world capitalism is declining. The anti-colonial revolutions after World War II had been accepted (in some cases, encouraged) by the U.S. when its economic superiority ensured its victory in "open door" competition to exploit the ex-colonies. But today a new period of neo-colonialism may be under way in which each power tries to guarantee its own rights and exclude competitors. West Germany and Japan, for example, are carving out spheres of interest in geographically close regions. France maintains preferential relations with many of its former colonies. And the U.S. is seeking a more exclusive domination over the Caribbean and Central America.

Secondly, Lenin's prediction about the relative industrialization of the advanced and backward countries has proved wrong: the imperialist powers have expanded greatly since Lenin wrote. And they have been temporarily able to "raise the standard of living of the masses [of the home countries], who are everywhere half-starved and poverty-stricken, in spite of the amazing technical progress,"¹⁰ which Lenin thought imperialism could not do (except for a narrow aristocratic layer). On the other hand, several underdeveloped countries have in fact developed somewhat; in the 1970s bourgeois apologists were hailing the expansion of Brazil, Mexico, Taiwan, South Korea, etc. Their growth, together with the recession in the West, seemed to be fulfilling Lenin's prognosis. Since then, of course, the international debt crisis has sharply called into question these countries' economic stability, and the apologists have to swallow their obvious dependence on the imperialist powers. The fact remains that Lenin's forecast was on the whole inverted by history: the rich countries got richer (with their masses benefiting in part), while the poor remained poor and dependent.

One reason for the falsification of Lenin's estimate is that much advanced capitalist production requires an already developed economic and social envi-

ronment. But another reason may well be Lenin's own revolutionary success. When the Soviet workers seized power and then expropriated Russian capital (much of it foreign owned), the imperialists learned a valuable lesson about the reliability of investments in potentially volatile areas.



Russian-Czech-East German natural gas pipeline economically drains East Europe in Russia's national interest.

As we know, Lenin had cited the violation of national independence as one of imperialism's deepest contradictions. In fact, imperialism inevitably generates anti-imperialism, sometimes as a proletarian movement but often dominated by bourgeois or petty-bourgeois nationalism. Countries in which anti-imperialist movements are growing are not the favorite places for imperialist investment; at least not until the new nationalist rulers prove that they can discipline the masses. Thus capital tends to grow where safety seems most assured.

Lenin on Capital Export

Lenin did not make explicit the theoretical connection between the organic development of capitalism and its transformation into a decadent imperialist system, neither in his outline work or anywhere else. He did give a brief explanation for the export of capital that suggested some underlying theory:

"The necessity for exporting capital arises from

the fact that in a few countries capitalism has become 'overripe' and (owing to the backward stage of agriculture and the impoverished state of the masses) capital cannot find a field for 'profitable' investment."¹¹

What Lenin meant by the overripeness of capitalism (he also referred to the "superabundance of capital") is not clear. For some critics the above pas-



Ethiopia under Soviet influence. Pseudo-socialism covers counterrevolutionary capitulation to imperialism. Welcome to the Pepsi degeneration.

sage reveals underconsumptionist assumptions, but this is questionable because Lenin had written several strong polemics against this view. As well, a few lines away he notes that the capitalists are "increasing profits by exporting capital abroad to the backward countries"; if excessive surplus-value was the problem, why would capitalists search for ways to create more? Others see in this passage a falling rate of profit theory of crisis, but this too is questionable since Lenin seems never to have applied this law in his other writings.

Capital Export and Imperialism

It is especially necessary today to have a workable theory of the export of capital, since this aspect of imperialism has taken on a new importance. The significance of capital export is now under debate among leftists, some noting that its relative weight is much reduced in the imperialist economies, others replying that investment in neo-colonial raw materials is vital whatever its monetary value. In any case capital export is critical for the backward countries, since it is their major source of investment. Of course, the weak states often find that profit from capital invested by foreigners is re-exported for re-investment elsewhere. One predominant reason for the birth of so many Soviet-style regimes in the post-World War II period is that the statification of

industry enables a nationalist ruling class to use the national surplus-value for its own purposes. The spread of the Stalinist model of nationalist statified capitalism is a direct result of imperialism's use of exported capital to import surplus-value.

Why is the export of capital characteristic of imperialism? Although Marxists have often presented theoretical explanations for the internal drive to export capital in an effort to account for Lenin's conclusions, they have rarely linked this drive to Lenin's conception of the epoch. Lenin's understanding of imperialism is thus taken as a "definition"; it is reduced to the five basic economic points rather than the comprehensive view of the epoch that underlies them.

The Falling Rate of Profit Tendency

Marx's law of the falling rate of profit (FRP) points to an explanation of the imperialist epoch which accounts for capital export, even though this interpretation cannot be ascribed to Lenin. In brief, the law states that the average rate of profit tends to decline as capital accumulation advances, since the ratio of "dead labor" (capital) to living labor increases and surplus-value, hence profit, is extracted from living labor only. The FRP tendency is also a much-debated question, because, among other things, of the several fundamental countertendencies described by Marx. Nevertheless, there is theoretical justification for it and sufficient empirical evidence in the long-term declining rates of capital accumulation in the United States.¹²

In our interpretation, the FRP dominates the countertendencies during normal periods of production. But during capitalism's periodic crises, when the weaker firms are forced out of production and their capital is destroyed or at best devalued, the chief countertendency (the "cheapening of the elements of constant capital") takes over, and the rate of profit's fall is reversed. In the monopoly-imperialist epoch, however, crises can be dampened or postponed through state intervention (only to explode later with even greater force), and the destruction of capital can be avoided by the monopoly firms. Hence the cathartic benefits of crises in re-establishing profitability are negated, and on balance the rate of profit tends to fall.

There are several reasons why imperialist conditions and the FRP lead to a drive to export capital:

1. Higher profits can be made in undeveloped economies where production costs are often lower. As Marx pointed out, capital is sent abroad not because it cannot be employed profitably at home but because it finds a higher rate of profit abroad.¹³ This is of course also true in the pre-imperialist epoch, but the relative difference is wider after the FRP has brought profit rates down in the advanced countries.

As well, the opportunity to take advantage of these lower costs (and to keep them lower) by force has increased under imperialism, which has incomparably widened the military gap between advanced and backward countries.

2. Because of the falling rate of profit, surplus-value available for investment is often too little for the amount required at the frontier of new technology. ("A drop in the rate of profit is attended by a rise in the minimum capital required by an individual capitalist for the productive employment of labor."¹⁴) Hence surplus-value is put to speculative uses or invested in more backward sectors in the undeveloped countries.

3. In order to sell in countries with high protectionist walls, investment and production within those countries is necessary. As Hilferding stressed, such protectionism is typical of capitalism in the monopoly epoch.

4. Normally capitalist firms are driven to invest in new production techniques whenever they can afford to, in order to undercut their rivals or prevent themselves from being driven out of business by cheaper competitors. Monopolist firms dominating an industry will avoid such new investment whenever this means undercutting their own existing production. Investing abroad in new markets is a wiser alternative.

Using this analysis of the traditional capitalist drive to accumulate and its drive to export capital in the imperialist epoch, we are now in a position to look at the internal laws governing the external economic affairs of Soviet-type societies.

II. Soviet Imperialism

We cannot repeat here our full explanation of capitalism in the Soviet Union; suffice it to say for the moment that any society with a separate ruling class that exploits the producers through wage-labor is capitalist, however distorted its other economic relations may appear in comparison with Marx's model or with the state monopoly capitalisms of the West. We recognize that exchange relations in the Soviet Union do not appear to be capitalist, but then Marxists are obliged not to judge a society solely on the basis of surface appearances but rather through analysis of its underlying mode of production. (To analyze the Ancien Regime of pre-revolutionary France, for example, from its surface characteristics alone leads to historical absurdities.) On the other hand, the Soviet Union does appear to be imperialist, at least in the conventional sense of the term, and we cannot simply accept the appearance here either.

Let us first survey the facts of Soviet imperialism since World War II. The Soviet Army rolled through the East European countries that had been under Nazi rule, including half of Germany itself. In

many of these countries workers' uprisings and institutions were forcibly suppressed; and after this was safely done the remnants of the old bourgeoisie who had shared state power with the Stalinists were ousted. Meanwhile the Soviet authorities established three basic methods of exploiting their new layer of "allied" states (including China as well, after the victory of the Chinese revolution in 1949):¹⁵

1. On the pretext of obtaining war reparations (a crime against the masses of these countries, since no follower of Bolshevik policy can agree to punishing the exploited classes for the war aims of their rulers), they simply dismantled factories and machines and shipped them home to the USSR.

2. They took over large enterprises previously seized by the German occupiers and declared them joint-stock companies, with ownership divided evenly between the USSR (ostensibly for its effort in ousting the Nazis) and the ally the enterprises were in; profits were also shared, and a preponderant portion went to the USSR.

3. Like any other occupying imperialist power, the Russians enforced unequal trade relations with their satellites; for example, charging high prices for Soviet goods and demanding low prices for goods in return. This mode of exploitation was specifically charged by the Titoists and Maoists when Yugoslavia and China broke with the USSR respectively in 1948 and the 1960s.

All these methods served obviously to acquire surplus-value for the USSR. The first two were essentially abandoned in the 1950s, in response to the workers' uprisings in East Europe after Stalin's death. As for unequal trade, this question has been much disputed by academic theorists over the past three decades. Part of the problem is that the Soviet-type economies have no accurate internal method of valuing their commodities; they end up using comparable Western prices, which may not reflect their actual production costs. The upshot appears to be that for many years (after the initial looting) the USSR did accept trade losses with its satellites; but with the mounting economic crisis of the 1970s, it made sure that its losses were decreased or even reversed.

New Imperialist Techniques

It is undeniable that the USSR has the opportunity to enforce economic inequality -- if not through trade itself, then through the choice of what is produced where, which country gets first pick of quality goods, etc. On the other hand, it is clear that at certain times the Russians subsidized certain allies: East Europe in general for a time; Poland after its military regime suppressed Solidarnosc in 1981 and the Polish economy remained in crisis; and Cuba ever since it was accepted into the Soviet bloc.

The USSR has gained advantages over the more back-

ward of its allies as well as other "third world" countries it trades with by a standard capitalist "law." As Marx noted¹⁶, trade between an advanced producer selling capital-intensive goods and a backward one selling labor-intensive goods invariably favors the former, in the sense that few hours of high-productivity labor will exchange for many hours of low-productivity labor. The equal monetary exchange masks an unequal exchange of values. As well, the use-value acquired by the poor country for its goods will not match its needs and will tend to decline over time. That is just one of the ways "equal exchange" under capitalism turns into its opposite under the operation of its laws of motion.

In the case of the USSR's more industrialized satellites like East Germany and Czechoslovakia, the above trade relationship is reversed. In order to import production goods embodying advanced techniques, Russia has to give up a greater value via its exports of minerals and other raw materials. Even though the USSR is militarily and politically dominant in the region, its economic domination is limited by its own economic development.

In recent years another Soviet technique of economic domination has been the so-called "joint investment projects" undertaken with various satellite countries to develop resources within the USSR. These projects began in the 1960s and expanded greatly in the 1970's. According to the Hungarian economist Tibor Kiss, "the less developed countries of the bloc bear with difficulty a 10 to 15% reduction in the volume of their industrial investments."¹⁷ As one academic expert noted about such projects, "The ownership benefits accrue to the USSR, which is repaying the East European countries' investment with a 2% simple interest rate [!], by delivering to them agreed quantities of gas and pulp ..."¹⁸ The East European partners also complain about the high manpower costs they have to pay, in comparison with low Soviet rates of compensation, and about their burden of compulsory hard currency contributions. The arrangement both maintains their dependence on the USSR and expands the USSR's national capital structure at its satellites' expense.

Varying Methods of Exploitation

Thus the mechanisms of Soviet imperialism have varied. In the 1940s and 1950s the Stalinist system was at its height, having fed on its victories over the Soviet workers as well as German imperialism. It then employed the most blatant forms of international exploitation. Forced by the workers' revolts to retreat, it turned to a limited use of more traditional forms (capital export, unequal trade) and its new characteristic method of joint investment. It also turned more heavily to the exploitation of the internal colonies inherited from Czarism's "prison-house

of nations." In the two decades following 1958, both production and personal income in the non-European republics of the USSR grew proportionately slower than in Russia,¹⁹ a change indicating a certain drain of surplus-value toward the European sections of the country.

Soviet Capital Export?

None of the above methods of foreign exploitation amount to the dominance of capital export. They have the same result -- increasing the surplus-value under Soviet control -- but their mechanism is different. There are some examples of Soviet capital exported abroad: bank loans to friendly countries (India, formerly Egypt), some investments by Soviet bank branches abroad, and even a few traditionally capitalist investments in partnership with Western firms. But such examples are not decisive. Any country does this; even poor countries that no one would dream of labeling imperialist have some foreign investments. It is the nature of capitalism to operate internationally whether or not it is basically imperialist. Indeed, other stratified capitalist countries, like Yugoslavia and Hungary, have proportionately much more foreign investment than the USSR. Formally these are all instances of the "export of capital" but they do not represent capital export in Lenin's sense: a basic feature of the economy representing the imperialist exploitation of one country by another.

At this point some might argue that the essential question is answered: the USSR does not match Lenin's "definition," so there is nothing more to be said. That would be pure Talmudism: Soviet "expansionism" still has to be accounted for even if it runs on a mechanism different from Lenin's. As well, we have to consider the relation between imperialism as Lenin described it and the Soviet system.

Imperialism and Lenin's Five Points

We conclude that the USSR is imperialist despite the essential absence of capital export: it functions as a vital part of world imperialism, and it is an autonomous center of capital accumulation with, as we will show, an internal drive to dominate other countries for economic purposes. It is different from the traditional imperialist powers because of the peculiar nature of that drive, resulting from its specific history as a destroyed workers' state. Moreover, Russia's internal drive stands in a reciprocal relationship to standard imperialism. The combination helps account for the continuity of imperialism as a whole to the present day, a longevity Lenin never expected.

Those readers who believe that an expansionism not dictated by capital export would impermissibly stretch the bounds of Lenin's category of imperialism ought to consider the example of Czarist Russia, the state Lenin fought against for most of his political

life. It was one of the six major colonial-imperialist powers denounced in Lenin's *Imperialism*, yet like the USSR it had a history of capitalist development different from that of the leading imperialists. Lenin describes Russia as a country "where modern capitalist development is enmeshed ... in a particularly close network of precapitalist relations."²⁰ In particular it had little capital to export; foreign imperialists certainly sent more capital into Russia than Russia sent out, by far. Lenin's chapter on the export of capital doesn't even include Russia as an exporter but does mention it as the recipient of massive imports of French capital; he points out elsewhere in the pamphlet that three-quarters of

into the general category. Lenin did not deprive the Czar of his imperialist crown because his backward economy fell short of matching the famous "five points"; the same is true of Gorbachev today.

The argument that the USSR cannot be imperialist because it fails to fit one of Lenin's five points overlooks something else: the traditional capitalist powers -- the U.S., Britain, France, etc. -- now also fail to fit one of the points, the territorial division of the world among the imperialists. The once colonial powers lost most of their overseas territories after World War II; while the U.S., the world's prime imperialism today, maintains its dominance not because of the few countries (like Puerto Rico) that

Yalta: Churchill, Roosevelt and Stalin. "Big Three" re-carved up the world after eliminating rival imperialists. Stalin's crushing of post-war proletarian revolutions enabled U.S. to extend its power.



Russian bank capital in 1913 belonged to branches of foreign (chiefly French and German) banks.²¹

In fact, Czarist imperialism in East Europe was crucial to the maintenance of Western capitalism and its early imperialism. Marx and Lenin both pointed out that Russia's atypical features allowed it to play the role of propping up the classic capitalist powers. In a different way present-day Russia performs a similar function in maintaining world imperialist hegemony.

To avoid any misunderstanding: we are not suggesting that the USSR today is similar to the Russia of 1913; it is not. We are saying that Czarist Russia and the Soviet Union are both exceptional cases within the definition of imperialism; they both lack certain characteristic features but they both fit

it rules directly. The formalist argument that the USSR is not imperialist would therefore also lead to the conclusion that the U.S. is not -- if Lenin's five points are to be taken as catechism rather than as a guide to the essence of the matter.

The USSR's Internal Drive

According to Marx's analysis, the capitalist system as a whole is compelled by the pressure of the class struggle to modernize its methods of production. Once wage labor has been generalized throughout society, replacing living by dead labor -- increasing "relative surplus-value" -- is the capitalists' unique way to continue to dominate production. The pressure is transmitted to each individual capital through the mechanism of competition; those capitalists who do not keep up with the most advanced meth-

ods risk losing their markets to competitors and being forced out of business. But this is not exactly how things work in the Soviet Union.

In the classical Stalinist model of the Soviet-type states (approximated most closely by the USSR, less by other stratified capitalist countries), few enterprises are forced out of business. Even a firm that is unprofitable is allowed to continue in production and is subsidized out of state funds, that is, out of surplus-value produced by other firms. This is officially called a socialist principle because it helps to maintain the policy of full employment. Jobs for all is indeed one of the few goals of the workers' revolution that the Soviet workers have not been robbed of by the counterrevolutionary bureaucracy. However, it is better to look at the question from the angle of the rulers' own interests, which also avoids giving them undeserved socialist credentials.

It is often stated by Marxist as well as bourgeois theorists that the motivation driving the individual capitalist is to maximize his rate of profit. Marx put it differently: the "aim [of the capitalist mode of production] is to preserve the value of the existing capital and promote its self-expansion to the highest limit (i.e., to promote an ever more rapid growth of this value)."²² Under capitalist conditions this aim is contradictory: it is counterposed to capitalism's "tendency towards absolute development of the productive forces, regardless of the value and surplus-value it contains ..." The contradiction works itself out differently under the different models of capitalism.

1. In the case of pre-monopoly capitalism, maximizing the value of a given capital and maximizing its rate of profit are essentially equivalent, assuming that the capitalist invests the bulk of his profit in his own firm to increase its capital. This goal cannot be achieved by all capitals at once: some capitals expand and others are destroyed as a result. Maximizing individual capitals detracts from maximizing the total social capital, but the system as a whole benefits from its ability to wipe out the weakest individual capitals.

2. Under monopoly capitalism, promoting the growth of a monopolist firm may easily run counter to maximizing the profit rates of its individual branches, or even of the whole firm. For example, introducing modern techniques in one branch may mean outcompeting existing operations in other branches, and therefore ruining or devaluing capital owned by the same monopoly. So modernization will be held back (or moved abroad, as previously mentioned). In the extreme, imperialists will sacrifice their national economy for the sake of foreign investments and their overall profits. Britain today shows the result of this policy, as do parts of the U.S.

3. In the Stalinist model of "socialism," i.e.,

nationalist pseudo-socialist capitalism, the social aim is to maximize the value of the state-owned capital as a whole.²³ This goal is just the extension to a stratified capitalist society of the capitalist motive defined by Marx: preserving and expanding the value of the existing capital. It operates in conjunction with the narrower goals of local and sectoral bureaucrats in their own enterprises or spheres: the maximization of the firm or sector they are responsible for.

Capitalism in One Country

The nationalist goal means, ironically, that a society motivated for over half a century by the utopian slogan of building "socialism in one country" has been really operating under the attempt to build "capitalism in one country" — a fundamentally contradictory aim that inevitably breeds extreme distortions. It means sacrificing overall profitability for the sake of purely national expansion. This has nothing to do with a genuine workers' state, which strives to eliminate value in favor of a new mode of production based on use.

Of course, the fact that growth rates in the Soviet-type economies have been declining is no reason to believe that maximizing the national capital is not the system's goal of production. This decline is an effect of the falling rate of profit tendency, which applies even more to societies where inefficient capitals are not eliminated. That is, the USSR is affected by the FRP law (although relatively slowly, since new capital intensive techniques are introduced with considerable delay), but it hardly benefits from the cathartic effects of crises — obsolescent capital is not wiped out and thus tends to hold down the rate of profit. This shows all the more how the USSR is a product of the imperialist epoch and cannot escape from its restrictions on growth.

The national capital approach allows us to explain a number of the aspects of the Stalinist economy which look so peculiar from the traditional capitalist vantage point. It explains, for example, why enterprises are allowed to operate unprofitably: wiping out a factory that still functions, even if inefficiently, would reduce the state capital's total value (and would also undermine the local bureaucrats and managers). The surviving "socialist" achievement turns out to be the one most convenient for the bureaucracy's nationalist goals. Indeed, the Soviet system functions in exactly the opposite way from a workers' state, which would aim to close outmoded plants as quickly as possible. New techniques would be introduced and generalized, and full employment would be maintained by the progressive diminution of working hours (and not wages).

Another example: the nationalist goal of production shows why the bureaucracy is so uninterested in

the production of consumer goods (even when higher rates of growth are included in the plans, they end up not being carried out): producer goods take precedence because their expansion increases the state-owned value and consumer goods do not. Likewise, consumer production outside of state ownership, even though it is often far more efficient economically, does not add value to the state's capital. So it is discouraged -- or at most tolerated to the extent that it fills in gaps in state production. Marx's law that production grows faster in Department I (producer goods) than in Department II (consumer goods) is valid in stratified capitalism too, although carried out by a different mechanism.

Hell will freeze over before imperialism puts its weapons on ice. Sadly, not only children believe otherwise.



More generally, the inevitable inefficiencies of bureaucratically managed economies ensure that there are gaps in the production plan of all kinds of goods. For example, despite its overproduction of capital goods, competitive hoarding ensures that they remain in short supply. These gaps have to be filled outside of the plan, either through tolerating a black market or obtaining goods abroad. The joint investment projects admirably offer one way of helping to maximize the national capital -- of the USSR, at the expense of its allies. Unlike the alternative of foreign investment, these projects are on territory controlled directly by the Soviet rulers. They allow the USSR to import industrial goods often of a quality superior to what is produced at home. And they extend, by economic rather than purely military means, the USSR's control over its satellites.

The goal of maximizing the state capital has a particularly important effect on the drive for accumulation. In the Stalinist system the pressure to accumulate and modernize capital is concentrated on the central economic authorities, who are obliged to pay attention to class relations within the whole country and to foreign competition. The pressure to accumulate is transmitted to the individual enterprise managers through the plans, which typically instruct each enterprise to produce a certain percentage above its previous target.

From the manager's point of view the planned targets can best be met by using familiar techniques without having to shut down the plant for retooling. As well, there is no compulsion for the managers to modernize since they have no fear of going out of

business and no need to lay off excess workers. In fact, they have a need to keep excess workers on hand because of the periodic super-campaigns to meet production goals ("storming"), made necessary by the economy's inability to supply planned materials and equipment. In sum, accumulation in an existing plant is almost always done by expanding production under the current methods. If the central authorities want new methods they have to get new plants built.

The USSR's External Drive

Finally, what about imperialism? We first note that there is little compulsion to export capital for the purpose of repatriating surplus-value in the Soviet Union. At the center, officials aim at expanding the capital within their national boundaries; foreign investments do not do this and are much riskier, as was proved by the post-Stalin experience with East Europe's workers. At the local level likewise, bureaucrats are rewarded and promoted according to how they manage their plant or fiefdom; they have no incentive, and normally no opportunity, to invest abroad.

As for the particular drives that send traditional capitalists abroad, the Soviet rulers have little need to go abroad for cheap labor and its consequent high profits: high labor costs at home are not their problem. They have a serious labor shortage due to low productivity, but their nationalist motivation leads them to import workers from their more backward satellites, like Vietnam. As well, many Soviet bureaucrats are now openly advocating a turn to traditional capitalist techniques like unemployment to save and discipline labor. Further, the Soviet rulers do not need to look for markets abroad since they have enough trouble meeting demand at home.

We can now specify the economic motivation of Soviet imperialism in the absence of an internal drive to export capital in search of surplus-value. The Soviet rulers are forced to look abroad for use-values -- minerals, food, new technology, etc. -- to fill in the inevitable gaps in their domestic economy. As already stated, the Soviet goal of national autarky ("capitalism in one country") is impos-

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*The Rise and
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sible -- for any country, especially one with the USSR's notorious economic inefficiency. The goal of building up the national capital conflicts with the dream of isolation, so the national capital looks abroad for economic assistance.

The USSR will use almost any method to get the necessary use-values: outright looting as in post-war East Europe, loans for plant construction to be repaid in goods, traditional capital investment, the joint investment projects, etc. Technology is undoubtedly the most important missing use-value. This has to be acquired from the advanced countries of traditional capitalism. Hence much of the USSR's other efforts abroad are aimed at obtaining convertible Western currency with which to buy technology.

We stress that it is use-values, not value, that the USSR wants abroad, in contrast to the values it seeks to build up at home. This is parallel to the privately produced consumer goods (the "second economy") within the USSR, a highly non-socialist phenomenon tolerated by the authorities to fill in where the statified economy does not produce. Of course, all such use-values have value, but this is not the criterion for choosing them. Financial losses can be tolerated in the effort to obtain the missing use-values, as long as the overall result is to maintain the national capital and maximize its value.

The Soviet economy, devoted to the retention and growth of every particle of value, literally chews up use-values. It produces quantities of shoddy goods lacking utility, fulfilling the "planned" production norms which are nothing but value in disguise. Thus steel is produced in world-leading quantities with quality a secondary question and transport to places of use a tertiary one. As well, the system acts as a barrier to technological advances. The need to import use-values inheres in its organization of production; it is an inescapable feature, not just a policy.

Note also that other Stalinist states, Yugoslavia above all, do export capital for profit to one extent or another. So the USSR really represents one extreme on a spectrum running from Western state monopoly cap-

italism to the Stalinist model of statified capitalism. And it is possible to move along this spectrum; many of the East European states which started with the Stalinist model are doing so. But the USSR, which has the muscle to be imperialist, does not yet feel sufficient pressure to abandon the Stalinist model.

In sum, Soviet imperialism is a kind of reverse image of Luxemburg's model, which can realize surplus-value only in a non-capitalist environment. The USSR needs a traditional capitalist environment both inside and outside the country to try to maintain its nationalist pseudo-socialism. It is succeeding less and less; the pressures to devolve further in the direction of traditional capitalism and imperialism are increasing -- but we still have to describe the extreme model for the sake of theoretical clarity.

Soviet Imperialism and the Epoch of Decay

The Soviet system is a form of capitalism characteristic of the imperialist epoch. Its ideologists see it as a counter to imperialism: "socialism in one country" is precisely a reaction against the imperialist threat of seizing a weak country's surplus-value. But this goal is impossible in a more fundamental sense even than "capitalism in one country," which at least produces a variant of capitalism. An autarkic, backward "socialism" must develop class distinctions and all-out exploitation in order to survive in a world of imperialist predators; it inevitably leads to the restoration of capitalism.

Within every capitalist breast there lurks a would-be imperialist, although not all regimes have the power to carry out this goal. The USSR achieved the necessary strength when (and because) it was a workers' state: it broke out of the epochal stranglehold that prevents other states from reaching the power plateau necessary for imperialism. World War II was the turning point, although Stalin's first priority of destroying the Soviet workers' state in the 1930s almost cost him victory in the war and thereby the opportunity for empire. In fact, the first indisputable evidence of Soviet imperialism came in the Hitler-Stalin pact of 1939, especially its secret clauses revealed only after the war outlining Soviet territorial ambitions. In these the Soviets demanded and were allotted spheres of interest characteristic of the old Czarist imperial dreams.

The fully statified model built by Stalin could originate only under unique historical conditions: 1) the complete ouster of the bourgeoisie, possible only through a workers' revolution; 2) the political suppression of the working class as well, for otherwise the state capital would not long remain out of the workers' hands. Afterwards the model appealed to petty-bourgeois nationalists (naturally calling themselves socialists) in countries where the bourgeoisie had been thoroughly weakened by war, conquest or

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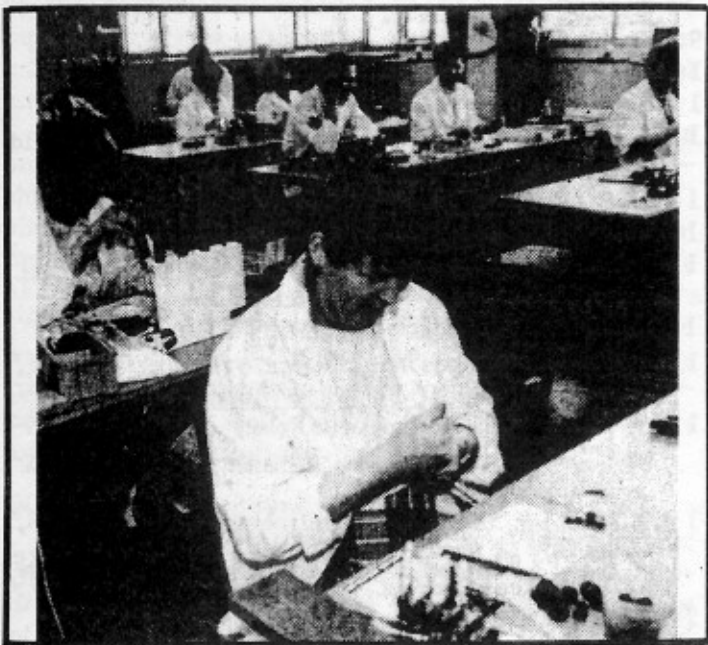
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corruption.

But without the revolutionary strength of a workers' state, the new models of Stalinism could flourish only to the extent that they used their internally produced surplus-value effectively. After temporary spurts they all hit economic crises and fell into dependency on imperialism, either the U.S.'s or the USSR's. In a world where the dominant powers are imperialist and thus have difficulty enlisting the loyalty of the nations they oppress, the Stalinist system fends off real socialist (i.e., proletarian) revolutions and serves to ensure the dependence of newly "liberated" states on imperialism in the interest of world stability.

Another aspect of the USSR's relation to the imperialist epoch is its mode of internal contradiction. Lenin's observation that monopoly capital fetters the advance of the productive forces is fully confirmed by Soviet-style statified capitalism. Na-



Plastomed in Warsaw is one of 650 private companies in Poland financed from abroad. Soviet imperialism is too weak to prop up Poland alone.

tionalized industry is the extreme case of monopolization, and the inefficiencies of the Soviet system are legion. The Soviet industrial system is a cemetery for capital.

The USSR retains many characteristics of its former backwardness; not since Czarist Russia has there been such an extreme example of uneven development. It cannot hold on to its dependencies through economic might. When pressed to the wall it has to resort to military force -- reluctantly, because that damages its relations with the "democratic" imperialists whose capital and technology the USSR still needs. The West really wants mass upheavals to be contained, even in the East, but it is not happy with Russian

military muscle-flexing. Further, the U.S. will use such opportunities to score points and interrupt commerce. The USSR also worries that its invasions alienate "progressive" friends abroad. Thus when the USSR wields its armed forces it loses influence around the globe; it does so only out of desperation.

Similarly, Soviet-style imperialism is even less popular among those it oppresses than the traditional form. The rulers of the neo-colonial states see that imperialism at least develops some industry in their countries. In contrast, Soviet imperialism at first looted and now imports capital from its closest satellites. In these respects it resembles Lenin's description of Czarist imperialism enmeshed in a network of pre-capitalist relations.

Reagan's devil thesis of the Soviet Union (shared by some on the left) is absolutely wrong: the Soviet rulers are not economically driven to unlimited military expansion. Also wrong are the Soviet apologists who insist that the USSR loves peace. Soviet imperialism will defend its limited imperialist holdings by the only means it has. Besides military power, it holds one trump card: its history as the usurper of a workers' state. As the first claimant to the title of "socialism in one country," it can present itself as a model for and a supporter of national liberation forces. When it does, beware: the Soviet goal is to keep such forces within the imperialist orbit (perhaps with a few economic sops for itself) by preventing any possibility of proletarian revolution.

Defense of the USSR?

Leftists who still "defend the Soviet Union" against imperialism because of its proletarian past may imagine that our position, in that it distinguishes between the USSR's aggressiveness and the West's, supports such a line. But it does not: defending the USSR in a clash with Western imperialism means defending its share of the world's imperialist booty, its bloc, its "sphere of interest." Reciprocally, defending the Soviet Union means defending the existing division of the world, in which the USSR willingly grants the West its spheres. Even in a direct encounter with the U.S., a victory for either side would mean not the end of imperialism but the strengthening of the victor's hold, military and economic. The U.S. is the more aggressive superpower, seeking more actively to get hold of its rival's sphere of influence. This is no reason to defend the rival. Opposition to every imperialist power, even the lesser ones, has been a hallmark for communists throughout the epoch and it is no less so now.

The fundamental error of the defensist position is its confusion between a retrograde state and a progressive one. Defensists see the absence of capital (value) export as a progressive facet. Indeed, the export of capital for the purpose of ingesting

surplus-value is reactionary; but it also signifies the overripeness of the system for socialist transformation on a world scale. Workers' states in the advanced countries would also send vast amounts of capital abroad — not for of the value it contains or could return but for the use-values that less advanced workers' states need. The USSR's failure to export capital demonstrates its severe contradiction, a system at once advanced and backward in the extreme. Its external drive above all reveals its reactionary essence.

Anti-Imperialist Imperialists?

Imperialism, the highest stage of capitalism, has lasted for generations longer than the Bolsheviks expected. Imperialism did span the world, did combine, did divide, did erupt in massive wars to satiate its drives; it did drive the masses to revolution. But its final Armageddon with the proletariat has been postponed. Why? The Stalinist counterrevolution that smashed the Soviet workers' state is the chief cause. Monopoly capitalism itself could not impose an imperialist "peace," given its rivalries over looting the world. It took Stalinism to divert the internationalist proletarian revolution into a series of nationalist uprisings under petty-bourgeois leaders (Stalinist or not) who flourished in the absence (via defeat) of the proletarian leadership.

Each new nation pursues its own goal of a reactionary national utopia, thereby creating a reciprocal stabilizing agent to Western imperialism. The Jaruzelskis, Kuandas, Alfonsins and even Castros who fight for their nations' place in the sun only do so by bolstering imperialist stability. The USSR has been the only one of these newly arrived "anti-imperialist" nations to reach the strength making a nationalist utopia imaginable -- that is due fundamentally to its proletarian past. But even the USSR could not escape this internationalist, interdependent world. Nor could it escape the universal crisis of capitalism which is ushering in a new revolutionary stage.

We make one final point as a test of the theory presented here, a prediction. The economic state of world imperialism is miserable. Reagan's boomlet in the U.S. will not last or boost the rest of the West; much of it comes from sucking investment capital from abroad (a "free-market" analogue to the Soviets' joint investment projects). The Stalinist states face crises of their own and will get little economic aid unless they wholeheartedly play the imperialist game. Hence they are becoming even more anti-working class than before -- witness China's friendliness to right-wing regimes everywhere to curry favor with the U.S., Poland's vile support to Margaret Thatcher's efforts to break the British coal miners' strike, Russia's unwillingness to offer real material backing to the anti-imperialist struggles in Central America. The pattern already clear will worsen in the near future.

For all this, revolutionists welcome the fact that Stalinism's ability to detour revolutions (and pass them off as socialist) is eroding. As Stalinism, the savior of imperialism, weakens along with its senior partner, the highest stage of capitalism draws to an end -- the proletarian revolution.

Footnotes

1. Most recently "Planning and Value in the Soviet Union," Socialist Voice 20 and "Trotskyism and the Russian Question," Proletarian Revolution 22.
2. Marx, Capital Vol.3, Chapter 27.
3. Luxemburg, Reform or Revolution.
4. Luxemburg, The Accumulation of Capital.
5. Reform or Revolution, section on "Cooperatives, Unions, Democracy."
6. Hilferding, Finance Capital.
7. Bukharin, Imperialism and World Economy.
8. Lenin, Imperialism, the Highest Stage of Capitalism, chapter 1.
9. Lenin, Imperialism..., chapter 8.
10. Lenin, Imperialism..., chapter 4.
11. Lenin, Imperialism..., chapter 4.
12. See Socialist Voice 19, "Karl Marx and the World Crisis," page 22.
13. Marx, Capital Vol.3, Chapter 15, part 3.
14. *ibid.*
15. See for example Y. Gluckstein (Tony Cliff), Stalin's Satellites in Europe and Mao's China.
16. Marx, Capital Vol.3, Chapter 14.
17. G. Graziani, "Dependency Structures in Comecon," Review of Radical Political Economics, 1981.
18. P. Marer, "Soviet Economic Policy in Eastern Europe," in S.M. Terry, ed., Soviet Policy in Eastern Europe, 1984.
19. M. Spechler, "Regional Developments in the USSR," page 147; in Soviet Economy in a Time of Change, U.S. Congress, Joint Economic Committee, 1979.
20. Lenin, Imperialism..., chapter 6.
21. Lenin, Imperialism..., chapter 3.
22. Marx, Capital Vol.3, Chapter 15, part 2.
23. A similar point is made by Gyorgy Markus in his article "Planning the Crisis: Remarks on the Economic System of Soviet-Type Societies," Praxis International, Vol.1, No.3, and in the book Dictatorship Over Needs co-authored with F. Feher and A. Heller. He says that the production goal in these states is "the maximization of the material means (as "use-values") under the global disposition of the apparatus of power as a unified whole." But this cannot account for the vast waste of use-values in the Soviet system. Moreover, maximizing use-values (as opposed to values or exchange-values) is impossible, since different use-values cannot be quantitatively compared — a point Marx took pains to explain in Chapter 1 of Capital. Still, the point is suggestive. ■

The AFL-CIO's 'Revolution'

When a report on "The Changing Situation of Workers and Their Unions" is hailed as a "revolutionary document," we ought to sit up and take notice. However, when it comes from the AFL-CIO Executive Council, and when the hailer is that dubious enthusiast for revolutionary matters, Albert Shanker, we take a closer look. And sure enough, this widely hailed fountain of fresh ideas is really just another familiar product of the union bureaucracy.

What is new in the document, what makes all the laudatory hype somewhat plausible, is that the hide-bound labor leadership is acknowledging a situation where simple self-congratulation will no longer suffice. Nevertheless, despite its title and the two and a half years of study that went into it, the document totally fails to come to terms with the crisis the unions face. Having retreated for years in the face of the capitalists' assault on the workers, the bureaucracy now advocates a more rapid and open retreat. And the new strategy wrapped around the old conservatism threatens to turn retreat into rout.

The report does provide some revealing statistics on the depth of the problem. Since 1954 union membership in the workforce has declined from 35% to 19%; since 1980 there has been an absolute decline in numbers. Manufacturing industries represent 50% of the AFL-CIO but only 22% of the workforce, whereas in the 1970s, 90% of new jobs appeared in the service sector, which is only 10% organized. In 1984 union pay rose by 3.4%, compared to 4.5% for non-union workers! Perhaps the most shocking figure says that there are more former members working than present ones.

Bureaucratic Response

On its own level the report is a bureaucratic response that sees the unions' problems as organizational, not political. For the bureaucracy, the only question is how to overcome the loss of members and dues -- not even how to win something for the workers. Its basic challenge is to adapt the unions to an economy becoming more service-oriented. Since that's the major problem, the answer lies in modernizing and updating the unions without making fundamental changes, and that is what the report recommends.

Is the "changing situation of workers" really true? Yes, but it is not just a fact of nature outside human control. It arises out of the class struggle, which the bureaucrats unfortunately have had some effect on. The policy of the AFL-CIO in recent years has been to represent the interests of the highest seniority and more highly skilled workers, at the expense of the mass of lower paid production workers (the layer that flooded into the CIO movement and gave the unions life in the 1930s) -- and above all at the expense of new hires, the big losers in the

current wave of "two-tier" contracts. The new report is an amplification and rationale for consolidating a renovated union "movement" on this basis.

Let us look at some specifics. After rolling over and playing dead for so long in response to the bosses' concessions drive, the bureaucrats now perceive that many workers find them unnecessary and undesirable. From this follows the report's preconceived conclusion that workers seek to advance their interests other than through "an adversarial collective bargaining relationship." So it advocates more emphasis on arbitration and mediation in bargaining -- in sharp contrast, we are meant to assume, with the unions' hitherto adversarial relationship to the bosses.

In the face of the bosses' assault the bureaucrats have indeed learned a lesson -- the opposite of the right one. "We understand that confrontation and



14,000 striking hotel workers marched through New York on June 16 demanding higher wages and no givebacks. Ranks will fight despite AFL-CIO leaders' willingness to sacrifice workers' wages for profits.

conflict are wasteful," the report contritely says, "and that a cooperative approach to solving shared and future problems is desirable." And what are these "shared" problems? When ten percent of the workforce is out of a job that's no problem for capitalists -- it's to their advantage, since desperate people are willing to work for less. The only way for workers to share that particular problem is to throw a few bosses out of their jobs. That wouldn't be too bad an idea, and it might make for a more revolutionary document. But don't wait for such an amendment from the AFL-CIO Executive Council or Brother Shanker.

Conversely, workers who fought for months on the picket lines and in the streets against Phelps Dodge and Greyhound, among some of the more uncooperative bosses lately, know just how much they share the capitalists' problems. For those are: how to slash

wages and benefits when profits are declining, how to get rid of union wages by finding workers willing to work for less, etc. In fact, the AFL-CIO doesn't need any revolution to help solve that type of problem that's just what it's been doing all long.

What good will Lane Kirkland's "new" cooperative approach do? "Organized labor seeks, in sum, through collective bargaining, political participation and legislative activity to bring about a broader sharing in the riches of the nation." Well, the riches are shrinking (says another page) — at least those that the capitalists are willing to share with their non-confrontational workers. Simply asking nicely won't get workers anything.

The truth is that the non-confrontational approach has been tried too often. When there has been militancy, the fighting workers have been left hanging by their own or other union chiefs, the way the Machinists' "socialist" Winpisinger let PATCO swing in the wind against Reagan. The economic crisis has if anything led the bureaucrats to tighten their grip on the ranks to prevent struggle. Their only response to the PATCO strike was Solidarity Day — a massive

inclined to favor arbitration schemes. That's because of their sheer lack of confidence that struggles under these leaders can win anything. Likewise they do want more than wages but would like some wage gains too -- it is sellouts they are fed up with. The bureaucrats, having worked overtime to suppress the class struggle and demoralize their members, now claim support for their capitulatory policies since traditional methods of struggle are proven bankrupt.

Dealing with the Economy

In order to argue that the loss of members is not due fundamentally to the policies of the unions and their leaders, the report blames the economic recession, which has indeed eliminated thousands of jobs. It treats the economic crisis as a natural disaster, hoping to absolve the leaders from any responsibility for offering an alternative. The bureaucrats' only job is to adapt to an economy no longer capable of granting major gains. "The United States has become a society with persistently high levels of unemployment," we are told, without hope that this could ever change. But in the midst of the Great Depression, workers created the CIO and fought explosively to change conditions. The crime of the present report is that it models today's unions after the old AFL.

Thus the document has no real answer to the loss of union jobs, above all in basic manufacturing industries. Rather than fight the loss, it proposes new categories of membership: workers could affiliate with unions that don't represent them but still provide various benefits. The drive to organize the South is gone; there is no real attempt to come to grips with past failures. Instead we get a proposal for experimental organizing committees. The report means that the bureaucrats

have run up their white flag and accepted the unions' minority status, hoping that their size won't dwindle much further.

There is one new idea in the document, inspired by the U.S. economy's shift toward service industries away from manufacturing. But within the new industries, especially the "high tech" sector, the work force is even more polarized -- a mass of low-paid blue-collar workers faces a strata of professional and technical employees with higher pay scales and middle-class perceptions. The document's stress on cooperation with management and individual control on the job feeds into the middle-class outlook. The bureaucrats have decided to build their base among not the mass of workers who need unions the most but



Fremont auto workers fought to keep GM open. AFL-CIO hacks say workers and bosses share common interests, but capitalists like unemployment, low wages — and sell-out bureaucrats.

and militant march, to be sure, but one that the AFL-CIO made sure to lead nowhere. Their response to everything else was Walter Mondale, that unique combination of Ronald Reagan's liberalism and Jimmy Carter's charisma.

One of the document's most patronizing aspects is its discovery that workers want more than wages. Workers are human too (thanks!) and cannot live on bread alone, the report reveals. Hence the unions must now become benefit societies (instead of fighting for real benefits) and help the bosses set up their fraudulent "quality of worklife" programs. No doubt workers will be relieved to hear that the unions' excessive effort on winning wage gains is finally over.

It is true, unfortunately, that many workers are

Lane Kirkland understands the class struggle better than most leftists. This was demonstrated in an article previously published in a recent issue of the Supplement to this magazine. (If you wish to get further issues, just write.)

Trotskyism and the General Strike

From our first days the LRP has made the struggle for the general strike a central issue in our work. We have fought for this mass action tactic in opposition to the labor bureaucrats' diversionary path of passive electoralism. As well, we have had to continually fight the centrist left which finds every excuse to tail the reformists and bury the idea of the general strike as unrealistic.

The bureaucrats themselves, of course, can be perfectly blunt in opposition to the mass strike. Consider AFL-CIO boss Lane Kirkland's press interview in February. He was questioned, "Mr. Kirkland, you say that workers have to wait another two years and elect more Democrats? That's the only thing they can do?"

Kirkland replied, "What do you propose? A general strike? Hello, Mr. Trotsky."

Thus Kirkland pointed to the only real alternative for workers. He got our name right, too.

among the most aristocratic sectors available today.

The ultimate reason why the methods of struggle have been consciously avoided is that the bureaucrats are afraid that there are too few riches to be shared. If the workers were allowed to really fight, then not just some excess profits would be at risk but the health of the exploitative system itself.

For not only is the world economy in crisis underneath the U.S.'s shallow prosperity, but the economy is thoroughly interpenetrated with politics. Any industrial explosion would mean confrontation not only with the bosses but also with their state. Collective bargaining and individual strikes are indeed less effective weapons under such conditions. The bureaucrats' alternative, in this document as in the past, is to sacrifice militant action in favor of passive electoral support to the Democratic Party.

Mass action is ruled out not because the workers are too weak but because they are too strong. A general strike demanding no more givebacks, no two-tiered wage sellouts, no more layoffs would indeed revolutionize the unions -- that's why Kirkland and Co. repel the idea like the plague. That's one reason why they are trying to base themselves on the (hopefully) less rambunctious service workers -- especially their professional and technical aristocracy.

The strategy will not work. For one thing, manu-

facturing is not on the way out. The world's dominant imperialist power, cannot for long surrender leadership in basic industries. Capitalism means a thoroughly internationalized economy, but it also means competing nation-states. As international rivalries heat up the U.S. will have to revive its heavy industries.

For another, the same economic pressures that devastated the old will soon hit the new industries; it is already happening in computers. The result may well be a new explosion of militancy (and even unionism) among the service and high-tech workers. In fact, the only way to reach the bureaucrats' favored "middle-class" workers (who are also capable of class struggle) will be through the movement of the more powerful proletarian mass.

The Left Response

Some leftists have criticized the report claiming that it doesn't go far enough, particularly concerning union democracy and mobilization of the ranks. In These Times editor David Moberg welcomed it as "a first step toward admitting some of the unions' frailties and flaws and seeking solutions." Mark Erlich wrote in Labor Notes that "it can be used by activists who have long stood for a democratic, creative, and militant labor movement to validate their work."

These ideas reveal the social-democratic left's attitude toward the working class. For the report is designed to prevent struggle, not accelerate it. The bureaucrats understand what the leftists are reluctant to say openly, that if the class struggle breaks out it might just explode and produce anarchy. Or worse, the ex-socialists permeating the bureaucracy fear, mass action could open the door to revolutionary struggle for working-class power. Their "radical" friends want to see this document as an opportunity for them to teach the labor statesmen how to run "corporate campaigns," how to handle public relations, how to activate the ranks. The bureaucrats will gladly make use of their services, and just who will teach whom is perfectly clear.

Leaving the bureaucrats' dilemma aside, the workers do indeed face severe organizational problems, including apathy among union ranks. But the question is not how to "involve" the members in passive unions but how to turn the unions into fighting instruments in the class struggle. Lack of democracy and participation are not organizational problems; they are the end products of reformism and its class collaborationist strategy. No amount of organizational reforms or maneuvering will change that. Militancy by itself is no answer; without real victories it quickly produces cynicism. The only way to prove the working class's strength is through mass united action. That is why we fight for the general strike. The only way to revitalize the unions is through revolutionary struggle, not "revolutionary" retreat. ■

Divestment

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"divestment," a strategy which implicitly accepts capitalist rule in both the U.S. and South Africa. This actually encompasses several interrelated economic programs. The immediate level is institutional divestment, where colleges or local governments are asked to sell their investments in companies doing business with South Africa. This is first of all a symbolic gesture, since the mere transfer of ownership from one capitalist outfit to another does nothing to influence South African politicians or bosses, or in any way change the lives of South African blacks.

Moreover, the tangled web of capitalist ownership makes such divestment a fraud. One example is indicative. Recently Michigan State University divested its shares in Citicorp, IBM, General Motors, Ford, PepsiCo, etc. -- only to buy stock in such anti-imperialist outfits as Gulf Oil, Dupont, Hughes Tool and Atlantic Richfield, according to a report by the American Committee on Africa (ACOA). If these companies have no direct holdings in South Africa at the moment, they surely hold stock in other firms that do; the Dupont family, for example, holds major shares of General Motors -- and Dupont, curiously, is listed by Columbia University as one of the companies it invests in that does operate in South Africa.

The fact is that this spring's wave of campus divestment action scored few tangible successes. Most of the victories won were at public universities, more subject to political pressure. And even the public universities' divestment resolutions are notably irresolute. The City University of New York trustees, for example, voted to divest "while protecting the financial stability of the University's investment portfolio." That is, they oppose apartheid as long as it won't hurt their pocketbook. Such is liberal devotion to a mass struggle.

From Divestment to Disinvestment

For most activists, campus divestment is not an end in itself. The ultimate goal, says the Student Anti-Apartheid Newsletter of the ACOA, is to "discourage U.S. corporate investment in South Africa": that is, to move from divestment to disinvestment.

Along these lines, Congress is passing bills aimed at economic sanctions against the apartheid regime. These would variously set up a trade embargo, forbid new bank loans or company investments, halt sales of Krugerrands (the South African gold coins), ban computer sales to government agencies, and end coal and uranium imports. The main bill is sponsored by liberal Senator Edward Kennedy and moderate black Representative William Gray. If a bill is adopted and even if Reagan is forced by public pressure to sign

it, you can be sure little will be done to enforce it. As if to show its real attitude toward the liberation struggle, the House of Representatives coupled its sanctions with a vote removing the ban on aid to the South African-backed "contra" outfit in Angola.

The South African government seems to have been wounded under the divestment pressure. It forbids any approval of divestment policies by South Africans, and has taken steps to insure the country's economic security if the campaign scores any successes. As it seems to have done. According to the South African Financial Mail (February 1):

"In one respect at least, the divestment forces have already won. They have prevented -- discouraged, dissuaded, whatever you call it -- billions of dollars of U.S. investment in South Africa."

Anti-Capitalist Capitalists?

Why are so many U.S. politicians never known for any hostility to capital jumping on what appears to be an anti-capitalist bandwagon? After all, the divestment strategy has been around for years and has garnered little support in the corridors of power until very recently. Has the politicians' relentless search for votes suddenly made them forget their real masters, the U.S. capitalist class?

We think not. These people are enemies; we strongly solidarize with the South African black demonstrators last January who protested Kennedy's well-publicized tour, denouncing him as an agent of capitalism and U.S. imperialism. Kennedy was subject to abuse because he is seen by the black majority to represent an America consistently on the wrong side of the South African struggle.

Kennedy and his fellows are trying to latch onto the movement, in order to reconstruct their base at home and refurbish the image of imperialism itself in South Africa. Desperate steps are necessary by the capitalist forces if they are to retain apartheid exploitation. For that is what is at stake. They will succeed only if the African masses are hoodwinked.

The capitalist politicians' concern for South Africa's oppressed is a lie. South Africa has been the U.S.'s chief commercial and military partner in Africa under both Republican and Democratic administrations. Investment in South Africa is aimed not to help blacks but to gain profits: "A 1983 survey suggested the rate of return in mining was 25% against 14% in the rest of the world, 18% against 13% in manufacturing industry" (Economist, March 30). South Africa is economically and strategically critical to world imperialism.

South African capitalists have a vested interest in describing recent losses as a result of American liberal sentimentality. They much prefer this to publicizing the real reasons, the increased demands of a fighting working class and the mortal impact of econo-

mic crisis. Investors are less scared of liberal pap than of black masses. U.S. politicians, of course, are not loath to filch moral credit out of other people's struggles; neither do they hesitate to benefit from South Africa's economic recession in conjunction with the advancing world depression. As the Economist magazine put it (March 30):

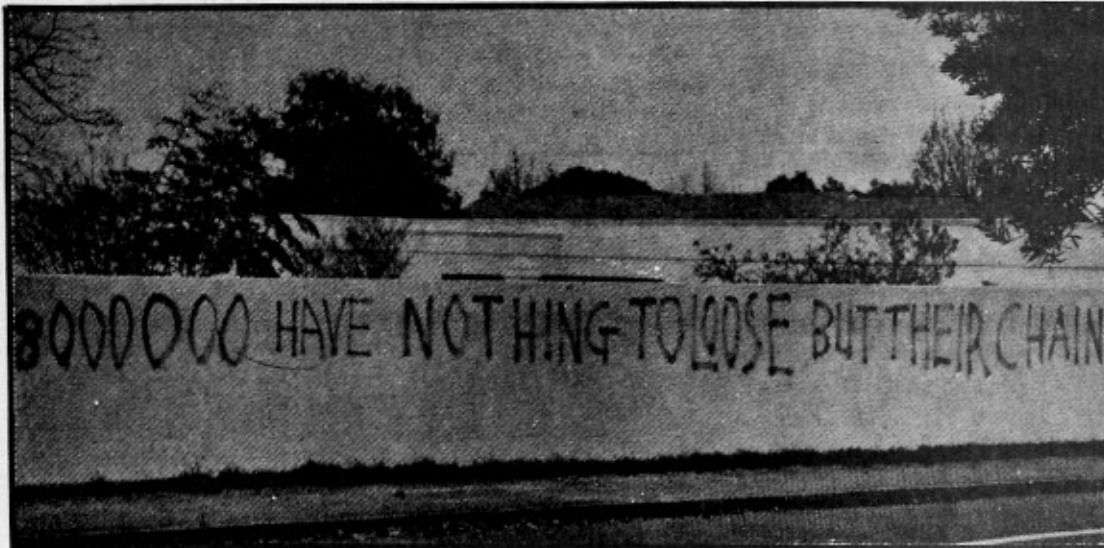
"Disinvestment pressure has come at a convenient time for many American corporations, as profitability in South Africa falls and the Far East looks a more attractive market. Since 1980, 30 American companies have left South Africa, against just 11 which have arrived. ... In South Africa at present, it is falling profitability that is the great disinvestor."

The corollary of this proposition, of course, is that when profits rise in South Africa or improve relative to the other low-wage regions, disinvestment

Journal advised, (April 30):

"... business executives believe at least some companies would find loopholes in any disinvestment laws to enable them to continue doing business with South Africa. One option would be to close South African operations and sell products through local distributors there. 'If forced to leave South Africa ... that would be one of the alternatives we'd look at,' says a spokesman for Hewlett-Packard Co. ..."

The South African government points out that other Western capitalists, not under pressure from black populations at home, would be happy to take over those American firms that remain profitable. As would South African capital, despite possibly increased costs. Indeed, it is futile to rely on capitalists or their political agents to carry out anti-capitalist work. It requires working-class action.



Downturn in South African investment is due to capitalist fear of rebelling black masses, not to divestment schemes. Black workers desperately need guns to prevent massacres, not stock swapping by U.S. college trustees.

will no longer be so convenient. Then the liberal politicians will suddenly discover how the black workers need American investment, how the toothless Sullivan principles ought to be minutely strengthened, etc. The flexibility of the bourgeois mind will no doubt be equal to the occasion.

What About Sanctions?

If a sanctions bill is adopted, then we will see a wave of evasions as never before. The capitalists have perfected the tactic of accepting embargoes in public while disregarding them in practice. They did this with white-ruled Rhodesia (now Zimbabwe) in the past and with the current arms boycott of South Africa. Embargoes can be evaded through the good offices of friends like Israel, which is happy to ship and transship contraband to every reactionary regime on Earth. The IBM Corp. already "refuses" to sell computers to the South African police; yet the South African police have IBM computers. As the Wall Street

The boycott last fall of South African shipments by West Coast longshoremen showed the way forward. That was a real blow to apartheid that didn't wait upon Ronald Reagan's signature.

Divestment Is a Fraud

The anti-apartheid protest actions in the U.S. have called public attention to the complicity of American capitalists with the criminally racist South African rulers. But the long-term effort of liberal and reformist leaders to make divestment the chief issue has succeeded in retarding student awareness of capitalism itself as the enemy, not simply the most obvious corporations. It has bred illusions in the promises of trustees whose devotion to financial gain rules out real moves against apartheid. Nevertheless, the tenacity of the struggles themselves shows that many students are ready to learn the real lessons behind corporate resistance to demolishing apartheid:

1. Capitalism as a whole thrives off apartheid.

South Africa is not some uniquely abhorrent ulcer on the otherwise healthy body of world capitalism. It is an extreme form of the inevitably racist imperialist economy that condemns hundreds of millions to poverty and starvation.

2. No big corporation is free of South African ties. Capitalism is an integrated, intertwined, international system. Banks and corporations own each others' stock, share each others' directors, buy each others' goods. There is no such thing as an untainted capitalist investment.

3. Government sanctions by any Republican or Democratic government will be used only in the interests of U.S. capitalism, not to aid the African black struggle. Official boycotts mean one thing only: official evasions.

Big-Power Chauvinism

The chief lesson is the necessity for proletarian socialist revolution in South Africa and the United States. The divestment-disinvestment outlook reflects fundamentally reactionary notions rife in the U.S. middle class. De-industrialization is no answer to the plight of black people in South Africa. Apartheid will be overcome through the size and strength of the black working class, which needs industry not only for jobs and consumption now but as a basis for a powerful Azanian workers' state in the future. It is no accident that the Eastern Cape province is one of the bastions of black militancy and one of the most politicized areas of the country. Its industrial base has made it a stronghold of black workers.

The divestment focus also reflects a big-power chauvinism all the more dangerous because its practitioners are unaware of it. American firms' capital in South Africa is not "ours" to dispose of just because U.S. capitalists own it. It has been sweated out of the hides not only of Americans but of all workers, including South Africa's -- given the U.S.'s dominant imperialist role. By what right does this property belong to America to invest or divest? Only imperialist might justifies it. That is why we say, "Not Capitalist Divestment but Workers' Expropriation."

Arms for the Workers

Disinvestment proponents in the U.S. argue that removing American capital and consequently jobs from South Africa would not hurt the black workers significantly, since they are already oppressed and few are directly employed by U.S. firms. However, it appears less than noble for relatively affluent supporters here to sacrifice the morsels which keep near-starvation black workers from achieving true starvation. So the divestment leaders are quick to point to similar statements by spokesmen of the African National Congress (ANC), the dominant resistance group.

Tragically, class capitulation is a problem not

only in the U.S. but in South Africa as well, where it gravely endangers the black masses. Using them as sacrificial pawns is exactly the strategy of the ANC. Michael Calabrese of the reformist paper In These Times reported glowingly on his in-depth interviews with ANC leaders in the June 26 issue.

Calabrese notes that the ANC has decided "to pursue a strategy of decentralized, small-scale attacks" to be carried out by armed guerrilla bands. He then



Frontline backstab: Mozambique's nationalist Machel and South African butcher Botha toast Nkomati pact that betrayed anti-apartheid struggle.

quotes the second-ranking ANC official:

"Secretary General Nzo predicted that as the ANC leads young blacks into open rebellion in townships and begins killing white security personnel, the government will react with brutal reprisals that will, in the long run, alienate many moderate whites from the Nationalist Party and lead the international community to impose economic sanctions.

"Although most whites continue to support State President P.W. Botha's policy of incremental reform combined with forceful retaliations against township unrest, Nzo and other ANC leaders remain confident their scenario is unfolding.

"When we step up the violence, Botha will remove the cloak of being a moderate and move to the extreme right. He will then cut his nose as far as his international friends are concerned," Nzo said. He added that the ANC hopes that by provoking harsh repression by the government, the Reagan administration will be pressured by public and congressional opinion to abandon its policy of 'constructive engagement.'"

For years the ANC sought to channel the anti-apartheid struggle into lines acceptable to imperialism. Now it has been forced by the black upheaval and the bloody reprisals to deal with the masses' open rebellion. It even has to acknowledge the need for the black masses to arm themselves. But even now, the ANC calls for armed bands instead of armed masses. And as Nzo indicates, it believes that the increase of brutal repression by the regime in response to guerrilla attacks will pressure imperialism and local moderates to reform apartheid out of existence.

This conception is at best naive and at worst criminally manipulative. Reality will prove that moderation is not an option for the South African bourgeoisie and American capitalism. Central Americans today are learning in blood the lesson of relying on imperialism to liberalize itself.

ANC Challenged

The ANC's history of moderation has left it open to challenges by more radical black militants. The Pan-Africanist Congress broke away in 1959; like the ANC, it is today banned by the regime. The ANC's major rival now is the Azanian People's Organization (AZAPO), a group that grew out of the left wing of the black consciousness movement. In May, fighting broke out between ANC and AZAPO supporters, and several people were killed. The ANC, although it is apparently much larger than AZAPO, obviously feels endangered by forces that reflect the militant developments among workers and students.

AZAPO is a contradictory formation combining a radical nationalist program with very confused socialist rhetoric. It calls for working-class leadership in the struggle, but it has also defined every black person as a worker.

The chief difference between the ANC and AZAPO is usually said to be whether or not to include whites in the struggle. This is a dispute between integrationism and nationalism, both bourgeois strategies that must ultimately make peace with capitalism. The masses in action have shown that they understand that race in itself is not the key question: class is. The violent mass justice meted out to black councillors, cops and other collaborators with the regime (despite the entreaties of liberal heroes like Bishop Tutu) shows their understanding that the real dividing line is between allegiance to the system and loyalty to the workers and oppressed.

What Is To Be Done?

The ANC's callous policy of basing victory upon "provoking harsh repression against the masses" is only an analogue to the let-them-eat-less tactics of the divestment leaders in the U.S. Proletarian revolutionaries place no trust in the ANC or its strategy: we stand for arms to working-class organizations

in South Africa. As for the U.S. movement's response to the apartheid regime's violence, the pro-ANC leaders might lend some credence to their moral claims if they put aside their squeaky-clean divestment gambit in favor of an immediate campaign to arm the black masses. The fact that they don't is all the comment needed on the moral state of moralists.

The struggle in South Africa will certainly continue, and the workers and students there will always welcome any assistance they get from abroad. In the U.S., the strongest solidarity actions are in the hands of workers, especially organized workers who produce goods destined for South Africa or who handle shipments overseas. Labor boycotts should be revived and supported. We welcome the recent refusal by West Coast longshoremen to unload South African goods, but it would be dangerous to simply generalize this; it could become enmeshed with the chauvinist campaign against foreign imports. The stress must be on halting shipments of U.S. goods to South Africa, an inherently internationalist action.

On campus, it has to be understood that students and staff do not have the social power of organized production and transport workers. They can use their time and resources, however, to continue exposing the capitalist relations between U.S. corporations and slave labor. But they must learn not to depend upon actual divestment "victories"; most of those will amount to fraudulent evasions by campus officials and trustees. Expose not only the trustees and corporations but imperialism as a whole. Above all, support and publicize the South African black workers' revolution, the real destroyer of apartheid. Given the power, militant experience and explosive potential of the black proletariat, conditions are ripe for a proletarian socialist revolution.

In the working class, the League for the Revolutionary Party works diligently to re-create the proletarian revolutionary party. On campus our message is the same. Students can adopt the world-view of the working class and make a valuable contribution to the struggle for revolution here as well as in South Africa, a communist revolution that will end human misery, racial oppression and class exploitation.

**Victory to the South African Black Workers!
Arms to the Black Workers' Unions and Councils!**

Not Capitalist Divestment but Workers' Expropriation!

**Free All South African Political Prisoners!
Defend ANC, PAC, AZAPO, UDF
and All Anti-Apartheid Groups!**

**Smash Apartheid Through Socialist Revolution!
For a Workers' Azania
and the United Socialist States of Africa!**

PROLETARIAN REVOLUTION

Summer 1985

South Africa

Divestment vs. Revolution

The Union of South Africa is on the edge of an all-out rebellion by the super-oppressed and super-exploited black working class. Protests, strikes and "stayaways" have steadily grown in intensity. Mass violence has been turned against black collaborators with the apartheid regime. And successful general strikes have shown the revolutionary potential of the black proletariat.

In late April of this year, the biggest single strike in the country's history took place in the gold mines of the Anglo-American Corporation, strong-

of black funeral marchers at Uitenhage on March 21st on the 25th anniversary of the infamous Sharpeville massacre in 1960, and there have been continued murders of black leaders in exile and in police custody.

The U.S. Anti-Apartheid Movement

In the U.S., anti-apartheid protests have grown despite Pretoria's liberal facade. Inspired by the South African liberation struggles and outraged by the regime's brutality, students at over 100 campuses took action against apartheid and the collaboration

In South Africa, AZAPO pickets condemned "capitalist Kennedy" visit. Despite political confusion AZAPO knows need to expose liberal imperialist fraud. For South African black workers it would be suicidal to believe that Kennedy's sanctions will sanitize capitalist apartheid. Divestment leaders here help peddle this myth.



hold of the "liberal" wing of South African capitalism that claims to oppose apartheid; 14,000 workers struck to protest the firing of four shop stewards. In July an even bigger miners' strike is in the works. As mass protests by blacks escalate, the racist regime offered concessions, cancelling the announced forced removals of 700,000 blacks to the "homelands." It also offered minor lower-level governmental rights and ended the apartheid ban on interracial sex and marriage. The regime is attempting to incorporate middle-class blacks through such reforms, but nevertheless they are gains won by the masses.

The regime's retreat, aimed also at public opinion in South Africa's imperialist allies abroad such as the United States, is meant to cover its bloody record of repression. One outrage was the slaughter

with it of college trustees and American corporations. There have been weeks-long sit-ins and blockades and numbers of arrests, including over 1000 at Cornell University alone. The campus militancy contrasts sharply with the pacifistic pre-arranged arrests staged by publicity-hungry politicians and trade union bureaucrats at South African consulates since the Democrats' electoral downfall in November.

While campus protests have adjourned for the summer, plans are under way for renewed activity and national coordination in the fall. The danger is that the movement will come under the domination of reformists dedicated to rebuilding the Democratic Party; they seek to limit the movement's politics and channel it into electoralism.

Liberals have sought to focus the protests on

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