CONFRONTATION

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THE DEATH AGONY OF STALINISM:
A SYMPOSIUM

CAN EUROPE BE ONE?
A MARXIST PERSPECTIVE ON 1992

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Stalinism.. RIP

Mike Freeman

'The historic events unfolding in China are the most dramatic, but far from the only, evidence that the dynamic of communism—the nineteenth-century ideology which came of age in this century to win control of both the largest country on earth and the most populous—has all but run its course...

'For the rest of the world, communism has ceased to be something to be adopted or imitated; it has lost all connection with change for the better or the best human aspirations. It stands nakedly, in a heartland and not a satellite, for all that is worst in human endeavour. Communism, the ideology that began this century as the wave of the future, might not even be around in any recognisable form for the start of the next.' ('Communism...RIP', *Sunday Times*, 11 June 1989)

The bloody suppression of China's 'democracy movement' in the June massacres in Tiananmen Square in Peking is the latest blow to the international standing of Marxism-Leninism. The brutalities of China's octogenarian dictatorship take their place with Stalin's purges, the Soviet invasions of Hungary and Czechoslovakia, the atrocities of Pol Pot in Kampuchea and Jaruzelski's martial law in Poland as irrefutable evidence in the capitalist case against communism as a valid alternative way of ordering modern society.

Today's obituaries for world communism are of a piece wit attempts to use the two hundredth anniversary of the Frenc Revolution to show the futility of any project for revolutionar change in society. Western historians and politicians hav discovered a common thread that links the Jacobin terror (1793-94, the Bolshevik terror in the early Soviet Union and th repressive policies of modern Stalinist regimes: Robespierre an Lenin; Stalin, Pol Pot and Deng Xiaoping are brothers united i revolutionary blood-lust. The argument that any attempt t change the world through mass popular struggle guided by revolutionary leadership is doomed to end in terror an corruption provides powerful support for the status quo.

However, it is Stalinism, not Marxism-Leninism, that ha been discredited by recent events in China, and in the Sovie Union and Eastern Europe. Far from discrediting Marxism Leninism, the historic role of the system established unde Stalin's rule in the Soviet Union owes much more to th capitalist world than it does to the theory of communism. Th global impact of the disintegration of the Stalinist system in th 1980s provides the context for the current propaganda offensiv against revolution in all its forms. The crisis of Stalinism was th main theme of a symposium organised by the Revolutionar Communist Party at Easter 1989 at Eastbourne. The paper presented there form the bulk of this issue of *Confrontation*.

It is important to clarify what we mean by the term 'Stalinism In popular usage it has become little more than a term of abus that can be levelled against anybody who exhibits authoritaria tendencies. Because they consider that they have long sinc repudiated Stalin's characteristically authoritarian methods supporters of most of today's Western Communist partie bitterly resent being referred to as Stalinists. Yet we continue t regard both the parties led by Mikhail Gorbachev in the Sovie Union and by Achille Occhetto in Italy as Stalinist. We do thi because they are united in pursuing the logic of the policy o 'socialism in one country'—the policy that came to dominate th administration of the Soviet state and the international com munist movement under Stalin.

In the early twenties the Soviet state was in a highly precariou position. It had survived revolution, civil war and imperialis intervention, but at enormous cost. Its economy was devastated its industry was in ruins and the agricultural sector over whelmingly backward; the working class was decimated and vastly outnumbered by the peasantry. In 1921 Lenin declared that two conditions were necessary for the survival of the Sovie

state: a revolution in the more advanced capitalist world and a compromise with the peasantry. To enhance the prospects of the former he recommended further encouragement of the revolutionary potential of the Communist International; to achieve the latter he embarked on the New Economic Policy which gave some scope for private enterprise in farming.

Within a few years it became apparent that, though the prospects of revolution in the West had receded, the NEP had been fairly successful in encouraging a revival in agriculture. A grouping around Stalin in the Soviet leadership began to turn the temporary expedient of the NEP into a long-term development strategy. Stalin generalised from the experience of the NEP at a time when the Soviet state was forced to try to develop in isolation from the world economy, arguing the proposition that it was possible to create 'socialism in one country'. Furthermore, Stalin's preoccupation with securing the development of the Soviet economy came to take priority over Lenin's first condition for Soviet progress—international revolution.

By the mid-twenties, the international consequences of Stalin's theory became increasingly apparent. Attempting to create the most favourable conditions possible for domestic growth, the Soviet state sought to establish collaborative relations with Western capitalist states. Lenin's *tactical* approach to alliances was replaced by Stalin's *strategic* goal of peaceful coexistence. Further, the role of the Communist International changed: the first priority of the Communist parties was no longer to fight for the conquest of power in their own countries, but to take whatever position was consistent with the defence of the project of building socialism in the Soviet Union.

The subordination of the parties of the Communist International to Stalin's policy of 'socialism in one country' turned them into local agents of Stalinist diplomacy. It also had the effect of encouraging them to pursue 'national' roads to socialism at home—a course that inevitably brought them closer and closer to social democratic parties that had long accepted the framework imposed by the capitalist nation state. As early as 1928 Trotsky anticipated the national reformist and fragmentary consequences of the Stalinist doctrine for the international communist movement:

> 'If it is at all possible to realise socialism in one country, then one can believe in that theory not only *after*, but also *before* the conquest of power. If socialism can be realised within the national boundaries of backward Russia, then there is all the more reason to believe that it can be realised in advanced Germany. Tomorrow the leaders of the

Communist Party of Germany will undertake to propound this theory....The day after tomorrow the French party will have its turn. It will be the beginning of the disintegration of the Comintern along the lines of social-patriotism.' (*The Third International After Lenin*, p72

As Trotsky emphasised, 'it is not, of course, a question of subjective intentions, but of the objective logic of political thought' (ibid, p61). The remarkable feature of the disintegration of the Stalinist world that we are witnessing today is not that it is happening, but that it has taken so long to occur.

The key factor in explaining the resilience of Stalinism is the weakness of world capitalism. The slump of the thirties not only created mass unemployment and misery in the most advanced nations, it unleashed the rivalries among the major world powers that culminated in the global barbarism of the Second World War, discrediting capitalism in Europe and unleashing a wave of national liberation struggles in the third world. As a result Stalinism not only succeeded in consolidating its rule in the Soviet Union, it was also able to export its system to Eastern Europe and China in the immediate post-war period. The apparent success of Stalinism by contrast with the failures of capitalism meant that it was espoused by European labour movements and national liberation movements around the world. The Cold War of anti-communist propaganda and repression unleashed by the USA in the late forties reflected the insecurity of the capitalist world before the threat of Stalinism.

It is only over the past two decades that the capitalist world has gradually gained the confidence to take on the Stalinist bloc. The contrast between the steady economic expansion achieved by the major capitalist countries in the post-war period and the chronic stagnation and backwardness of the Stalinist countries has undermined the appeal of the Stalinist model of development. Even the return of capitalist recession since the seventies and the return of mass unemployment in Europe have not allowed the Eastern bloc to emerge as a positive alternative—living standards there have deteriorated too, and from a lower starting point. The programme of market reforms initiated by Gorbachev in the late eighties has delivered the final blow to the notion that the Soviet system has any progressive potential. When the leader of the Communist Party of the Soviet Union himself declares that only the capitalist market can provide some dynamism to the Soviet economy, what more proof could be required of the bankruptcy of the communist system?

For the third world too, the Stalinist system has uniformly failed to provide a viable alternative to capitalism. Only the

poorest and most beleaguered third world nations—Ethiopia, South Yemen, Angola, Mozambique and Cuba—retain their loyalties to Moscow and even here relations are greatly strained as Western pressures mount. Events in south-east Asia since Vietnam's historic defeat of the USA in the early seventies have dealt a severe blow to Stalinist influence in national liberation movements. The massacres conducted by the Khmer Rouge, though on a smaller scale than those inflicted by the USA in the region, did little to inspire other anti-imperialist movements to follow a similar course. The subsequent invasions, of Kampuchea by Soviet-backed Vietnam and of Vietnam by China, are only the most gruesome consequences of the fragmentation of the Stalinist world.

The final act in the grotesque death agony of Stalinism has now opened in China. In China, Marxism-Leninism was never anything more than a rhetorical justification for Han nationalism. It enabled a capable military leader, Mao Zedong, to compensate for the weakness of the national bourgeoisie by rallying mass popular support for the quest to oust the imperialist powers at a time when they were unable to concert their forces. After the revolution, the Stalinist model provided a mechanism for mobilising the masses to achieve a basic level of economic self-sufficiency. No sooner had the Chinese bureaucracy established secure control over the country in the aftermath of the cultural revolution than it became an ally of Western imperialism. Since Deng Xiaoping launched his 'open door' policy in 1978 the Chinese leadership has been feted in the West and has hosted a succession of Western dignitaries. Meanwhile Western capital has poured in to the specially designated ports and economic zones and Chinese opposition to the Soviet Union has greatly facilitated Western intervention in the third world—notably in south-east Asia and Africa.

The recent upsurge of mass resistance to the Chinese leadership—and the subdued response in the West to its suppression—reveals the contradictory consequences of the collapse of the Stalinist world. The effect of the extension of market forces in China has been to erode the existing national economic framework and to undermine the authority of the bureaucracy. The proliferation of corruption and wealth on the one hand and unemployment and hardship on the other have provoked intense social conflict. Economic insecurity and political disillusionment have fuelled mass support for a challenge to bureaucratic rule. Western rulers, who have long upheld the cause of democracy as a propaganda weapon against Stalinist

regimes, were obliged to support the student-led campaign for liberalisation and to denounce the regime's bloody clampdown. But democracy is conspicuous by its absence in the Western-backed regimes in Asia, from South Korea through Hongkong to Singapore. Western reaction is dominated by fears of the consequences of instability in China, first for the region's financial centre in Hongkong, and more broadly for the whole of Asia.

Events in Europe are no less significant in the wider disintegration of Stalinism. In the Soviet Union murderous ethnic strife has spread from the trans-Caucasian republics to Soviet central Asia; everywhere national minorities are in a ferment, threatening the break-up of the country. In Yugoslavia too, regional and ethnic tensions threaten the survival of the nation in its modern form. In the June elections in Poland, the Communist Party was humiliated as Solidarity took 160 of the 161 non-party seats in the lower house and 92 of the 100 openly contested seats in the upper house. In Hungary, the party leadership's attempt to win legitimacy by rehabilitating the leaders of the 1956 revolt against Soviet domination risks further destabilising the regime. In Western Europe too the collapse of Stalinism proceeds apace. In the May local elections in Italy, popular support for the Communist Party dropped from 22 per cent to 17 per cent, falling behind Bettino Craxi's Socialist Party at the polls for the first time. Apparently impregnable only a decade ago as Europe's biggest and most respectable Communist party, the PCI now seems destined to follow its sister parties to oblivion.

Though the fact that the leaders of the Stalinist world have openly embraced capitalism gives new hope to those who uphold the existing world order, they are far from confident about their capacity to control the unpredictable sequence of events that is likely to follow the collapse of the major states currently under Stalinist regimes. The fact that they now feel obliged to denounce the French Revolution and its legacy of liberal thought with the same sort of ferocity they have long directed against the Russian Revolution and the resulting influence of Marxism-Leninism reflects this insecurity. While Margaret Thatcher proclaimed a crusade to destroy socialism after her 1987 election victory, George Bush focused his election campaign last year on denouncing 'the L word'—liberalism. The rulers of the capitalist world are now so fearful for the future that they need to rewrite the history of their own class as well as to disparage the historic first attempt of the working class to

transcend the limitations of the capitalist system. The existing order is now so fragile that it cannot tolerate even liberal criticism, never mind revolutionary opposition.

The process now unfolding in China, the Soviet Union and in Eastern Europe is indeed unprecedented and its consequences are unpredictable. For Marxists these events require careful observation and analysis. It will take a considerable time and much discussion and debate before its becomes clear whether it will be possible for the capitalist system to reintegrate the Stalinist states into the world market, at what pace and at what cost to the existing world political order and balance of international class forces. The British left's traditional approach of swapping impressions and trading labels—unfortunately already flourishing in the debate of the Gorbachev phenomenon—will not yield many useful results. The papers published here represent the first stages in the RCP's investigation of the demise of world Stalinism. We welcome contributions to this discussion which we hope to continue in the journal.

Was Lenin a Stalinist (or vice versa) ?

Mick Hume

Right-wing politicians and historians have long sought to identify a direct continuity between Lenin and Stalin, and thus to locate the origins of the stagnant and repressive character of the Soviet social system in the 1917 Revolution itself. This theme has assumed a particular significance at times of crisis in the Soviet Union, when it has been taken up by many radical critics of the Soviet system, and even by those who call themselves Marxists.

The view that Leninism leads inexorably to totalitarianism was already prevalent in 1918, before the world had even heard of Stalin. Western reformists claimed that the repressive policies that Lenin introduced to cope with the post-revolutionary crisis and the war against the 'whites' and Western powers marked the first step down the road to a bureaucratic dictatorship. The most prominent of these critics was the German social democratic leader Karl Kautsky.

In the thirties, many who defected from the official Communist parties in disgust at Stalin's purges blamed Bolshevism for the degeneration of the Russian Revolution. At the time, Trotsky conducted a fierce polemic against those known as 'the innovators', who attempted to link Stalin's crimes with Lenin's methods. A similar pattern recurred in the fifties, when most of those who defected from the Stalinist movements after the Kremlin crushed the Hungarian Revolution in 1956 rejected the entire project of the Leninist party and the proletarian dictatorship.

Today, as Gorbachev confronts a severe economic and political crisis in the Soviet Union, the innovators have returned (now they are called 'the new thinkers'). The old anti-Leninist

arguments are being revived once again in both the East and th West. And now, for the first time, similar sentiments are bein voiced within the Soviet hierarchy itself.

Most historical debates reveal more about the present tha they do about the past. The current debate about Leninism an Stalinism arises, not from a preoccupation with the issues raise in the period of 'war communism' between 1918 and 1921, bu from the drive to extend the capitalist market and bourgeoi democracy in the Eastern bloc in the late eighties. The essence o the argument is that the free market and Western-styl parliamentary democracy are inseparable and that freedom i the economy is the only guarantor of political rights and civi liberties. It follows that any attempt to curb the operation of th market (such as the Bolshevik Revolution) inevitably leads t the formation of a bureaucratic system with anti-democrati tendencies (such as the Stalinist state).

The view that revolution leads to backwardness and tyranny appears to be strongly vindicated by the historical experience o Stalinism in the Soviet Union. The Soviet system indee provides apologists for capitalism with powerful support for th argument that suppressing the market can have only negativ consequences. But to carry this argument in full it is not enoug to locate the problem in Stalin's personality or policies. It i necessary to connect Stalin's anti-democratic methods with th very idea of interfering with capitalism. Hence they emphasis the continuity in theory and policy between Stalin and Lenin and even trace the origins of Soviet totalitarianism to th writings of Marx. Since Marx's aim was the abolition of th capitalist market, his doctrines are also held to be discredited b the degenerate character of Soviet society.

The striking feature of today's attempts to use events in th Soviet Union to discredit the entire Marxist tradition is tha some of the leading exponents of these views are intellectual from the Soviet Union and Eastern Europe. One such Soviet new thinker is Alexandre Tsipko, from the Institute of th Economics of the World Socialist System, who earlier this yea stated the case in breathtakingly stark terms:

> 'Struggle against the market always results in totalitarianism, in th violation of the rights and dignity of individuals, and in the creation o an omnipotent administrative and bureaucratic apparatus.'[1]

Prominent Eastern bloc academics are now going further tha Western reactionaries in identifying anti-capitalist measure

with totalitarianism, and are thus providing valuable propaganda for capitalist ideologues. All this creates a pressing need to restate the Marxist case for the dictatorship of the proletariat.

Let's deal with the accusation that Stalinism was an inevitable progression from Leninism in two stages. First, by clarifying the nature of the Leninist dictatorship. And second, by looking at some key differences in the political practice of Lenin and Stalin.

1. The nature of the Leninist dictatorship

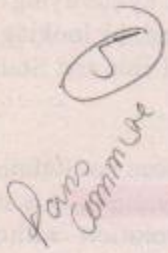
In one sense it is true that there could have been no Stalinism without Leninism. That is a dialectical progression; it is like saying that there can be no counter-revolution without revolution. We are confronted, however, with the claim that there is a direct, logical progression. As there is little new in the arguments of today's anti-Leninists, it is worth returning to the more coherent formulations of their predecessors.

The founding father of the critique of Leninism was Karl Kautsky. Once 'the Pope of Marxism', the leading theoretician of the Second International, Kautsky turned renegade and became one of the leading left-wing opponents of Bolshevism during and after the First World War. Kautsky's polemical attack on the dictatorial character of the post-1917 revolutionary regime provided the key elements in the subsequent Lenin-Stalin thesis. His critique of Leninism is particularly significant because he begins, not from the standpoint of overt anti-communism, but by raising the question: how can the working class overthrow capitalism, take and maintain power, without betraying democracy?

Writing in 1918, Kautsky argued that the Bolshevik Revolution of the previous year could only lead to disaster and bureaucratic dictatorship, because it had failed to follow the path of parliamentary or 'pure' democracy. He insisted that violent revolution belonged to the era of bourgeois revolt against aristocratic and monarchical tyranny. Once the bourgeoisie had achieved power by these methods, it had typically introduced some form of representative government through an elected parliament. Democracy rendered violent revolution redundant, claimed Kautsky, insisting that the working class could now come to power 'by peaceful, economic, legal and moral means, instead of by physical force'.[2]

Kautsky denied that the newly established Soviet state was an example of the dictatorship of the proletariat as defined by Marx. He argued that all Marx had meant by the proletarian dictatorship was 'a state of sovereignty'—that is, that the

proletariat should exercise the voting majority within a parliamentary system: 'By the dictatorship of the proletariat we are unable to understand anything else than its rule on the basis of democracy.'[3] Kautsky went so far as to cite the 1871 Paris Commune, which Marx and Engels had used as an example of an embryonic proletarian dictatorship, to support his case. He argued that the commune was run on the lines of 'pure democracy', extending the suffrage universally, to friends and foes alike.



The Soviet regime violated Kautsky's vision of the transition to socialism through 'pure democracy'. He criticised the Bolshevik government as the rule of an unrepresentative minority installed by a coup, rather than a Marxist dictatorship of the proletariat brought about by democratic means. If Lenin's Bolsheviks had the support of the majority of the voting public, he demanded, then why did they need to repress the opposition and deprive sections of the population of democratic rights? In particular Kautsky protested at two examples of Lenin's undemocratic practice: the abolition of the constituent assembly in January 1918, in favour of concentrating power in the soviets; and the subsequent banning of the opposition from the soviets, which gave the Bolsheviks an effective monopoly of political power.

Kautsky claimed that the Bolsheviks' lack of respect for democracy was ultimately a consequence of the backward, semi-feudal character of Russian society. Russia was unripe for socialism and the revolution premature; thus Lenin could only attempt to leap over essential stages of historical development by bureaucratic means.

Given the superficial similarity between some of Lenin's actions and Stalin's later reign of terror, Kautsky's strictures are often cited as a far-sighted appreciation of the dangers inherent in Leninism, and his arguments are still repeated today. In the article quoted earlier, for example, Tsipko specifically cites the abolition of the constituent assembly as an example of the inherently anti-democratic and Stalinist nature of the revolutionary regime.

What is the Marxist response to this critique? First, Kautsky's use of the term 'pure democracy' is illegitimate. There can be no such thing as pure democracy in a society divided along class lines. The question is always—democracy for which class? Ancient Greece, for example, is always cited as the 'classical' democracy; yet it was a democracy of slaveowners. The decisive factor in deciding the true character of any form of democracy is identifying the class character of the state concerned.

Kautsky looked to the parliamentary democracy of a bourgeois republic as the method by which the working class could assume power. Generations of reformists and social democrats have endorsed this approach and his repudiation of Lenin's revolutionary strategy. Yet, once we look at the class character of the state, it becomes clear that the parliamentary system is simply a democratic disguise for the dictatorship of the bourgeoisie; whatever happens in parliament, the state machine continues to operate in the interests of an oppressive minority, the capitalist class.

The precondition for creating democracy for the majority in society is the destruction of the capitalist state, and its replacement with a state that serves the interests of the working class. This is the true meaning of the dictatorship of the proletariat. In the course of the Russian Revolution, the proletarian dictatorship was expressed through the soviets, committees including representatives of workers, soldiers and peasants. The Soviet state was, in Lenin's words 'a million times more democratic' than any bourgeois republic.[4] However, it still needed to exercise a repressive dictatorship, even though, at the time of Kautsky's critique, the Bolsheviks had come to represent the majority of the population through the number of party delegates elected to the soviets. The reasons for this help to clarify the Marxist attitude to democracy.

From the formal bourgeois point of view, which Kautsky adopted, a society is divided between a political majority and a minority; once the majority has spoken, the issue is supposedly decided. But from the Marxist point of view, a class society is divided between the exploited and the exploiters. When the exploited seize power, and exercise a voting majority, this does not for a moment mean that the exploiters will accept the new arrangements. However small their minority, they still retain important advantages over the exploited—wealth, influence, experience and the support of the international capitalist system. They will use this power to fight to regain their former status as rulers, regardless of any election results. Thus the exploited class requires a machinery of repression—a dictatorship—to preserve democracy for the proletariat *by denying it to the exploiters.*

The transition from capitalism to socialism cannot be achieved in a moment, and certainly not as the outcome of an election campaign. The transformation of a social system can only be the result of a period of acute class conflict, until the exploiters are finally vanquished. The proletariat needs its dictatorship to

repress and terrorise the capitalist class. The experience of th early Soviet state, which was invaded by a dozen armies from th Western powers and was forced to resort to the terror tactics o war communism to survive, graphically illustrates this la of history.

Kautsky's reference to the Paris Commune was, to say th least, cynical. The most important legacy of the Communard was not that they won any election, but that they broke the ol state machinery and armed the people to replace it. Th commune introduced universal suffrage for *one side* in a civ war, while the forces of reaction were all encamped outsid Paris, at Versailles—scarcely an example of 'pure democracy Indeed, in sharp contrast to Kautsky, Marx and Engels used th commune as an example of the necessarily 'authoritarian character of proletarian power.[5] As Lenin remarked, Kautsky distortion of the nature of the proletarian dictatorship ha 'turned Marx into a common liberal'.[6]

Let's look at Kautsky's evidence of Lenin's 'Stalinism'. Th abolition of the constituent assembly provides a practica example of the differences between bourgeois and proletaria democracy.

The constituent assembly undoubtedly had formal democrati and constitutional status as Russia's parliament. But, from th standpoint of proletarian democracy, the interests of th revolution that would put power in the hands of the majority had t come before merely legal considerations. It is the balance of clas forces at any moment that determines the Marxist attitude t what is democratic, not the paper rules of a state constitution.

In January 1918 the constituent assembly was no longe representative of the true balance of forces in society. Election to the assembly took place in mid-October 1917, 'at a time when' as Lenin wrote in December, 'the overwhelming majority of th people could not yet know the full scope and significance of th October, soviet, proletarian-peasant revolution'.[7] By the tim the assembly was convened, some three months after th elections, seismic changes had taken place in society. Mos importantly two congresses of soviets had met, 'both of which had *demonstrated as clear as could be* that the masses had swung to the left, had become revolutionised...and had passed over t the side of the Bolsheviks'.[8] The constituent assembly had now become a '*reactionary* body', an obstacle to further expansion o the democratic process unleashed in October 1917.[9]

Moreover, once the reactionaries launched a civil war at th end of 1917, the bourgeois assembly had become the rallying

point for the forces of counter-revolution, whose slogan was now 'All power to the constituent assembly'. This was the consideration which finally forced the Bolsheviks to abolish it, as a necessary blow against the class enemy. To recognise the formal democracy and constitutional rights of the constituent assembly would have risked the overthrow of the revolution. Instead, the Bolsheviks demonstrated their commitment to proletarian democracy by investing power in the soviets.

The subsequent exclusion of bourgeois and even radical parties from the soviets raises further questions about the dictatorship of the proletariat. It could be argued that Bolshevik domination of the soviets removed them from democratic control by the working class. But this idea misunderstands the role of the revolutionary party. In 1918, remember, we are speaking of a Bolshevik Party which represented the highest form of organised working class consciousness in history. The party was not yet the bureaucratic machine which it soon became, as the vanguard of the working class was destroyed in the terrible years of war, famine and disease that followed the revolution.

The precondition for proletarian democracy is that the working class holds state power. The working class can only achieve state power through the leadership of a revolutionary party that organises the vanguard of the class. Without Bolshevik leadership the soviets could only be talking shops, incapable of achieving power and reduced to tailing behind bourgeois liberalism—the role they played under Menshevik leadership for much of 1917.

Nevertheless, excluding the opposition from the soviets was not a step that the Bolsheviks took lightly. For the Bolsheviks it was necessary to suppress the opposition, not because of the power of its arguments in the constituent assembly, but because of its activities in the class struggle outside the soviets. Anti-Bolshevik factions participated in the right-wing Kornilov mutiny, in the Czech war against the Soviet government and in a wide range of counter-revolutionary activity. Lenin recognised that excluding the opposition posed certain dangers, not because of the tactic itself, but because it revealed the insecurity of the proletarian dictatorship, and the drastic steps needed to preserve it. But the Soviet state was indeed highly vulnerable to subversion by capitalist forces inside and outside the country. The Bolsheviks could not hesitate to take desperate measures to safeguard proletarian democracy, even at the cost of curtailing democracy for the bourgeois forces.

War communism was not a pre-planned stage in the socialist project. It was a tactical response to an immediate crisis. Particular 'anti-democratic' actions endorsed by Lenin can only be understood in the context of the intense class struggle prevailing after the First World War, not only in the Soviet state, but throughout Europe. The exigencies of the class struggle dictated the changing forms of the dictatorship of the proletariat. Yet, whatever form that dictatorship took, it retained a *revolutionary democratic* content, since it represented the interests of the majority. No pre-conceived set of rules or conventions, such as Kautsky's 'pure democracy', could be allowed to restrict the dictatorship from doing what was necessary to defend proletarian democracy.

What, finally, about Kautsky's argument that Russia was too backward for a socialist revolution? The view that bureaucratic degeneration was the inevitable result of premature revolution is another old prejudice now enjoying new popularity, East and West. We have no time here to reopen the old debate about the development of capitalism in Russia. It is enough to note that, even if Kautsky's point about the immovable barrier of Russian backwardness had been true, the Bolshevik Revolution would have been justified in relation to the international situation alone.

For Lenin the First World War had created a revolutionary situation throughout the capitalist world (indeed, before the war began, this had been the view of all social democrats, including Kautsky). As internationalists, the Bolsheviks regarded a revolution in Russia as a blow struck against 'the weakest link in the imperialist chain', which was bound to have far-reaching consequences for the world situation.

Events proved that Lenin and the Bolsheviks were right. Their action in seizing state power in Russia had a greater revolutionary impact on the working class everywhere than anything done by left-wing parties in their own countries. It laid the basis for the Third International, and established a model for the seizure of power by the working class. Lenin hammered this point home in his response to Kautsky in 1918:

'Not only the general European, but the world proletarian revolution is maturing before the eyes of us all, and it has been assisted, accelerated and supported by the victory of the proletariat in Russia. All this is not enough for the complete victory of socialism, you say? Of course it is not enough. One country alone cannot do more. But this one country, thanks to Soviet government, has done so much that even if Soviet

government in Russia were to be crushed by world imperialism tomorrow, as a result, let us say, of an agreement between German and Anglo-French imperialism—even granted that very worst possibility—it would still be found that Bolshevik tactics have brought enormous benefit to socialism and have assisted the growth of the invincible world revolution."[10]

While Lenin was writing, imperialist armies were arriving in Russia to support the counter-revolutionary revolt: 'that very worst possibility' was a very real one. Yet win or lose, Lenin's point was that the Bolsheviks had been right to fight because of the impact they could have on the balance of forces internationally. Lenin's emphasis on international revolution, and the straightforward observation that 'of course...one country alone cannot do more' already suggests important differences between Leninism and Stalin's theory of socialism in one country. Let's now turn to consider this contrast further.

Why Stalin was not a Leninist

Critics of Stalinism tend to focus one-sidedly on either subjective or objective factors in explaining his pernicious role. It is important to strike the right balance.

Radical defenders of Lenin who concentrate on subjective factors tend to identify differences between Lenin and Stalin largely at the ideological level. Though a cursory examination of their writings confirms Lenin's undisputed theoretical superiority, this is not enough to explain the degeneration of the revolution under Stalin's rule. Left wingers who treat Stalinism as a body of ideas that evolved from Leninism in the mind of an intellectual and moral inferior make the familiar mistake of bourgeois historians. They abstract individuals and their ideas from the social context in which they operated. But neither Leninism nor Stalinism existed in the abstract: both were confronted with the practical problems of ensuring the survival of the world's first workers' state in an intensely hostile climate and both were forced to make major compromises in the process.

The central difference between Lenin and Stalin was over the question of *internationalism*. This was not merely a theoretical dispute between Lenin's project of world revolution and Stalin's notion of 'socialism in one country'. The fundamental point at issue was Stalin's departure from the internationalist *content* of Lenin's political *practice*.

Though Lenin made many compromises—most notably the Brest-Litovsk treaty with German imperialism that got the Soviet

state out of the First World War and the New Economic Policy t
encouraged small private enterprises to stimulate the ruin
economy—he never lost sight of the fundamental fact that t
fate of the Soviet state depended on working class revolution
the more advanced capitalist nations. As Trotsky later explain
Lenin's compromises were all founded on the basic Bolshe
understanding 'that the conquest of power, however importan
may be in itself, by no means transforms the party into
sovereign ruler of the historical process'.[11]

A revolutionary movement that seized power in one coun
still had to cope with the pressures of the international cl
struggle. Indeed, having assumed power, the proletari
leadership, while able to exert much more influence, now had
deal with far greater external pressures than it did while
opposition. This objective reality led Lenin to make compromi
at crucial junctures, when the alternative was to sacrifice t
gains of the revolution altogether.

What distinguished Lenin was that his compromises were n
simply reflex reactions to immediate problems, but were ma
with a view to securing clearly defined strategic objectives in t
given conditions. The strategic objective to which all Leni
tactics were directed was *saving the revolution.*

The international isolation of the Soviet state in the ye
immediately following the revolution forced Lenin to adop
policy of holding the line in the Soviet Union, while giving
possible encouragement to revolutionary movements in Euro
and the rest of the world. The repressive measures implement
by the early Soviet state were necessary responses to the mena
of international attack and domestic subversion. These measu
aimed to provide the revolutionary regime with a breathi
space while the international struggle progressed. Trotsky not
the direct relationship between the international situation a
dictatorial methods in the Soviet Union with his comment th
if the revolution in Germany had been successful at the end
the First World War, the Bolsheviks would have had no need
banish the opposition from the soviets.[12] In the absence o
favourable shift in the world situation, Lenin was forced
resort to expedients that could otherwise have been avoided

For Lenin the future of the Soviet state was inextricab
linked to the development of the Communist Internation
While they held the line in Moscow, between 1917 and 1923 t
Bolshevik leaders constantly emphasised the point that inte
national revolution was the only way to prevent the degenerati
of the Soviet Union. The encouragement of revolutiona

movements everywhere, from the colonial world to the Americas to Europe, was central to the Leninist perspective. Stalin's approach was quite different.

Stalin too was confronted by adverse circumstances that would have severely limited any leader's room for manoeuvre. But it was the perspective from which he approached the problems that ultimately ensured the disastrous outcome. In contrast to Lenin's policy of holding the line and working for international breaks, Stalin set about holding the line in the Soviet Union *as an end in itself.*

The concessions that Stalin made to counter-revolutionary forces were based on considerations only of the moment. Tactical manoeuvres no longer bore any relation to the strategic objective of saving the revolution that had consistently informed Lenin's practice.

From the Stalin takeover in the mid-twenties onwards, as the revolutionary tide ebbed in many parts of the world, the Soviet Union survived in a state of siege. These conditions were certainly conducive to the development of the narrow, nationally oriented policy that Stalin pursued. Yet it is also worth noting that the tendency to think only of the moment, and to divorce immediate tactical decisions from broader strategic considerations, was already apparent in Stalin during the days of Lenin.

Take the 1918 debate about the Brest-Litovsk treaty. For Lenin, the treaty meant making undesirable territorial concessions to Germany, but it took some pressure off the new regime, so that the Bolsheviks could reorganise, regather their strength, and set about spreading the revolutionary message to the West. For Stalin, however, the treaty was an end in itself, designed simply to secure the Soviet state's borders:

> 'There is no revolutionary movement in the West....There are no facts: there is only a possibility, and with possibilities we cannot reckon.'[13]

Here is the voice of the fledgling bureaucrat, reckoning only on established realities and not considering the potentialities in a highly volatile international situation. Whereas Lenin was a revolutionary with an internationalist perspective, concerned above all to survive to fight another day, Stalin was already the pragmatic nationalist, concerned only to make a virtue out of necessity.

Once holding the line became an end in itself, removed from the original strategic objective, the line itself began to change. It became not just a question of a different emphasis, but of an

entirely new policy. This is the significance of the development o the theory identified with Stalin, that of 'socialism in on country'. This theory should not be seen as a conscious attemp to justify Stalin's betrayal of the revolution. Rather, it was retrospective codification of Stalin's *practical* renunciation o internationalism and of Lenin's central strategic objective— saving the revolution.

The notion that there is a direct continuity between Leninism and Stalinism must be rejected, not merely on ideological o theoretical grounds, but because the objectives they pursued i practice were different. Rosa Luxemburg's famous distinctio between revolutionaries and reformists is apposite: she observe that reformists declare that they share the same goal a revolutionaries, but simply choose to take a different route however, it soon becomes apparent that their choice of different route in practice amounts to the choice of a different goal

The second, and equally flawed, critique of Stalinism attributes the degeneration of the revolution to the objectiv circumstances facing the Soviet Union from the twentie onwards. We have already emphasised the enormous difficultie facing Soviet society: economic devastation resulting from civi war and imperialist intervention, international isolation, th decimation of the working class, and, most importantly, the physical destruction of the proletarian vanguard. Yet we should no over-objectify the rise of Stalinism, or allow the Stalinist themselves to get off the hook. The question of the politica leadership of the working class in the international class struggl in modern times is of decisive importance. The failure of th Stalinist leadership to provide consistent anti-capitalist directio to the international working class played a key role in ensurin the isolation and decay of the Russian Revolution.

Lenin enthusiastically encouraged revolutionary movement abroad, seeking to make openings for the Soviet regime b spreading the revolution. Stalin, by contrast, could not even take advantage of opportunities that arose, because he had renounce internationalism in practice. When revolutionary situation developed that could have allowed Stalin to break down th isolation of the Soviet Union, his cautious and conservativ responses led to setbacks to the revolutionary cause that onl strengthened the position of Western reaction. Where Lenin ha sought to exploit the weakness of the imperialist powers after th First World War, Stalin's regime became complicit in th imperialist drive to stabilise international affairs. This was th start of the process that was to turn the Soviet Union into

status quo power, resisting all change in the global balance of power.

The clearest example of how the Stalinists threw away an opportunity to change the course of the twentieth century came in China in the mid-twenties. Here was a situation in which the Communist Party, under the guidance of a genuine Communist International, could have taken power. Stalin's almost instinctive response, however, was to seek to cool things down, in the interests of his international diplomacy. Yet, the crisis in China was at least as susceptible to a revolutionary solution as that in Russia in 1917. The communists were well-placed, the masses were willing, and the state machine barely existed. China was ripe for the formation of the world's second workers' state, a development that would have simultaneously ended the isolation of the Soviet Union. A successful revolution in China would have brought about a major shift in the international balance of forces.

If China had fallen to the communists in the twenties, the whole of Asia could have followed. The imperialist powers with a stake in China—particularly Britain, the USA and Japan—were overstretched and divided among themselves. They would have been even less able to launch a successful intervention in revolutionary China than they had been to defeat the Bolsheviks after 1917. A Chinese revolution could have altered the world situation as drastically as the Russian Revolution had, throwing the imperialists on to the defensive everywhere.

The opportunity was lost. The defeat of the Chinese communist movement in 1927, at the hands of Chiang Kai-shek's Guomindang, was not brought about by objective conditions. It was primarily the result of the conservative policies put forward by the Stalinists in the Soviet leadership, who were far more concerned with keeping the peace and ensuring their national security than with promoting international revolution.

In addition to China there were other, less dramatic, international openings—in Germany, and even in Britain. All were wasted. Thus the isolation of the Soviet state and the degeneration of the revolution were the result of subjective as well as objective factors; the lack of an internationalist leadership in the Soviet Union and the Communist International ultimately played a decisive role. Even a thoroughly Leninist leadership throughout the twenties might have failed: programmatic correctness is no guarantee of success in the class struggle. But even if the Soviet leaders had tried to take advantage of these

opportunities and failed, they could at least have ensured the survival of a vital internationalist tradition. Instead they destroyed it in pursuit of narrow, national objectives.

In conclusion, we can say that Lenin certainly passed on to Stalin some important *forms* within which his bureaucratic rule could develop—for example, the party monopoly on power. But Stalinism was only able to develop through destroying the Leninist *content* of Soviet power.

Leninism may have provided the organisational and juridical point of departure for Stalinism. But it was the defeats of the international working class that really Stalinised Soviet society. The Stalinists were not passive observers of those defeats; they played a central part in bringing them about. The decadent character of the Soviet Union does not invalidate Leninism. It shows what can happen when revolutionary objectives are sacrificed to expediency. As that great anti-Stalinist Trotsky put it, 'the experience of Stalinism does not refute the teaching of Marxism, but confirms it by inversion'.[14]

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In Gorbachev's backyard

Rob Knight

Dramatic events are taking place in the Soviet Union. Blustering career bureaucrat Boris Yeltsin has become a man of the people. Twelve members of the party central committee voted recently against their leader, Mikhail Gorbachev, being proposed for the supreme soviet. One member of the politburo failed to win an open election for the same body, even though he was the only candidate.

There is a ferment of open discussion among intellectuals and party activists which has not been seen in the Soviet Union since the twenties. This is how one leading economist summed up the new enthusiasm for market forces and acknowledged the obstacles to their free operation in the Soviet economy:

> 'Nowhere is the need for the market disputed today. It is everywhere acknowledged that the market is indifferent to the social order, that its main function is to force commodity producers to reduce costs, improve quality of output, and to accelerate scientific-technological progress ...however nowhere yet has market compulsion become the main factor that determines the behaviour of economic production and trade enterprises.'[1]

Since becoming Soviet leader in 1985 Gorbachev has increased the pace of economic restructuring, perestroika, and his campaign for greater political openness, glasnost. Gorbachev's political reform is designed to compensate for the slowness of economic change. He hoped to give the working class a stake in the system, and thus give greater legitimacy to the bureaucracy's rule at a time when material incentives are not available to satisfy workers' discontent. Gorbachev is also aiming to create a

certain amount of pressure from below on the bureaucracy to encourage the implementation of economic reform.

The Soviet leadership is now grappling with the problem that after four years of Gorbachev's reforms there has been no discernible economic improvement. In fact, in many ways, things have got worse. One Soviet economist noted that national, industrial and agricultural output all fell in 1987. There were shortages of many basic consumer goods such as clothes, footwear, coffee, soap and toothpaste, not to mention sewing machines, televisions and tape recorders.[2]

Deepening economic crisis has stimulated more radical demands for change. Some Communist Party authorities are now openly declaring that political change is not possible without economic change. They argue that democracy can only be achieved through the restoration of the capitalist market. One leading Soviet philosopher argued recently that the absence of the market inevitably resulted in 'totalitarianism, in the violation of the rights and dignity of individuals, and in the creation of an omnipotent administrative and bureaucratic apparatus'.[3]

The 'new thinkers' who want to see the market reintroduced are engaged in a full-scale revision of history. The process of smashing the old icons is proceeding so fast that there are now no official history books in Soviet schools because state historians cannot keep up with the pace of change. The rejection of the Brezhnev and Stalin periods, which characterised the early Gorbachev years, has now been joined by a rejection of Leninism and Marxism. It is now possible to read official press articles by party members who argue that the Soviet Union is not socialist, that the October Revolution was a mistake and that Marxism-Leninism was directly responsible for the horrors of the Stalin era.

New thinking is not new in any real sense. Anti-Marxism and anti-Leninism have been standard fare for bourgeois apologists and their reformist followers in the West throughout this century. What is new is that, as a result of the chronic stagnation of the Soviet system, these prejudices are now being publicly endorsed by the Soviet leadership. The recent election results for the congress of deputies have added to the impetus for rethinking the past. The logical consequence of the current debate would be the restoration of capitalism. How far can this process go? What are the barriers to the penetration of the Stalinist order by capitalist relations?

The economic debate

Soviet economists now agree that it is necessary to introduce the market to overcome the inherent inadequacies of the command economy. The failures of the Stalinist system are universally acknowledged:

> 'Attempts to establish 100 per cent control over everything lead to such spontaneity, to such an uncontrollable situation that all anarchy becomes a paragon of order by comparison.'[4]

Many Soviet economists now argue that the New Economic Policy, introduced as a temporary expedient by Lenin in 1921, should never have been abandoned. There is, however, little discussion of the problems that resulted from encouraging the limited operation of capitalist relations within the framework of a centrally planned economy. This is ironic since it was the threat of capitalist forces to a bureaucracy dependent on the state sector that led Stalin to abandon the NEP in 1929.[5] Nevertheless, some form of NEP has become the intelligentsia's preferred model.

In recent years a number of measures have been proposed or implemented to extend the operation of market forces.

Enterprise reform

Introduced in 1988, enterprise reform aims to make individual enterprises more efficient by giving them responsibility for future investment. They can now go bust if they make losses.

Private farming

Long leases on agricultural land were first introduced in selected regions as an experiment. A decree in March 1989 made the encouragement of private farming a national policy.

Service co-operatives

In an attempt to provide a wider variety of services and consumer goods, private enterprise has been introduced in the service sector in the form of co-operatives. There is no legal limit on either the size of these co-ops or their earnings. They are allowed to hire and fire waged workers.

Price reform

The authorities have attempted to rationalise the Soviet Union's vast and chaotic system of subsidies to reveal the true value of goods. The extent of this problem was revealed after the announcement of a 14 per cent cut in defence spending last December. A top Soviet arms expert explained how difficult this was because the subsidies meant that nobody knew what was really being spent on defence.[6]

Foreign investment

Many attempts have been made to make foreign investme more attractive. In December 1988 the government removed t restriction on foreign firms taking a majority stake in joi enterprises inside the Soviet Union. By the end of 1988 some 1 Soviet firms had signed declarations of intent with forei companies to set up joint enterprises.[7]

Convertibility of the rouble

Many foreign investors have found the Soviet Union unattracti because the rouble is not directly convertible into forei currencies. This means that profits made in roubles are notion in value and cannot be repatriated. In December last year t government announced plans to devalue the rouble by 50 p cent in 1990. More recently it announced that, following t Chinese model, a second, 'hard currency', rouble would introduced in conjunction with special economic zones.

Swords into ploughshares

The shortage of consumer goods has prompted an attempt shift resources from the military to the consumer goods secto This January 300 large firms in the arms sector were ordered re-equip to produce consumer goods.[8]

Integration into the world market

On his trip to Britain this April Gorbachev made a strong pl for his country to be admitted into the capitalist world's ma financial institutions such as Gatt, the World Bank and the IM

It is important to emphasise that at present most Sovi economists do not envisage the introduction of full-blow entrepreneurial capitalism. Their goal is to establish a modifi form of capitalism with the excesses of the free market curbed b the state. This is how Abel Aganbegyan, Gorbachev's chi economic adviser, sees the future:

> 'It should be emphasised that the socialist market is a regulat market: the state will assign prices to the most important types products centrally.'[9]

Leading Soviet economists dream of a future economic syste along the lines of the Swedish model, or even, incredibl Britain's post-war welfare state.

2. Barriers to change

A distinctive feature of the Gorbachev period is the way t Soviet press and television have become enthusiastic ca paigners for the leadership's reform programmes. The media ha

been particularly active in exposing inefficiency and corruption at the lower level of the bureaucracy, among local managers and party officials.

The bureaucracy

Media campaigns have, however, been carefully controlled and have focused on individuals in preference to the bureaucracy as a whole. Gorbachev has warned newspaper editors not to target the bureaucracy as the problem. Indeed, despite glasnost in other areas, blanket criticism of the bureaucracy remains firmly beyond the scope of what is acceptable in Soviet society. A new law was promulgated in April 1989 outlawing 'public insults or the discrediting of the USSR supreme bodies of state power and government'.

One aspect of the current system to attract much public criticism is the bureaucracy's inability to provide adequate information about economic and political affairs. Prime minister Ryzhkov recently attacked the ministry of statistics for providing less accurate information on the economy than the CIA. In an attempt to provide a more accurate gauge of public opinion leading economist Tat'yana Zaslavskaya has set up a special institute to conduct opinion polls along Western lines.

The working class

'Major changes are taking place in every sector, but those taking place in the area of labour are the most complicated and difficult.'[10]

When it comes to blaming the working class for society's problems the Soviet media do not hold back. A central element of current party discussions is the recognition that the working class is alienated from the production process. There is also considerable evidence that the working class has little confidence that any good will come from perestroika. Zaslavskaya's new opinion poll found that only 41 per cent of those interviewed were in favour of perestroika. Unsurprisingly, only 16 per cent were in favour of rising prices and 58 per cent were against unemployment. The press is full of complaints about shortages of consumer goods and the high prices charged by the new private co-operatives that appeared last year. When Gorbachev goes on his walkabouts he always gets a rough ride on the state of the economy.

Working class hostility to change has made the party fearful of trying to restructure the economy too rapidly. Hence, at grassroots level there is a passive coalition of interests between the bureaucracy and the working class in keeping things as they are. The pervasive inertia bred by the Soviet system is a central concern in the discussion about reform:

'The insufficient effectiveness of democratic institutions and the low growth rates of production [have] promoted the dissemination of erroneous ideas that the basic advantages of socialism are expressed not in the raising of the effectiveness of production to a higher level but only in social guarantees [employment, healthcare, education, etc].'[11]

Resistance from bureaucrats and workers has virtually paralysed the progress of reforms in the sphere of production. In response to complaints about prices, in January 1989 the state introduced price ceilings in the co-operative sector and banned the private sector entirely from certain services. The leadership has guaranteed a price freeze on basic consumer goods for the next three years, and it has delayed projected price reforms and the planned convertibility of the rouble. Gorbachev himself revealed the level of official concern about prices when he declared on one of his walkabouts shown on prime-time television that 'if the people are opposed to it, they must not be touched'.[12]

Rising dissatisfaction with shortages of consumer goods contributed to Gorbachev's dramatic announcement of a 19 per cent unilateral cut in conventional forces in Europe in December 1988. The aim is to switch resources from military to food production and to improve the food processing sector in particular. The central committee estimates that 40 per cent of food is lost between production and reaching the shops.[13]

There is growing recognition in the party that the problem of the working class has to be tackled. More radical economists are calling for a more open offensive through the abolition of food subsidies and the introduction of unemployment:

'We must have a fearless, business-like discussion of the possible benefit of a relatively small reserve army of labour...as a good remedy for laziness, drunkenness and irresponsibility.'[14]

Other economists insist that as many as 16m jobs need to be shaken out of the Soviet system to make it efficient, though they qualify this drastic proposal by suggesting that more jobs can be found in the service sector to absorb the unemployed.

3. A breathing space

The leadership's delay in confronting working class resistance to perestroika has led to a growing recognition that the process of reform is going to be protracted. Leonid Abalkin, another economist close to Gorbachev, recently indicated how early expectations have been modified by experience:

'Two years ago I would say: "We will have success in perestroika by the year 2000" and everyone said: "Abalkin? what a pessimist." Now I still say we will have a successful perestroika by the year 2000, and they say: "What an optimist." '[15]

Given that economic restructuring is now expected to take decades, external aid has become more important. Foreign investment, foreign loans and the import of technology and consumer goods are all short-term measures now seen as essential for the long-term success of perestroika. Together with the strategy of reducing military spending, these policies require the cooperation of the West.

To justify a more positive approach to the West Gorbachev has developed a new version of the Stalinist theory of peaceful coexistence. Soviet experts now argue that the international class struggle is a thing of the past and they accept that the biggest danger to the Soviet Union comes from its economic weakness, not from the West. The risk of 'mutually assured destruction' as a result of nuclear war is no longer seen as possible, except by accident. The Soviet Union hopes to avoid this by reducing international tension through disarmament and diplomacy. This policy is the result of a combination of the leadership's preoccupation with domestic problems and wishful thinking. Yet it has already led to a complete surrender by Moscow on the international stage and a staggering series of concessions to the imperialist world order:

Afghanistan

Despite its crucial strategic importance the Soviet Union has pulled its troops out of Afghanistan with no guarantees from the West about the nature of the future government.

Southern Africa

The Soviet Union has given the West a free hand to impose its solution on Namibia, while South African forces continue to devastate Angola and Mozambique and slaughter Swapo guerrillas.

The Middle East

While the Palestinian *intifada* on the West Bank continues to take a heavy toll of lives, Moscow has recognised the state of Israel and encourages the opportunist diplomacy of Yassir Arafat's Palestine Liberation Organisation.

Central America

The Soviet Union gives no significant support to the Sandinista regime in Nicaragua to assist its resistance to US-backed destabilisation and insurgency.

Disarmament

Gorbachev has agreed to eliminate intermediate nuclear weapo despite the West's overall nuclear superiority. He has als announced cuts in conventional forces in Western Euro without any indication that the West will follow suit.

The Kremlin's relations with the Eastern bloc have been dictate by its policy of trying to reduce tension with the West. The fa that the Soviet Union has renounced any intention of milita invasion and has significantly reduced its troop numbers i Warsaw pact countries has accelerated the pace of politic reform in the Eastern bloc. Gorbachev has attempted to turn th situation to his advantage by deliberately encouraging th Hungarian and Polish parties to experiment with new forms o democracy. Soviet authorities have even gone so far as to sugge that it is 'theoretically possible for a country like Hungary t become a Western-style "bourgeois democracy" and still rema a member of the Warsaw pact'.[16]

This process works to some extent both ways: the Sovi leadership was undoubtedly shaken by the Polish events in 19 and this has contributed to the process of rethinking and refor in the Soviet Union.

4. What now?

The theme of recent leadership pronouncements on the econom is that things are in an even worse state than had been though The political shocks emerging from the recent elections and th effects of continuing economic stagnation have combined t produce louder calls for more rapid changes in the system.

Many recent developments have an ambiguous characte instead of stabilising the system, reforms have increase aspirations that could prove impossible to satisfy. Take, fo example, the unprecedented liberalisation of the cultural spher the relaxation of censorship and the opening up of election This process has given the party greater legitimacy, particular among intellectuals: the proportion of party members in th congress of deputies actually increased in the recent elections.

Liberalisation has also had contradictory effects. Problem facing society that would never have been acknowledge openly in the past are now publicly exposed through the media This has served to undermine the unity and cohesion of society The dull certainties of the long Stalin-Khrushchev-Brezhne years have given way, over the past four years, to widespread doubt and questioning of the very fundamentals of Sovie society. There is a real danger that limited democratic reform

could raise expectations that the regime is incapable of fulfilling.

The Boris Yeltsin phenomenon is a good illustration of the problems facing the Soviet leadership. While remaining a party member, he has become spokesman for the dissatisfied Moscow working class and has even won grudging support from veteran dissidents like Andrei Sakharov. But it is noticeable that mass popular support has pushed him in a more radical direction. Though he began by merely denouncing the privileges of the nomenklatura he now calls for the formation of an opposition bloc in the new congress of deputies.

The status of the national minorities within the Soviet Union is another social problem that has been exacerbated by the Gorbachev reforms. For years the bureaucracy has exploited local national sentiment to consolidate Soviet rule over minority populations. But in the new climate of reform and liberalisation, demands for national autonomy have acquired such momentum that they now threaten central control. In the Transcaucasian republics of Georgia, Azerbaijan and Armenia the rise of nationalist sentiments has provoked sectarian strife and bloody riots. On the Baltic coast, Estonia has more or less made a unilateral declaration of independence from Moscow, and Latvia and Lithuania are moving in the same direction.

Up to now local Communist Party machines have largely succeeded in staying in the forefront of movements for national autonomy. However, this has necessitated major accommodations to nationalist sentiment; in Latvia, for example, the local party has gone so far as to split itself into separate ethnic factions. The result is that the overall cohesion of the Soviet Union has been jeopardised. As each local Communist Party has made more concessions to nationalism in an attempt to retain control over the popular movement the Communist Party itself has become fragmented and its capacity to act as a unifying force within the Union of Soviet Socialist Republics has been gravely weakened.

As a result of the pressures unleashed on the Soviet Communist Party under Gorbachev it has come to reflect a wider range of social forces and opinions than at any time since the twenties. At the top level the heterogeneity of the party is apparent in the results of the elections for the central committee nominations to the congress of deputies. The two candidates most associated on the one hand with reform and on the other with conservative resistance to change, Yakovlev and Ligachev, both lost votes.

Different sections of the party are becoming associated with

different interest groups. The pan-Slavic, anti-Semitic Pamyat organisation draws support from all layers of the party. The co-operative movement tried to draft Nikolai Shmelyev and other radical party economists as its representatives in the congress elections. Yeltsin and Sakharov agreed not to stand against each other in the same election. We have already noted the tendency for parties in the nationalities to split along ethnic lines. Yeltsin's proposal for an opposition bloc in the congress of deputies indicates the furthest point so far reached by the process of fragmentation in the Soviet Communist Party.

How much further can it go? There is no doubt that criticisms of the system are becoming more radical. It is only a matter of time before some party members follow the Hungarian example and publicly disown the revolution itself. This was signalled by Georgy Shakhnazarov, one of Gorbachev's foreign policy advisers during his British trip, when he called for a reconciliation between social democratic and Communist parties:

> 'The great split which began during the First World War and was exacerbated by Stalin will be very complicated to overcome. Stalin's slogan was that the social democrats had betrayed us. He saw everything as treachery, and great tragedy came from that.'[17]

The quickening pace of political developments at a time of deepening economic stagnation exacerbates social tensions in Soviet society and particularly in the party. The barriers to real change are immense. The bureaucracy in general is in favour of change, but each bureaucrat wants to defend his own position. The working class is alienated from the system, but sees the prospect of change as a greater threat, at least in the short term. The stage is set for a sharpening of the Soviet Union's social crisis.

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Poland in transition

Russell Osborne

On 6 February the historic 'round-table' talks between the Polish government and Solidarity began in Warsaw. Speaking on Soviet television the previous day, premier General Wojciech Jaruzelski announced that the Polish Communist Party would tolerate opposition forces provided they respected the party's leading role.[1] Addressing the 57 round-table delegates, minister of internal affairs General Czeslaw Kiszczak promised a return to trade union pluralism. In return the opposition would have to accept a government package of economic and political reforms and agree to participate in 'non-confrontational' elections to the sejm, the Polish parliament.[2] Discussions are proceeding in three major working groups on the economy, trade union pluralism and political reform.

The US state department welcomed the round-table as 'a potentially important process'.[3] While bureaucrats and oppositionists throughout Eastern Europe were closely observing the progress of Jaruzelski's initiative, 2500 miners at Belchatow revealed the scepticism of the Polish working class by going on strike for higher wages.[4]

1. Crisis in Eastern Europe

Today, East European countries—the Comecon bloc and Yugoslavia—face major economic problems and serious social unrest. The origins of the current instability lie in chronic economic stagnation under the Stalinist system and in the lack of legitimacy of the regimes that were imposed under Soviet domination in the immediate post-war period. From the start, Eastern Europe's Stalinist regimes were regarded as alien by the

local population. Whereas the Soviet bureaucracy managed to develop a substantial social base in the Soviet Union, Stalin's clones never achieved this in Eastern Europe. The fifties and sixties were marked by a cycle of revolt and repression: the German Democratic Republic in 1953, Poland and Hungary in 1956 and Czechoslovakia in 1968.

East European bureaucracies attempted to secure their position by importing Western technology and raising living standards. They hoped to neutralise popular discontent and safeguard their monopoly on political power through taking advantage of the expansion of the world capitalist economy. However, the onset of recession in the early seventies restricted the scope for trade with the West. The bureaucracies could no longer offer economic benefits as consolation for the lack of political rights. Since then, every party leadership has been conducting a holding operation.

The quest for survival forced East European bureaucracies to experiment. In Hungary they tinkered with limited market solutions—so-called 'Goulash socialism'. And in Poland the regime attempted a rapprochement with Solidarity in the early eighties. Today, as a new phase of recession approaches, East European holding operations are reaching their limits.

Every country is burdened with massive debts and falling living standards. The prospects of an upturn in the world economy, stimulating a revival in the Eastern bloc, appear bleak. Failure to satisfy the higher expectations aroused in the sixties and seventies has provoked intense popular resentment throughout Eastern Europe and a surge of support for opposition movements.

In Eastern Europe the form that opposition takes is determined by the relationships between the bureaucracy, the petit bourgeoisie and intelligentsia, and the working class. Of these strata it is the petit bourgeoisie and the intelligentsia that provide the main social base of the opposition. This sector has been most squeezed by the economic decline of the past decade and, unlike the working class, lacks the collective muscle to fight back. The middle classes resent the bureaucracy because of the way the Stalinist system condemns them to economic insecurity and denies them a voice in running public affairs. However, most entrepreneurs, professionals and intellectuals are constrained in their desire for reform because they fear the potential strength and militancy of the working class and generally approve of the bureaucracies' plans to introduce economic reforms and restructuring programmes at workers' expense.

Workers have traditionally been suspicious of intellectuals, and stayed outside of their organisations, because of the intensely anti-working class prejudices of most East European dissidents. But, in recent months, workers and the middle class intelligentsia have come together to form opposition movements on issues of nationalism, the environment and religion.

Despite coming together in opposition movements, tensions still exist between the intelligentsia and working class. The bureaucracies aim to take advantage of these tensions by supporting some of the demands in the hope of winning a layer of support. However, the bureaucracy in each country remains far from united about the way forward. Some bureaucrats are looking for closer links with the West, others want to improve ties with Eastern bloc entrepreneurs while many are primarily concerned with their own agricultural and manufacturing interests.

In the long term the bureaucracies' options are limited: they can either revert to traditional Stalinist repression or they can attempt to achieve a controlled transition to a different form of society, along the lines of Gorbachev's perestroika and glasnost policies in the Soviet Union. Let's look more closely at how this latter project is taking shape in Poland.

2. The bureaucrats and the round-table

The current talks take place in the context of major change in the political climate in Poland. General Jaruzelski, the man who introduced martial law to smash Solidarity in 1981, now presents himself as a crusading reformer and as Gorbachev's most ardent follower. There is now little official censorship and little fear of government repression. Numerous new political organisations have sprung up and are tolerated. The government conducts a permanent dialogue with the church, and the Pope has visited twice since the days of martial law. Few political prisoners remain in jail. It is significant that the relaxation in state coercion survived through the two major strike waves which shook the regime to its foundations in 1988. Now there is even talk of the Polish Communist Party (PUWP) ceding its traditional 'leading role' in Polish society.[5]

The PUWP is in serious trouble. Though foreign debt continues to grow, government attempts to introduce economic changes have met with widespread scorn. A referendum on restructuring at the end of 1987 met with massive electoral abstention as Poles voted with their feet.[6] Nobody wants to join the party any longer and the PUWP youth section is almost

defunct. As the radicalism of the opposition grows, even Solidarity itself looks like losing its long-held monopoly of resistance.[7]

The regime hopes to use the round-table to legalise Solidarity and set up machinery for its representation in parliament. Free elections to a new upper house may also be allowed. The government wants to use the legalised Solidarity to help legitimise its policies of economic restructuring. The regime also hopes that through demonstrating a new-found liberalism and respect for political pluralism it might win additional Western help to bail out the economy.

There is considerable scope for the expansion of capitalist market forces in Poland. Uncharacteristically, the Stalinist bureaucracy never pushed for wholesale collectivisation of Polish agriculture after the war. Today, more than 75 per cent of farming is still private, but small scale and very backward. There are 400 000 small craftsmen and 1000 private enterprises. The private sector has expanded to such an extent that it is estimated that between 38 and 45 per cent of personal income is now derived from private sources.[8] With such a high proportion of economic activity already outside the sphere of state control, an enlarged role for the market is possible. To achieve its restructuring plans the government is banking on foreign and private sector assistance.[9]

Discussions at the PUWP central committee plenum in December and January, and at a special national theoretical and ideological conference in February, revealed the bureaucracy's growing approval of political reform.[10] While the plenum insisted on the primacy of the party in public life, members favoured legalising Solidarity under Lech Walesa in the hope of preventing the emergence of a more radical opposition.

Politburo member Marian Orzechowski declared that 'the PUWP will not surrender its leading role', but conceded that 'it does not wish to and cannot implement this role as it has in the past'.[11] Party leaders hope that legalisation, together with an anticipated 'renaissance' within the party, will enable them to exploit Solidarity's status to execute their own programmes. They hope that they might be able to diffuse responsibility for the conduct of public affairs without significantly devolving their power. The strength of support for the legalisation of Solidarity emerged in a heated debate. While a hardline 20 per cent of the leadership voted against a motion introducing pluralism, few dared to vote against Jaruzelski's liberalising stand in a final vote of confidence.[12]

At the national party conference in January members endorsed their leader's new approach by supporting political and trade union pluralism and by committing the party to internal democratisation in preference to 'bureaucratic centralism'. The new line caused some confusion among ordinary party members. Motions stressing the need to return to the party's 'roots' were variously interpreted as referring to the young Marx, Lenin, former president Gomulka and even Western-style social democracy. Once again, politburo member Orzechowski put them straight. He urged the adoption of a market economy, separation of party and state and the introduction of parliamentary democracy. Two slogans, 'socialist parliamentary democracy' and 'socialist civil society' were unveiled to describe the 'new era'.[13]

Speaking on Radio Warsaw, party ideologist Jerzy Wiatr argued that the adoption of new concepts reversed established interpretations of Marxism. The Polish leadership now repudiated the way the party had idealised the state while negating the importance of civil organisations, legally guaranteed rights and forms of property that could protect the individual from encroachment by the state.[14] The common factor behind all the proposals to redefine the party's role was, as a prominent party academic put it, 'fears for the party's existence, for the existence of the group to which we belong'.[15]

In the wake of the plenum and party conference, support for the free market has become, ironically, a sign of both rebelliousness and government orthodoxy. This demand is on Walesa's shortlist for discussion at the round-table as well as being a key part of the regime's recipe for economic renewal. One government official told a British reporter that he believed that a process of privatisation of state enterprises or 'co-operisation' would start very soon.[16] Bureaucrats who run industry are already making private deals as they search for a role in the growing market. Large-scale corruption has resulted. The idea seems to be that party members should be able to compensate with new clout in the market for what they are losing in political power.

If all goes well at the round-table there will be an agreement which will allow elections to the sejm in the near future, and some kind of 'controlled democracy'. The PUWP and its allies would command a guaranteed majority of seats with the opposition allowed about 40 per cent. However, it is the element at the centre of the whole deal, the market, which poses most problems. Introducing a real market poses difficulties for the

bureaucracy and working class.

The government hoped the Western powers would be so impressed by its reforming zeal that they would rush to provide economic assistance. But given the size of Poland's foreign debt Western investors have become increasingly unenthusiastic and the anticipated upturn in trade with the West has not taken place.[17] Jaruzelski may have steamrollered his new policies through at the plenum but there is still a hard core of resistance among party hardliners, particularly from bureaucrats in the official trade union confederation.[18]

3. Solidarity under pressure

In its proposals to the round-table the Solidarity leadership demanded the restoration of the market and the abolition of state economic monopolies, together with calls for its own legal recognition, for free assembly, independent courts and free access to the mass media.[19] Yet Walesa is coming under growing pressure from militant trade unionists who do not share the market enthusiasm of his middle class advisers and reforming bureaucrats. Walesa has been forced to push for wage indexation to keep up with inflation which is now running at around 50 per cent. However, Solidarity has shifted away from its traditional support for workers' self-management to endorse the view of government experts that tough management policies are necessary to rescue the economy.[20] As a result, Walesa is now regularly branded a 'sell-out' for his collaboration in the round-table talks and Solidarity is rapidly losing its control of opposition to the regime.

In a wave of protest demonstrations in recent months, Walesa has come under mounting criticism from young radicals. When he spoke at a 3000-strong rally in Gdansk in January he was denounced by youths shouting 'down with the traitor' and 'no talks with murderers'. More than 1000 took to the streets later, throwing stones and firecrackers at the police.[21] In similar incidents over the past three years young demonstrators have clashed violently with Zomo riot police. Clashes occurred in October and December last year in Warsaw and Gdansk. The paper *Homek*, published by the anarchist Alternative Society Movement, advocates beating up Zomo police 'to limit their impunity and self-confidence'.[22]

Solidarity has been quick to dissociate itself from militant resistance against the state apparatus. Despite growing police brutality, spokesman Janusz Onyszkiewicz stated: 'Solidarity has always stood for non-violence. Those who took part acted

against the interests of Solidarity.'[23] However, the union has been strongly criticised for its position. The opposition press and even Solidarity's own supporters have warned of the danger of the movement becoming compromised with the regime and losing touch with the militants.

Opposition writer Dawid Warszawski has blamed Solidarity as well as police violence for the street riots. He points out that the union no longer serves as a channel for the 'ambitions and fears...hopelessness and despair' of young people. Warszawski observes that 'there is increasing evidence...that the emphasis of Solidarity's policy seems to be shifting away from fighting [government policy] and towards compromise with those responsible for it'. In his view it now risks 'a loss of support from the most militant youth', the very force that had broken the stalemate during the 1988 strikes and forced the government to talk to Walesa. Warszawski warns that 'if Solidarity loses control over the radicals, its bargaining power will be severely diminished'.[24]

Gdansk anarchists have been even more forthright. They have proclaimed that Solidarity has 'nothing to offer to young people....It talks a lot and does little. And when it does act, all it does is extinguish people's fervour. Solidarity was right to call itself the "self-limiting revolution"—because it will limit itself out of existence even without help from the authorities'.[25] Though the views of the anarchist youth are not typical of the Polish opposition, one dissident publication recently warned the authorities that it was 'incorrect to assume that the Polish miracle of non-violence will go on for ever'.[26]

Some of Walesa's harshest critics are to be found within Solidarity itself. On a recent visit to the industrial city of Lodz for a meeting with 5000 supporters to explain the round-table, Walesa ran into a full-blown row. Supporters of Andrzej Slowik, former local leader, objected to Walesa's appointment of his own man in the city by less than democratic means. Slowik is part of a vocal internal opposition in Solidarity, the 'working group', led by Andrzej Gwiazda. The working group is scornful of Walesa's overtures to the authorities and his collaboration with the church. The recent announcement that postal workers were leaving to set up their own independent union revealed the extent of internal tensions within Solidarity.[27]

The greatest threat to the carefully constructed deal between the bureaucracy and the respectable opposition lies in working class militancy. Workers, particularly the worse off younger generation, have little respect for Walesa's style of diplomacy. Just the day after the round-table started, government spokes-

man Jerzy Urban held a press conference to complain that militancy was out of control. Complaining of a 'pay psychosis', Urban listed 173 pay-related protests and 39 strikes in January alone. He attacked the striking Belchatow miners for seeking to undermine economic reform.[28] Walesa quickly dispatched Solidarity executive member Alojzy Pietrzyk to Belchatow to try to end the strike.[29]

Whatever happens at the round-table, it is clear that significant changes are taking place in the Polish economy. Value relations are achieving increasing importance and the state is consciously adopting the black market as an economic model. Growing involvement by the 'nomenklatura' in 'grey' areas of the economy is likely to have important consequences for the role played by state-controlled enterprises. The regime has just announced that foreign currency bank accounts held by Poles will now be legal. A significant layer of the population now has access to real values and does its business deals in foreign currency.[30]

For many in Poland today the only way forward lies through institutionalising a new set of social relations dominated by the market and legitimised through political pluralism. The bureaucracy is trying to make changes through collaboration with Solidarity before a more radical opposition takes off. The bureaucrats hope that the legalisation of Solidarity will help to contain the process of radicalisation. They desperately need a mediating layer to soften the impact of the massive changes that are required to save the bureaucrats' own necks.

4. Conclusion

The limits to change in Poland and elsewhere in Eastern Europe depend to a large extent on the international balance of forces. Poland hopes for closer links with a new dynamic in Europe in the run-up to the creation of a 'single European market' in 1992 that might give an impetus to its own faltering economy. Yet, while there are growing trade rivalries in the West, Comecon countries are perversely restricting exports to one another in what one commentator has called 'a Western trade war turned upside down'.[31]

There is no currency convertibility within Comecon and it seems highly unlikely that there can be a wholesale opening up of its moribund economies to the world market. A wave of new agreements is now pending between individual EEC and Comecon countries and this is encouraging expectations of an important upturn in East-West trade. However, as one British

observer recently lamented, while central planners remain the allocators of all goods and services, no Westerner in his right mind would want to hold East European currency as, given that there is no market, claims on goods and services embodied in money cannot be freely exercised.[32] It is proving difficult enough for European Community countries to achieve genuine consensus and unity—harmony with the East looks almost impossible.

The Polish regime's emphasis on the separation between party and state is more than just an attempt to impress Poles with a brand new democratic constitution.[33] It is also evidence of a real process of differentiation within the bureaucracy. The barely stifled differences at the central committee plenum show that the PUWP is developing in conflicting political directions, in relation both to the growth of market relations at home and to links with the West. The leadership needs to achieve a balance between maintaining bureaucratic control and encouraging differentiation in its ranks. It has to find new means to institutionalise political conflict before it is too late. However, as the past few months have shown, working class volatility is the really intangible factor and Solidarity wields less and less influence over it.

Poland's leaders are engaged in a desperate race for social and economic change. The pace of change is limited by the threat to the internal stability of the bureaucracy itself and by the danger of provoking a major working class revolt. If they succeed, capitalist restoration is a real possibility. However, if perestroika, Polish-style, is a failure and the regime is destabilised in the process, we cannot rule out furtner Soviet intervention. The real intangible and the real hope for the future is an increasingly intransigent and militant working class movement.

Notes

1. Jaruzelski speaking on Soviet television, 5 February 1989.
2. Radio Free Europe, *Press Review*, 10 February 1989.
3. Ibid.
4. Ibid.
5. J Lloyd, *Financial Times*, 3 March 1989.
6. See R Osborne, 'Solidarity then and now', *the next step*, 20 May 1988.

7. For criticisms of Solidarity's attack on youth demonstrations see *Tygodnik Mazowsze*, No 275, 14 December 1988; and *Przeglad Wiadomosci Agencyjnych*, No 43, 23 December 1988.
8. See T Szulc, 'Poland's path' in *Foreign Policy*, No 73, Fall 1988; and T Garton Ash, 'The opposition' in *New York Review of Books*, 13 October 1988.
9. Lloyd, op cit.
10. Radio Warsaw, 2 February 1989 and 4 February 1989.
11. Ibid.
12. Ibid.
13. Ibid.
14. Ibid, 2 February 1989.
15. Ibid, 4 February 1989.
16. Lloyd, op cit, quoting Andrej Olechowski, director of the West European department of the Polish ministry of foreign trade.
17. Ibid. Andrej Wrobleski, Polish finance minister, and Dominik Jastrzebski, foreign trade minister, 'complained that Western governments, which had embargoed further loans because of the imposition of martial law in 1981, had not yet woken up to Rakowski's liberalisation'. See also D Buchan, *Financial Times*, 10 January 1989.
18. Radio Warsaw, 2 February 1989.
19. Radio Free Europe, *Polish Situation Report No 3*, 6 February 1989.
20. Solidarity spokesman quoted in Lloyd, op cit.
21. Radio Free Europe, *Press Review*, 10 February 1989.
22. No 2, May 1985.
23. *Tygodnik Mazowsze*, op cit.
24. 'Politics goes on to the streets', in *Przeglad Wiadomosci Agencyjnych*, op cit.
25. Quoted in 'Tomorrow's generation—youth and the opposition', in *Przekaz*, No 2, September 1987.
26. *Przeglad Wiadomosci Agencyjnych*, op cit.
27. See material on the Solidarity Working Group in 'Solidarity Gdansk information agency report', 5 January 1989.
28. Radio Free Europe, *Press Review*, 10 February 1989.
29. Ibid.
30. C Bobinski, *Financial Times*, 15 March 1989.
31. Buchan, *Financial Times*, 16 January 1989.
32. Ibid.
33. Radio Warsaw reports on the tenth PUWP plenum, 16-18 January 1989 and the national theoretical and ideological conference, 2-4 February 1989. Party spokesmen called for a separation of powers between party and state and moves towards parliamentary democracy.

Hungary: the party that tried to bury its past

Joan Phillips

Hungary is at the forefront of change in Eastern Europe. These are extraordinary times as the past, even the very recent past, is constantly rewritten, in a process of unprecedented ideological and political ferment. All the action is in the Communist Party (the Hungarian Socialist Workers Party, HSWP): it is the party that is setting the pace in revising the past and reforming the present, making public statements today that yesterday's dissidents would only have dared to whisper in private. Let's look at how the old orthodoxies are being challenged, the perspectives for the future that are emerging and the debates among the opposition groups.

1. Redefining the past

Coming to terms with the past is a crucial part of the process of transition in Eastern Europe. This is because since the forties the past has been appropriated by the Stalinist regimes in a vain attempt to legitimise their rule. In Hungary, what opposition spokesman Janos Kis called the 'contract of forgetting', established between the Kadar regime and the nation after the 1956 revolt, is now being openly breached. It is difficult to keep up with the pace at which the old restrictions have been overturned in the months since Janos Kadar was ousted by Karoly Grosz from the leadership of the HSWP in May 1988.

The major development is that 'communism' has been officially disowned. The process of calling the system into question began early last year in the run-up to the special party conference. It was the first such conference in 30 years, convened in the midst of a major crisis and a drastic drop in membership. In March 1988 Janos Barabas, head of 'agitation and propaganda'

and one of the old guard, complained that the party had put too little distance between itself and the Stalinist heritage.[1] In July 1988 Jeno Andics, HSWP propaganda chief, declared that 'my party has been an absolute failure for the past 10 years'. When the official responsible for propaganda issues such a statement, you know that the party is on the road to liquidation. Andics added that 'the basic economic idea has gone down a cul-de-sac, so why spread it?'.[2] Justice minister Kalman Kulcsar said that Hungary had been taken by socialism into 'a side-road of history' and is 'unable to go further': it had to 'detach itself from this type of system'.[3] Attacking the system has become almost obligatory in Hungary today. A popular joke in Budapest goes: 'Question: What is socialism? Answer: The longest and most complicated road from capitalism to capitalism.'

The biggest bombshell to hit communist orthodoxy was the report of the central committee's historical commission on the events of 1956, under the chairmanship of Imre Pozsgay.[4] The report rejected the traditional Stalinist account which explains the revolt as an attempted counter-revolution under the revisionist leadership of Imre Nagy. Instead Pozsgay's report blamed 'the socialist model chosen or enforced in 1948-9 which has proved to be a false path in its entirety'. The report did not merely blame the Stalinist leadership, but the Stalinist system 'in its entirety'; not only Stalinism, but the whole edifice of Marxism-Leninism.

Even Khrushchev's secret speech denouncing Stalin at the twentieth congress of the Soviet Communist Party in 1956 never went as far as Pozsgay and his four central committee colleagues. Khrushchev diagnosed the disease as Stalin, but pronounced the system itself healthy. Now everything has been put in question in a report that is the most damning indictment of communism ever to be published in Eastern Europe. The thrust of the argument is that the Bolshevik Revolution was a mistake, Stalin's contribution to Marxism a heresy, and the introduction of communism in Eastern Europe an unmitigated disaster.

According to Pozsgay's commission Lenin made a fatal error when he opted for communism in a semi-feudal country like Russia. The report quotes Marx against Lenin: 'Marx had warned that an isolated experiment with communism, especially in a backward country, was doomed because it would create the egalitarianism of poverty.' Under Stalin 'the ideal of international communism was turned into a merciless imperial programme': Marxist humanism was destroyed. Stalin established a system built on bloody dictatorship, bureaucratic centralism, fear and

retribution. This system was forced on Eastern Europe 'by political and military means'. The post-Stalinist system was simply a milder version of the same dictatorship, but the whole system is still rotten to the core. From this perspective 1956 was not a counter-revolution but a justified popular uprising against oligarchic tyranny.

Pozsgay did not baulk at declaring the inescapable conclusion: 'Socialism has come to the end of its days and is an obstacle to progress in all fields.'[5] The commission's categorical judgements were made by Pozsgay on Budapest Radio while Grosz was out of the country. The manner of their release and their findings about 1956 and the whole experience of communism in Hungary, caused a sensation.[6] We should remember that public discussion of these matters had been silenced for 30 years. Just a few months earlier police had batoned protesters off the streets on the anniversary of Nagy's execution. Everybody had been convinced that there would be no rehabilitation of the victims of 1956 while Kadar remained in the party. Yet now Nagy's widow and other relatives of the victims of 1956 were being interviewed on television.

Not surprisingly an emergency central committee meeting was called 10 days ahead of schedule in response to the furore over Pozsgay's statements. What was remarkable, however, was the fact that Pozsgay was not censured; the party leadership merely described his remarks as 'hasty'. A central committee communiqué confirmed that 1956 was a popular uprising, but one which came to embrace counter-revolutionary tendencies. Party leader Grosz told the press after the meeting that the post-war experiment with the one-party system had indeed been a failure.[7] In an unprecedented move the party published the controversial findings of the 1956 commission in the party's theoretical journal, which immediately sold out its 200 000 print run.

There can be little doubt that Pozsgay's bold report outraged the conservatives in the leadership. There was even some speculation that the party came very close to a formal split at the emergency meeting called to discuss his statements on 1956.[8] But if there was a concerted attempt to oust Pozsgay, it failed when the radicals on the central committee threatened to walk out. It seems that politburo member Rezso Nyers may have raised the stakes by sounding out some of his closest supporters about setting up a new party. The fact that Pozsgay emerged unscathed from this confrontation shows that the radical reform faction now has the upper hand. The reformers are forcing the pace of

change: in April they won a victory in the politburo reshuffle which saw the removal of four party spokesmen.[9]

The radical reassessment of Hungary's past will serve to further undermine the legitimacy of the Stalinist regime. It seems to be a deliberate exercise on the part of the authorities to demonstrate that the party is shedding its Stalinist skin. All the skeletons are being brought out of the cupboard and paraded in public. The party leadership hopes that by exorcising the ghosts of the past it can deprive the opposition of the historical themes around which it has rallied resistance against the regime.

Extraordinary things are now happening in Hungary. The Soviet Red Star is being removed from the national emblem, in favour of the apostolic crown of the old Hungarian kingdoms. The 7 November anniversary of the Russian Revolution has been declared a normal working day instead of a national holiday. The 15 March anniversary of the 1848 revolution seems set to become the official substitute. The authorities have announced the abolition of compulsory Russian language teaching in Hungary's schools.[10] There is a general process of de-Russification in society and de-Bolshevisation in the party.

Western reactionaries are following events in Hungary with glee. Right-wing politicians and journalists are celebrating the official rejection of Stalinism and Leninism and can be found on trips to Budapest, jubilant that even the rulers of Eastern Europe now admit that communism is obsolete.

2. The nature of the transition

For the past year virtually the whole of Hungary has been engaged in the great debate about the transition to a new form of society. A host of previously unmentionable topics—the problems of the one-party system, the meaning of pluralism, the role and internal structure of the party, the place of the opposition—have been thrown open for discussion and are the subject of heated public debates.

The transition from dictatorship to democracy in Spain after the death of General Franco in 1975 is one popular model for Hungary. Justice minister Kalman Kulcsar has made a particular study of the Spanish experience, as well as casting a wary eye on the more turbulent course of events in Portugal, with a view to charting a smooth transformation for Hungary.

'Hungary needs to draw a clear line between the past and the present. We have to follow the example of Spain. The Spanish Civil War was full of blood and suffering. Here, there is nostalgia on the part of people who fought on both sides in 1956. There are

some people who could never be convinced—those who fought on the streets, who were young, who felt important. It is against human nature for people to convince themselves that what they did was for nothing. But to continue this debate leads nowhere. We have to bury the dead."[11] The Hungarian bureaucrats want to see 1956 accepted as their equivalent of the Spanish Civil War; they want a new start on the basis of mutual forgiveness.

The term 'modernisation' has also been used frequently to describe the process of transition which is under way. Again it was Kulcsar who coined the phrase: 'The modernisation of Hungarian society cannot develop in the framework of an authoritarian political system.'[12] His alternative model of development is to be found in the social democratic traditions of Western Europe. This discussion started before the May 1988 conference, when the HSWP debated a central committee document on political reform.

'Finlandisation', a long and dirty word in the Eastern bloc, is another term that now constantly recurs in the literature on the transition. The settlement reached between the Soviet Union and Finland after the Soviet occupation in 1939 allowed Finland to remain neutral in the Second World War on the understanding that its influential Communist Party would remain hospitable to the Soviet bloc. The coalition of communists and social democrats that shared power in Finland in the sixties is a model which many in Hungary would like to emulate.

Discussion about pluralism, socialist democracy and civil society is part of the broader debate about the transition to a new form of society. Proposals for a new constitution by 1990, reform of the judicial system, legalisation of trade unions and the right to strike, the right to form political parties and free elections by 1990, form the core of the reform programme.

The party has taken over the vocabulary of the opposition. All the discussion is now about the need to rethink the socialist project, the one-party system, the leading role of the party, the need to undertake a renewal of the party and the state and their relations with society. Party spokesman on ideology, Janos Berecz, says the party is engaged in 'a profound reflection on the link between democracy and socialism'.[13] Party reformers aim to popularise their cause by engaging in a dialogue with non-party independent groups. They hope to institutionalise this dialogue and establish a new social consensus within the framework of the proposed new constitution.

The debate about pluralism directly raises the question of the leading role of the party, and the widespread desire to end the

monolithic one-party rule of the past 40 years. This discussion began in earnest on the eve of the special party conference last year when there were open calls to end party power and restore a pluralistic civil society. Even conservatives like Berecz have rushed into the reformist camp, declaring that 'power does not belong to the party, nor the government, but to the people'. All this would have been inconceivable a year ago.

The findings of the historical commission exploded the legitimacy of the one-party system, a fact acknowledged by the central committee when it stated after its discussion on the report that the one-party system was at an end. In February the leadership discussed the new draft constitution and agreed to abandon the clause in the 1949 constitution guaranteeing the primacy of the party. Central committee member Gyorgy Fejti simply stated: 'We can see no sense in continuing with the leading role of the HSWP.'[14] The abandonment of this central tenet of Stalinism is another milestone in the transformation of the party in Hungary.

In response to the unprecedented shifts of the Hungarian bureaucracy a Budapest satirist imagined Lenin's ghost saying: 'The Hungarian government is indeed revolutionary, and if it goes on like this it could soon overthrow itself.' The question is: is the HSWP committing suicide by surrendering its leading role? Some have drawn parallels with the self-destruction of the Spanish Falange after the death of Franco.

The simple answer is: no! The party envisages a process of controlled pluralism, in which it will maintain a pre-eminent position in coalition with others. The question is how to maintain the ascendancy of the party through this process of pluralisation. The leadership hopes to achieve this through incorporating and institutionalising the opposition. If it is successful the party will gain the authority and legitimacy it needs to implement economic reform. It will also be able to devolve responsibility for the conduct of public affairs without relinquishing its grip on state power.

In summary, the party aims to oversee the organic and ordered development of a pluralist society through incorporating the opposition. All the talk is of coalitions, consensus, institutionalisation, dialogue, a popular front—all leading to round-table talks and national agreement before the elections in 1990.

At the December central committee meeting Berecz complained that the diversity of the new organisations made it more difficult to achieve national solidarity. Hence he emphasised the

need to use the new constitution to groom the opposition. He recommended that the party should work to a calculated timetable, encouraging the creation of a coalition force by promoting firmer links among opposition groups that demonstrated a responsible attitude.[15]

The possibility of a coalition was raised again at the January national assembly debate, where several organisations, such as the Hungarian Democratic Front (HDF), the New March Front (NMF) and the Association of Free Democrats, were named as potential partners in creating a new national consensus.[16] In February the central committee welcomed the NMF's proposal to bring all political forces together into a national committee. Informal talks have already started and there is likely to be some sort of round-table on the Polish model by the summer to discuss the transition to a multi-party system and the formation of electoral pacts.

Key central committee members such as Pozsgay and Nyers seem to have been encouraged to build bridges with the opposition. They have often attended and spoken at conferences of the HDF and NMF for example. A novel development is that the boundaries between the party and the opposition are starting to break down for the first time since the sixties. Thus Pozsgay is closely associated with non-party intellectuals and Nyers was instrumental in setting up the NMF. Even Grosz has been holding regular discussions with groups such as the Writers Union, which the government tried to dissolve as recently as 1987.

The debate in Hungary is no longer about whether a multi-party system is desirable, but about how it is to be introduced. In particular the focus of the discussion is about what form any potential coalition should take. Nyers has called for a return to the politics of the anti-fascist popular front, linking all progressive forces in alliance with the party.[17] Another model is the post-war coalition between the communists and social democrats: the party could forge a new alliance with the HDF, Social Democrats and Smallholders. This would have the advantages of broadening the party's base, lending it legitimacy, pulling in 75 per cent of the vote and reassuring the conservatives in the party.[18]

An Italian-style moderate Communist party or a coalition of communist and social democratic forces on the Finnish model? The debate is likely to continue.

3. Ideas from the opposition

The Hungarian opposition is entirely responsive to the ideas being generated by the party and it is being forced to move fast to keep up with the pace of developments. The main opposition groups have adopted a highly conciliatory approach. The Budapest radicals around the NMF have tabled what amounts to a social contract. Istvan Csurka of the HDF imagines the front in some sort of coalition or supportive role with the HSWP before too long: 'We need a national consensus. The question is whether we find ourselves a Churchill.'[19] Mihaly Bihari of the Social Democrats says the opposition should accept three conditions for the duration of the transition period: membership of the Warsaw Pact, the historical aim of socialism and the dominant role of the HSWP.[20] It is ironic that all three conditions have been called into question by the party itself.

There is some division in the opposition, between those around the Network of Free Initiatives, who are pessimistic about the prospects for genuine reform, and the more populist, nationalist adherents of the HDF who are more willing to seek incremental change. In general, however, the Hungarian opposition favours social democracy and market solutions.

To anticipate the likely direction of the opposition it is useful to look at the ideas of the intelligentsia over the past 20 years.[21]

After the suppression of the Prague spring in 1968 the idea that reforms could come through engagement with the party apparatus lost all credibility. Intellectuals who had pursued this course found themselves isolated from both the party and the working class. During the course of the seventies the project of absorbing civil society into the state was universally judged to have failed. By the late seventies the hallmark of the opposition was the new politics of anti-politics. This meant little more than elevating the refusal to conform into a conscious ideological and oppositional posture.

The language of rights became the mainstay of the new opposition. By focusing on the issue of civil liberties the opposition found a way of engaging the regime at the most abstract level. It succeeded in asserting a claim to rights that were already acknowledged in the constitutions of East European regimes and through the Helsinki accords. The opposition hoped to use the issue of rights to challenge totalitarian rule; they are possessed by the individual not the state. The very existence of rights, that can be abused or ignored but not removed, was held to prove the existence of civil society, a space between the individual and the state. The difficulty is that at this abstract level it is impossible to make an effective challenge to

the Stalinist state. Indeed, by asserting the rights formally upheld by the regime, the opposition implied that mere legislative reform was required to give them substance. In reality, the lack of rights in Eastern Europe is rooted in the backwardness of the whole Stalinist system.

Legislative reform is a major preoccupation of opposition movements throughout Eastern Europe. In Hungary Janos Kis and others campaigned for a return to the distinction between public law and private or civil law, with rights and identities attached to all persons. This is an attempt to formalise the sphere of civil society, and forge a constitutional continuity with a pre-socialist past. The anti-political legalism of such oppositionists reveals a make-believe approach to life in East European society. The aim seems to be to live *as if* things were as the dissidents would like them to be—to play at being citizens, being grown up and legally independent. The idea is that by living as though you are a free citizen, rather than demanding of the regime freedoms you know it will not grant, you create the very social sphere whose existence you seek. In other words the idea is to suggest to the nation how it might live *by example*, not to advise the government how it should govern.

Anti-political opposition has gone furthest in Czechoslovakia where the intelligentsia has yet to recover from the trauma of 1968. For some Czechs even the very suggestion of political activity smacks of compromise. This has led Charter 77 into a dead end and made it even more isolated. The fear of becoming marginalised has recently provoked a split in the Czech opposition between those who want to try again through political organisation, and those who reduce the whole question to one of achieving national moral integrity by individual example.

The same theme takes a different form in Hungary, where even the most resolute anti-political oppositionist cannot ignore the greater potential for political engagement. In Hungary, to practice the politics of *as if* is fraught with difficulty. Because there is a real space for public political activity there is strong support for a return to traditional party politics. This in turn raises questions about political programmes and about how far to compromise with the regime. Whether to compromise and to what end, is likely to become more and more of a theme in opposition debates in Hungary, as it is in Poland.

The move towards pluralism in Hungary has encouraged a shift in debate from the social and cultural to the predominantly political. The economic sphere remains problematic because it

raises the issue of the working class. The sense of isolation from the working class is felt acutely by many intellectuals. The opposition spokesmen of the eighties, throughout Eastern Europe, are the children (sometimes literally) of the ruling elite of the first generation of the Stalinist regime. Particularly in Hungary, the education and privileges of the ruling elite have passed efficiently down the generations, and this does not endear the opposition to the working class.[22] In addition, the middle classes are intellectually predisposed towards economic reform, while workers, who stand to suffer the consequences, are hostile to reform, whether it is called perestroika or any other name.[23] For these reasons there is little prospect of the opposition establishing a meaningful point of contact with the working class.

The question confronting the opposition today, especially in Hungary and Poland, is whether to seek compromise with the regime or risk permanent isolation. In both East and West, there is a tendency to overestimate and exaggerate the size and influence of the opposition forces. The much-vaunted renaissance of civil society over the past decade has made a far stronger impression in the media than it has on the reality of life in the Stalinist regimes. Reading accounts of opposition gatherings in the Western press, you come across the same names again and again. This is because the opposition in an active sense amounts to a few hundred people. The isolation of the intelligentsia is apparent in the endless discussions on the themes 'who is our audience?', 'who are we writing for?'. The defensive tone of the opposition is summed up in the title of one underground journal: *Jestesmy*, meaning simply 'We are'. As one writer observed in the *New York Review of Books*, this is the contemporary Polish version of Descartes' philosophy: 'I print therefore I am.'[24] After 30 years in the wilderness in Hungary and 20 in Poland, there can be little doubt that the opposition will opt for compromise rather than isolation.

Finally, it is important to look at developments in Eastern Europe in a balanced way, and to recognise that while things are moving fast, much of the opposition remains confined to the sphere of discussion and debate. It is one thing to float ideas and make statements, but quite another matter altogether to put them into practice. The practical difficulties of organising and implementing real change in Stalinist societies are obvious. Events in China, where the authorities embarked on a programme of radical reform, only to have to pull back when the problems became apparent, have had a cautionary effect in Eastern Europe. The prospects for making the transition to a

new form of society may be brighter in Hungary, where the working class has yet to recover from the crushing defeats of the past and the bureaucracy has decisively seized the initiative. But a long and difficult road lies ahead.

Notes

1. *Times*, 23 March 1988.
2. *Independent*, 1 July 1988.
3. *Independent Magazine*, 4 February 1989.
4. *Tarsadalmi Szemle*, theoretical journal of the HSWP, March 1989.
5. *Independent*, 14 February 1989.
6. Pozsgay made his statement on Budapest Radio on 28 January 1989: 'This commission regards what took place in 1956 as a popular uprising—an uprising against an oligarchic system of power which had humiliated the nation.'
7. *Independent*, 13 February 1989.
8. *Eastern Europe Newsletter*, Vol 3 No 4, 22 February 1989.
9. *Financial Times*, 14 April 1989.
10. *Guardian*, 3 March 1989.
11. *Daily Telegraph*, 13 March 1989.
12. *Times*, 12 January 1989.
13. *Corriere della Sera*, 17 February 1988.
14. *Guardian*, 21 February 1989.
15. Radio Free Europe, 'Situation report', 12 January 1989.
16. Radio Free Europe, 'Situation report', 10 February 1989.
17. Quoted by J Kris, 'Why be afraid?', in *Beszelo* (samizdat organ), 30 March 1988.
18. See G Schopflin, *Soviet Analyst*, 8 March 1989.
19. *Daily Telegraph*, 13 March 1989.
20. *Times*, 20 February 1989.
21. For a very useful survey of the opposition in Eastern Europe see T Judt, 'The dilemmas of dissidence: The politics of opposition in East-Central Europe', in *Eastern European Politics and Societies*, Vol 2 No 2, Spring 1988.
22. Writing in the *Financial Times*, 14 April 1989, Leslie Colitt says the opposition 'parties are still largely shells without content or effective leadership. They arouse as little popular enthusiasm as the party itself. The spectacle of two 80-year olds heading the resurrected Social Democrat (SDP) and Small Landowners parties inspires little confidence among potential voters'.

23. Ibid, 'Ordinary Hungarians suspect that they will be losers in a free market system. Economic reforms are now linked in the popular mind with 17 per cent inflation and falling real wages since 1982'.
24. See T Garton Ash, 'The opposition', *New York Review of Books*, 13 October 1989.

Eurocommunism in ruins

Kirsten Cale and Mike Freeman

'A hundred and twenty five years after Lasalle, and a hundred years after the founding of the Second International, the socialist and labour parties are at a loss as to where they are going...

'Our movements, the classic socialist or communist labour parties, were born in a specific epoch which has now passed.'

(Eric Hobsbawm, speech at the centenary of the German Social Democratic Party, Bonn, August 1988)[1]

The presence of Eric Hobsbawm, distinguished labour historian and leading theoretician of the British Communist Party, at the SPD's centenary celebrations was guaranteed to turn the proceedings into a wake. Hobsbawm has been a longstanding advocate of the doctrines of Eurocommunism, and a particular devotee of the scrupulously moderate policies of the Italian Communist Party.[2] In recent years, however, he has become increasingly despairing of any future for the parties of the traditional labour movement, unless they abandon their distinctive class character and dissolve themselves into alliances with centre parties.[3] The gloomy prognoses of this guru of the international communist movement reflect the apparently terminal crisis of Stalinism and traditional social democracy in Europe in the late 1980s.

Throughout Europe parties which call themselves socialist and communist have moved along two broadly distinct courses over the past decade. Some, notably the Socialist parties in France (PS), Spain (PSOE) and Greece (PASOK), have become mainstream parties of government, pursuing policies of strict capitalist orthodoxy. They have secured substantial middle class support while loosening their ties to the organised working class. Others, most notably the French Communist Party (PCF) and smaller Communist parties everywhere, have experienced a rapid decline in electoral support, membership and influence in

the trade unions. These parties have become increasingly marginalised rumps reliant upon declining sections of the traditional working class, often in crumbling regional power bases. The British Labour Party and the Italian Communist Party (PCI) cling desperately to their aspirations to remain in the former camp, while the logic of their own strategies pushes them towards the latter.

An atmosphere of paralysis and decay surrounds the European Communist parties today. Few would dispute the judgement of one academic observer that 'communism in Western Europe has entered a phase of irreversible historic decline and is doomed to disappear'.[4] The once confident leaders of mighty parties now speak in cautious and defensive tones. This is how Italian Communist Party leader Achille Occhetto attempted to rally the faithful at last year's Festa dell'Unita in Florence:

> 'Well, then, here is the party people claim is uncertain, lost and closed in the past...
>
> 'So, here we are as people who begin to say: the PCI was some use after all, it's not scrap iron, it's of some use to Italy and democracy.'[5]

Not surprisingly, Occhetto's feeble rhetoric has failed to arrest the haemorrhage of support from the PCI, or to halt the parallel rise of Bettino Craxi's Socialist Party (PSI). Meanwhile in France, the PCF's residual base of support in the municipalities crumbled further in the March elections.[6] The Spanish Communist Party (PCE) has fragmented into several bitterly squabbling groups as its electoral support has slipped below the five per cent required to qualify for public subsidy and its power in the unions has fallen drastically.

The pervasive pessimism of the European Communist parties in the late eighties stands in stark contrast to the confidence of these parties only a decade ago. In the mid-seventies the tide of Eurocommunism was in full flood and it seemed to many that the Communist parties had finally succeeded in casting off the legacy of Stalinism.[7] In southern Europe, in particular, the Communist parties appeared to have broken out of the electoral and social ghetto which they had occupied since the Cold War period of the late forties and early fifties. After looking briefly at the rise and fall of Eurocommunism, we'll concentrate on the responses of the Communist parties, particularly in France and Italy, to the failures of the Eurocommunist strategy and then assess the prospects of the Communist parties as they look towards the nineties.

The rise and fall of Eurocommunism

Two factors were crucial in the emergence of Eurocommunism. The first was the recession which struck the Western world in the early seventies. The capitalist drive to restore profitability demanded raising unemployment, holding down wages, cutting welfare spending and restricting trade union militancy. These measures had to be imposed on working class movements that had built up strong and stable organisations over two decades of post-war expansion. While workers turned to their traditional political organisations to defend jobs and living standards, governments looked to the same labour movement parties to persuade the working class to make the sacrifices required to maintain national capitalist interests. Where social democracy was traditionally weak—in southern Europe—the Communist parties were called upon to mediate the growing conflict between capital and labour.

In the same period, the relaxation of East-West tensions allowed the Communist parties to overcome, to a degree, the anti-Soviet prejudice that had long provided the right with its central propaganda weapon against the left. The era of détente from the Soviet invasion of Czechoslovakia in 1968 to the occupation of Afghanistan in 1979 was the second factor in the rise of Eurocommunism. The collapse of military dictatorships in Spain, Portugal and Greece in the mid-seventies was an additional element which added momentum to the Eurocommunist project.

In the early seventies all the Western Communist parties, to a greater or lesser extent and with more or less enthusiasm, embraced the doctrines of Eurocommunism. In fact there was little new in the theory of state monopoly capitalism and the strategy of advancing towards socialism through alliances with other class forces within the framework of bourgeois democracy. These notions had deep roots in Stalinist adaptations to social democracy from the twenties onwards.[8] The only novel feature of the seventies was the extent to which the Communist parties went in explicitly repudiating fundamentals of Marxism-Leninism ('the dictatorship of the proletariat', 'democratic centralism') and in criticising the policies of the Soviet state (its repressive treatment of dissidents and the Eastern bloc). These measures were deemed necessary to win legitimacy and popular support in Western democracies and appeared to be vindicated by the successes of the Communist parties in the mid-seventies.

The Spanish Communist Party, under the leadership of Santiago Carrillo, a pioneering force in the Eurocommunist movement, emerged from exile and clandestinity as the central

focus of opposition to the caretaker regime installed upon the death of General Franco in November 1975. In France, the Common Programme agreed by the Socialist Party and the Communist Party in 1972 appeared little different from the PCF's own programme, and the Union of the Left made dramatic advances in the 1974 presidential elections. The party's twenty-second congress in 1976 was hailed as the triumph of Eurocommunism and it was widely expected that the PCF would coast to power in alliance with the PS in the elections due in 1978. In Italy, the PCI pursued the strategy of seeking an 'historic compromise' with the conservative Christian Democracy (DC) to save the nation from economic and social collapse. Between 1972 and 1976 it advanced from 27 to 34 per cent of the popular vote and the attempts of the corrupt ruling regime to exclude the PCI from a share of government power appeared increasingly forlorn. Yet the promise of Eurocommunism was not to be fulfilled.

At critical moments in 1977 and 1978 Eurocommunism experienced setbacks which presaged its demise. In June 1977, in the first free elections held in Spain since the Civil War, the PCE won less than 10 per cent of the vote. Felipe González' PSOE, a party that had scarcely existed three years earlier, won 29 per cent. Carrillo's recognition of the monarchy, his adoption of the monarchist flag in place of the republican tricolour, his outspoken criticisms of the Soviet Union, his cringing moderation in all matters—all these concessions had failed to convince the middle classes that the PCE could be trusted to modernise Spanish capitalism. In September 1977 the PCF broke off talks with the PS over updating the Common Programme for the 1978 elections. Communist Party leader Georges Marchais was concerned that unless the PCF took a more independent line François Mitterrand's PS would extend its already significant gains among PCF supporters. In the event the PCF suffered heavy losses and social democracy overtook Stalinism at the polls for the first time in the post-war period.

In Italy, the critical setback came in March 1978 when, after months of negotiations and PCI concessions, the Christian Democratic leadership pushed the PCI into endorsing what amounted to a reshuffled DC-dominated coalition with unreconstructed DC policies. Though the subsequent ultra-left kidnap and assassination of DC chief Aldo Moro plunged Italy into a prolonged national crisis which distracted attention from the humiliation of the PCI, this moment marked the effective end of the strategy of the 'historic compromise'. Over the next

two years the PCI experienced its first serious electoral reverses since the fifties. By the early eighties the 'crisis' of Eurocommunism was the subject of general debate.[9]

There were two aspects of the crisis of Eurocommunism. The first was that, from the point of view of the capitalist classes in southern Europe, by the late seventies the Communist parties had largely served their purpose in containing working class resistance during the first phase of the recession. Despite its electoral setback in June, in September 1977 the PCE was the key signatory to the Moncloa pact, through which the labour movement acquiesced to rising unemployment and falling wages in the national interest. In January 1977, Enrico Berlinguer launched an appeal to Italian workers to accept a similar austerity programme which was publicly endorsed by the communist trade union leader Luciano Lama. Twelve months later, in an agreement signed at the EUR conference centre outside Rome while Berlinguer's negotiations over the 'historic compromise' continued, Italian unions agreed to continuing austerity in return for measures to tackle unemployment and poverty in the south of the country.

In France, the full impact of the recession came slightly later and the capitalist class placed less reliance on the mediating role of the official labour movement. However, the imposition of the 1976 Barre plan, which promoted a shake-out of traditional industries as well as broader austerity policies, benefited from the French Communist Party's influence in the main union federation, the CGT. Preoccupied with the Union of the Left strategy, the PCF discouraged localised rank and file resistance in favour of national 'days of action'.[10] It emphasised that the election of a radical coalition government was the only real solution to the economic difficulties facing the working class. (It was not until after 1981, when four members of an electorally humbled PCF accepted junior ministerial posts in Mitterrand's Socialist government, that the PCF was seriously compromised with its supporters as a result of its support for a brutally anti-working class counter-crisis programme.)

In their determination to win legitimacy at a time of national crisis, Eurocommunist leaders preached restraint and discouraged militancy. By the late seventies the result was rapidly rising unemployment, stagnating living standards and growing working class demoralisation. If the capitalists could achieve all this without bringing Communist parties into government or even introducing major reforms, then why bother? Sidney Tarrow sums up the role of the Italian Communist Party in the

period when it was closest to government office: 'The party remained tangential to the cabinet; it was exploited for its usefulness in reining in organised labour and for spreading among its supporters a moral revulsion against terrorism that helped the government to adopt more serious police measures; but it was largely ignored when it made even modest reform proposals.'[11] By the end of the decade the Communist parties in Spain, Italy and France had served their purpose, the pressure was off and the capitalist classes had little need to grant further concessions, let alone bring communists into coalition governments.

The second aspect of the crisis of Eurocommunism was that the Communist parties' pursuit of the policies of class collaboration not only failed to consolidate middle class support, but began to alienate traditional working class voters, supporters in the unions and even party members. The origin of today's problems of electoral and organisational decline can be traced to the heyday of Eurocommunism. In France and Italy a clear pattern is discernible in the electoral sphere. In the early days of Eurocommunism, the Communist parties' new approach enabled them to reach beyond their traditional proletarian heartlands, to win support from wider layers in the cities, from voters in rural and provincial regions where communist support was historically weak, and from women and young voters. However, the parties' support for capitalist austerity policies and their apparent willingness to make any concession to win the approval of middle class public opinion led to growing alienation among working class supporters from the late seventies onwards. By the early eighties, disillusionment with communist policies at national and local level meant that the parties could neither hold on to their new voters nor guarantee the loyalty of traditional supporters.

Martin Schain's study of the French Communist Party in local government reveals the shifts in the party's support.[12] While the PCF's share of the vote in national elections remained fairly steady at around 20 per cent throughout the seventies, local pacts with the PS enabled the PCF to extend its municipal power considerably after 1972, at the expense of the centre right. The PCF reached out from its traditional base in the solidly working class Paris suburbs to many provincial towns with a more socially diverse population. By 1981, 42 per cent of the larger towns with PCF mayors were in the provinces, and only 14 per cent had a majority working class population.[13] Yet when the PCF began to sustain its heaviest electoral losses in 1983, it

was hit hardest where it had been in power longest—in the Paris 'red belt'—where working class disillusionment, reflected in abstentions and votes for other parties, was greatest.[14] The breakdown in cooperation with the PS also led to defeats in less secure towns and by the mid-eighties the PCF was driven back to an even weaker position than it had been in before its Eurocommunist phase began more than a decade earlier. In 1986 the PS won more votes in the Paris red belt than the PCF.[15]

Surveys of the pattern of voting for the Italian Communist Party in the seventies reveal a similar trend. The PCI's breakthrough in 1976 was achieved through broadening the party's support from the 'red triangle' of Tuscany, Umbria and Emilia-Romagna to include areas of the south and northern cities in which the party had long been weak. When the PCI's fortunes changed in the late seventies, its heaviest losses were often in its working class heartlands.[16]

Stephen Hellman's detailed study of the results of the 1978 referenda on the public financing of political parties and on repressive 'anti-terrorist' legislation in the northern city of Turin provide local confirmation of the general trend.[17] In its desperate bid to prove its respectability, the PCI took what was widely regarded—even by loyal party supporters—as a reactionary line on both issues. The results showed that the lowest turn-outs and the highest proportion of spoiled votes were recorded in areas where the PCI was formerly strongest. It only succeeded in winning majority support for its line in its most loyal areas. The highest votes against the PCI line were recorded in the volatile council housing estates occupied by the poorest workers, where the party had only begun to win majority support in the early seventies.

Hellman's conclusion was prescient:

> 'Most alarming of all, the areas of the greatest triumphs of the mid-1970s, the large urban centres, had produced results that were embarrassing in the immediate sense and potentially disastrous in the longer run.'[18]

The Italian Communist Party has been realising this potential ever since. One study of the 1979 elections, in which the PCI lost 1.5m votes nationally, observed that in the industrial cities of Bologna, Genoa and Verona: 'The PCI not only lost working class votes, but it practically lost only working class votes.'[19]

Wider surveys confirmed that it also lost votes in the south

and among the young. Again Hellman accurately sums up the trends:

> 'The PCI's policy choices demobilised the working class and underclass, alienated young people, and discouraged the opinion voters of the more educated middle strata.'[20]

Hellman's latter point reveals another defect of the Eurocommunist strategy. In their quest for legitimacy in societies strongly influenced by anti-communist and reactionary Catholic prejudices, the Communist parties went to great lengths to propitiate the establishment and the hierarchy and to display their own commitment to democratic principles and their respect for traditional moral values. As a result they often found themselves, on issues of civil liberties and matters such as divorce and abortion, well to the right of an increasingly radical and secular public opinion. This was particularly striking in Italy where the PCI was nearly as shocked as the Vatican to discover in 1974 that 60 per cent of the population favoured divorce and in 1981 that 68 per cent supported a liberalisation of the abortion law.[21] Eurocommunism's determination to appear respectable meant that the Communist parties were slow to respond to trends such as feminism and to the hostility of many young people towards the repressive state measures introduced in the guise of 'anti-terrorist' legislation.

Just as Labour's 'social contract' with the unions in Britain in 1974 led to the 'winter of discontent' in 1978-79, the austerity programmes of Eurocommunism provoked damaging conflict both within the unions and between the unions and the Communist parties. In a period of rising unemployment and intensifying management attacks, the influence of Eurocommunist moderation on the union leaderships provoked growing rank and file disillusionment. Union membership, particularly in traditional manufacturing where communist organisation was strongest, slumped. The defeat of the left in the 1978 elections in France led to a more aggressive government attack on the unions, at a time when the breakdown in the Union of the Left deepened divisions between the PCF-linked CGT and the PS-inclined CFDT. Both parties' attempts to use the unions to bolster their political strategies only exacerbated tensions: the formal cooperation between the major union federations that had prevailed through the seventies broke down in autumn 1980. One survey summed up the outcome of the decade of Eurocommunism:

'From a position of growing strength and effectiveness in 1970, French unions had, by 1980 moved precipitously towards renewed weakness and divisive pluralism.'[22]

A similar trend was evident in Italy. When the PCI was on the verge of coalition power between 1976 and 1978, the CGIL preached restraint and austerity. One result was the riot that erupted when CGIL chief Lama, the leading advocate of austerity, came to address students at Rome university in March 1977, sparking off a wave of riots around the country. Another result was the massive metalworkers' demonstration against the government and the PCI in Rome in December 1977. Mounting trade union unrest greatly reduced Berlinguer's room for manoeuvre in his 'historic compromise' negotiations with the Christian Democratic leaders. When Italian Socialist Party leader Craxi subsequently became the key power-broker, the CISL took the lead in calling for tighter official curbs on wage rises through the wage-indexation system.

Though the PCI opposed PSI austerity measures, it maintained its moderate approach on wider trade union matters. The PCI's endorsement of the victimisation of 60 militants at the Fiat plant in Turin in 1979, which led directly to the major defeat for the unions at the plant in 1980, was a decisive setback for the party's prestige in the organised working class.[23] The 'march of the 40 000'—foremen, supervisors, technicians and white-collar workers—organised in autonomous unions outside the traditional federations and protesting *against* the strike against job cuts by the bulk of the Fiat workforce was an ominous sign of a trend that has become increasingly familiar in Western Europe in the eighties. The growth of autonomous union organisation, particularly in the public sector, in some circumstances very militant, in others playing the role of scab unions, has contributed to the fragmentation of the unions. By 1984 the long strained cooperation among the big three union federations in Italy was finally abandoned in a further round of conflict over the wage-indexation system.

By the turn of the decade it was evident that the parties that had embraced Eurocommunism needed to reorient their strategy to avoid disaster. One result of the defeats of the late seventies was the eruption of internal debate on an unprecedented scale inside the Communist parties. Let's turn to look at how the major Eurocommunist parties responded to their loss of momentum and morale.

Survival strategies

The Communist parties undoubtedly experienced a more difficult political climate in the eighties. The capitalist classes in Western Europe entered the second phase of the recession with the balance of class forces tilted much more in their favour than it had been a decade earlier. Employers and governments now embarked on a more confrontational approach in their dealings with organised labour. Throughout western Europe the working class was weakened by mass unemployment and increasingly disillusioned with its traditional organisations: union militancy and support for radical political change showed a general decline. While far-left groups dwindled to insignificance and Communist parties continued to decay, social democratic parties in southern Europe made headway by shifting to take advantage of the disarray of the right and occupying the centre. The revival of Cold War tensions after the Soviet invasion of Afghanistan in 1979, Ronald Reagan's election victory in 1980 and the Polish crisis in 1981 once again put the Communist parties on the defensive over their historic allegiance to Moscow. A general shift of intellectual and middle class opinion to the right, most notably in France, renewed the isolation of the communist movement from the mainstream consensus.[24]

Three options have been widely canvassed in the communist movement over the past decade. First, some have called for a return to pro-Soviet orthodoxy and to the Communist parties' proletarian roots and traditions. It was after all the influence of the Russian Revolution that launched the European Communist parties in the early twenties and the prestige of the Soviet Union in alliance with wartime resistance movements was crucial in their revival in the forties. Loyalty to Moscow remains strong among an older generation of working class communists throughout Europe. However, this is an ageing and declining section of society, and, even under Gorbachev, the model of Soviet society holds no inspirational appeal to the vast majority of the population of modern Europe.

Second, others have recommended that the Communist parties reach out to the 'new social movements' around issues of peace, women's rights and the environment. Taking up these causes could allow the Communist parties to tap new layers of support and absorb the impetus of radical movements which attract widespread and youthful support. The problem with this strategy is that adopting fashionable policies might alienate traditional supporters, who often espouse conservative and even hostile attitudes towards the new movements.

The third option has been the further pursuit of Euro-

communist adaptations towards social democracy. In a period of growing reaction, adopting more moderate policies appears to be the only way to win wider popular approval, yet the tendency for established social democratic parties to gain at communist expense creates grave tactical difficulties. The fact that all the Communist parties have at different times and to different degrees adopted all three of these options explains the appearance of instability, confusion and incoherence that is the most striking characteristic of these parties in the eighties. Let's look more closely at the cases of France and Italy.

France

The French Communist Party has long had the reputation of being the most pro-Soviet of the major Western Communist parties so it was inevitable that the failures of Eurocommunism would provoke a vigorous backlash from the orthodox Stalinist camp. This was already apparent at the 1979 congress, which, after a decade of mounting criticism of Moscow, declared that the record of the Eastern bloc was 'on balance positive'.[25] The PCF was subsequently the only Eurocommunist party to back the Soviet Union over Afghanistan and it took a highly equivocal line over the suppression of Solidarity in Poland in December 1981. It maintained a broadly pro-Soviet, anti-American line on third world conflicts and even refused to condemn the Soviet Union for shooting down a Korean airliner in September 1983.[26] However, the PCF came into conflict with the Kremlin over its involvement in Mitterrand's coalition government at a time when it was supporting the installation of US missiles in Europe and even recommending a vote for the right in Germany over this issue.[27]

In 1988, with perestroika and glasnost in full swing, the Soviet press was openly critical of the PCF's 'sectarian' tactics in the presidential election; *L'Humanité* replied angrily with detailed criticisms of 'human rights violations' in the Soviet Union.[28] In any event it was apparent from the election results of the eighties that a closer identification with the Soviet Union was not a vote winner. As Tiersky concluded in 1988, 'the time is past when radical changes in Soviet foreign policy could have decisive effects—even for the better, as Gorbachev's innovations once might have—on the political fortunes of French communism'.[29]

Though the PCF has long proclaimed itself a party of all the French people, its image has remained obstinately 'ouvrièrist', reflecting its heavy reliance on the manual working class. The strongly conservative and chauvinist outlook long promoted by

the PCF has rendered it particularly insensitive to wider developments in society. Hence radical trends have generally emerged outside, and often in a spirit of hostility towards, the PCF. This was true of the women's movement, which emerged around the radical upsurge of 1968 and the revival of interest in the writings of Simone de Beauvoir. It was also true of the Greens who were encouraged in an aggressively anti-PCF direction under the influence of the former Stalinist André Gorz.[30] The virulent national chauvinism of the PCF meant that from 1977 onwards it supported the 'force de frappe', France's independent nuclear strike force. Hence, when mass anti-nuclear missile demonstrations were taking place in the rest of Europe in the early eighties, France remained quiescent. The PCF dismissed the peace movement as a manifestation of German irrationalism and anti-Soviet prejudice.[31] It was not surprising that later attempts by the PCF to climb on the anti-nuclear power bandwagon were greeted with some scepticism.

The PCF's anti-racist reputation was seriously discredited by the party's support for strict immigration controls and its record in local government. This was symbolised by two infamous incidents, one at Vitry in December 1980 when a mob including PCF members wrecked an immigrant hostel in a working class suburb of Paris, and the second at Montigny in February 1981, when the PCF mayor led a demonstration outside the house of a Moroccan suspected of being a drug dealer.[32] The radical anti-racist movement SOS Racisme subsequently took off outside the influence of the PCF at a time when it was increasingly concerned about losing working class support on issues of law and order, race and nation, to the far-right Front National.

It was not until the mid-eighties that the PCF seriously set about trying to incorporate the new social movements. In 1984 it launched its new alliance strategy under the banner of the Nouveau Rassemblement Populaire et Majoritaire, which proclaimed the leading role of the PCF over a 'multiplicity of struggles'.[33] The new movement was characterised by the PCF's new-found modesty about propounding 'global' programmes for change and by an extreme flexibility. Given the record of the PCF and its inability to offer any distinctive direction to existing campaigns, its supporters remained sceptical of its capacity to play a leading role and the new movement has remained an empty shell. In 1987 the PCF's leading 'renovateur', Pierre Juquin, finally quit the party to run with the support of a number of radical factions on an independent 'Red/Green' platform in the 1988 presidential election, winning two per cent

of the vote—half that of the official Green candidate and nearly a third of the vote for André Lajoinie, the PCF candidate.

Given the high risks of both the pro-Soviet and the new social movements options, the PCF leadership had good reason to stick cautiously with the Eurocommunist approach. As Marchais put it immediately after the 1978 election defeat, the party had 'no spare strategy'.[34] After a wide-ranging debate on the left's defeat in the 1978 election, the twenty-third congress of the PCF in 1979 opted to continue on the Eurocommunist course.[35] The congress opted to support 'autogestion', the combination of workers' control and workplace industrial democracy long promoted by the Socialist Party, but traditionally opposed by the PCF as a cover for class collaboration. The PCF also adopted a new constitution which formally ratified the abandonment of the dictatorship of the proletariat (first announced by Marchais on television back in 1976) and 'Marxism-Leninism'. It also repudiated 'democratic centralism' and loosened its conditions of membership, cell structure and restrictions on internal debate.

In programmatic terms the PCF showed its willingness throughout the eighties to follow the PS in every policy adjustment towards the right. After Mitterrand's 1981 victory, the PCF offered its 'unreserved solidarity' to the Socialist government and its ministers provided a left cover for austerity policies until trade union revolt in spring 1984 forced them to resign.[36] This did not mark any break in PCF approval for the main thrust of the PS programme of national economic rationalisation, nuclear and conventional militarism, and tougher policies on law and order and immigration. The problem, however, lay in devising an appropriate tactical approach towards the PS in a period in which it was steadily encroaching on the PCF's electoral base.

After the break-up of the Union of the Left and the 1978 debacle, the PCF attempted to strengthen its position against the PS by taking a more independent stand and by openly criticising the PS for its moderate and collaborationist policies. The anti-PS campaign ended abruptly with Mitterrand's victory in the first round of the 1981 presidential elections in which Marchais received a humiliating 15 per cent of the vote. It seems that the PCF had anticipated a victory for the right which would have crushed Mitterrand's pretensions and 'rebalanced the left' in favour of the PCF.[37] In the event the PCF dropped its condemnations of the PS overnight and recommended a vote for Mitterrand in the second ballot. From 1981 until 1984 the

PCF's criticisms of the PS coalition were muted because of the presence of four PCF ministers in the government. The departure of the PCF ministers and the government's turn to more rigorous austerity policies under the regime of Laurent Fabius in 1984 allowed the PCF to take up a more oppositional role.

The PCF subsequently encouraged the CGT to take a more militant line in response to closures and mass redundancies, then devastating French manufacturing, leading to a number of confrontations between striking workers and riot police in 1984 and 1985. Yet the PCF leadership was wary of tarnishing its carefully nurtured democratic image with unpredictable outbreaks of industrial militancy, and, after a decade of vacillation, most French workers were not enthusiastic about going into battle under the banners of the PCF. The 1986 elections to the national assembly led to a victory for the right and further setbacks to the PCF; the outcome was 'cohabitation' between Chirac as the prime minister and Mitterrand as president. This result encouraged the PCF to adopt a more oppositional role in the hope of attracting the support of voters disillusioned with the whole period of Socialist rule and its consequences in the run-up to the presidential elections in 1988. Hence the PCF—and the CGT—played a more active role in a number of industrial disputes in 1987 and 1988 in the hope of attracting a protest vote.

However, the PCF's new line appeared to be more successful in deepening demoralisation in the unions and in further alienating middle class voters than it was in consolidating working class support. The 1988 presidential elections registered a further fall in PCF support as Marchais issued the now routine call on his supporters to support Mitterrand in the second round. In the run-up to the March 1989 municipal elections, the PCF was forced to accept humiliating conditions as the price of securing the local alliances with the Socialist Party on which many of its remaining town hall seats depended—and it still lost ground to the socialists.[38]

Italy

Just as the PCF has always been the most pro-Soviet of the Eurocommunist parties, the Italian Communist Party has always taken the most independent line. Yet the Moscow link is still a crucial one for the PCI and it remained for some the best safeguard of the party's future after the apparent failures of Eurocommunism in the late seventies. In November 1980, the month in which Berlinguer finally buried the 'historic compromise', party veteran Paulo Rubotti warned that if the PCI

ever turned its back on the Soviet Union it would be 'swept away by the party base, unshakeably and for all eternity pro-Soviet'.[39] This was undoubtedly an exaggeration, but it contained an element of truth which no Stalinist party leadership could ignore. When the PCI leadership openly sided with Solidarity against the Stalinist regime in Poland in 1981, another PCI veteran Armando Cossutta spoke out on behalf of the party's pro-Soviet faction.[40] However, the orthodox Stalinist trend in the PCI did little more than warn the party leadership against going too far in an anti-Soviet direction. Few seriously believed that Moscow could provide any answers for the post-Eurocommunist malaise of the PCI.

Like the PCF, and for many of the same reasons, the PCI was slow to recognise the importance of the new social movements. We have already noted how the PCI's deference to Catholicism and reaction rendered it aloof from secularising and radical trends in Italy. As a result it was outflanked at the polls by the radicals and the socialists. When it finally tried to connect with the new movements, by sponsoring independent feminist, gay and Green candidates in the 1987 elections, its unfamiliarity with these issues was all too apparent. When PCI leader Alessandro Natta appeared to flirt with anti-abortionists, party officials had to rush in to rescue the party's feminist credentials.[41]

The PCI's approach was widely regarded as electoral opportunism—it also sponsored a Milanese banker and a friend of notorious land speculators in the south. As Hellman argues, the problems went deeper: the PCI revealed its 'rampant eclecticism, a pluralism devoid of central guiding principles'.[42] Not surprisingly, this strategy failed to win votes and the election registered further decline. However, for the new party leader, Achille Occhetto, who replaced Natta after the 1987 election setback, the PCI's future lies in promoting the party's Green, feminist and pro-European policies—these were the main themes of the March 1989 congress.[43]

For the PCI, to an even greater extent than the PCF, there has been little real alternative but to pursue the adaptation towards social democracy that formed the core of the Eurocommunist strategy. Like the PCF, the PCI has proved willing to make any programmatic concession to the socialists, indeed to the demands of the Italian capitalist class. Yet even though the PCI started from a much more substantial social base in Italian society (around 30 per cent throughout the seventies), and the Italian Socialist Party from a smaller base (around 10 per cent), the tactical problems of dealing with the socialists have proved a

major headache for the PCI leadership.

For most of the seventies the PCI dismissed the PSI as irrelevant as Berlinguer sought his 'historic compromise' with the DC. However, when the PSI advanced as the PCI declined, and Craxi began to act as a key figure in Italian coalition-building—becoming prime minister himself in 1983—the PCI was forced to take the socialists seriously. Craxi's party skilfully attacked the PCI from both the right (emphasising its Stalinist past and its questionable commitment to democracy) and from the left (denouncing its support for austerity, class collaboration and clerical reaction).[44]

In 1980 and 1981 the PCI attempted to redefine its policy towards alliances with Berlinguer's 'democratic alternative'. This proposed an alliance of various small parties and dissident Christian Democrat factions under PCI leadership, but leaving out the PSI. It indicated the PCI's attempt to steer a course independent of the PSI which was proposing a 'left alternative'—an alliance between the PCI and the PSI. The PCI's independent stand infuriated not only Craxi but also the PCI's right wing headed by Giorgio Napolitano. When the PSI became part of the government coalition with the DC in 1983 relations between the two parties of the left deteriorated still further. However, the PCI's subsequent attempts to restore its relations with the working class through taking more militant anti-government positions—notably its defence of the wage-indexation system in the 1985 referendum—backfired badly. The PCI lost heavily in the referendum, while the governmental status of the PSI was strengthened. The 1987 elections confirmed the steady rise in PSI support as the PCI decline continued.

The PCI has cultivated relations with European social democratic parties, notably the German SPD, and has even suggested its desire to join the Socialist International. Yet the PSI remains the obstacle on the international as well as on the domestic level to the PCI's attempts to win full social democratic respectability.

Results

As we have seen, the Communist parties' responses to the failures of Eurocommunism resulted in even worse disasters. The PCF's result in the 1988 presidential election was its worst since 1924. In 1987 the PCI was reduced to the position from which its take-off had started in the late sixties, though it still retained the support of around a quarter of the electorate. Elsewhere in Europe, with the exception of Greece, Cyprus,

Portugal and Finland, Communist parties are a marginal force.[45] In addition to losing voters, Communist party membership has been decimated. Between 1976 and 1986 the PCI lost 12 per cent of its members, though it still claims 1.6 million. Between 1978 and 1984 the PCF lost 27 per cent, bringing it down to 380 000; in the same period the PCE lost 65 per cent of its members, reducing it to 60 000. In the smaller parties losses of the order of 30 to 60 per cent are commonplace.

The other legacy of Eurocommunism was internal strife and fragmentation. One of the most extreme cases is in Spain where there are now a handful of parties—a pro-Soviet party led by Civil War veterans Gallego and Lister, a grouping led by the former Eurocommunist party leader Carrillo, a majority faction led by new party leader Julio Anguita González who succeeded former boss Gerardo Iglesias in 1988, and a few more.[46] In the PCF internal dissent erupted after the breakdown of the Union of the Left and the 1978 defeat. Prominent intellectuals such as Louis Althusser and Jean Ellenstein published extensive critiques of the party leadership in the mainstream press. For a period the leadership tolerated the debate and then in 1979 clamped down, forcing the resignation of Henri Fiszbin, secretary of the rebellious Paris federation and suppressing dissident publications.[47] However internal unrest continued, the self-styled 'renovateurs' rallying around Pierre Juquin before his departure from the party in 1987. In the PCI, factional strife has long been institutionalised with clearly defined right (Napolitano, Amendola), and radical (Ingrao), as well as orthodox Stalinist (Cossutta) wings. While tensions increased in the eighties, the PCI avoided damaging splits.

In many of the smaller Communist parties splits between orthodox pro-Soviet and resolute Eurocommunist factions accelerated the decline of the international communist movement. In the late eighties there has been an apparently contradictory trend towards the reunification of formerly bitterly antagonistic Communist party fragments. In both Spain and Greece, for example, orthodox Stalinist and Eurocommunist groupings have reformed common electoral platforms. But this indicates a clinging together out of a feeling of isolation and weakness, not a genuine rallying of forces with a positive sense of direction. It is more likely to exacerbate tendencies towards disintegration than overcome them. On a wider international level no joint meeting of the European Communist parties has taken place since 1976 (there has been no world conference since 1969). Finally, what next for the European Communist parties?

Can the Communist parties recover?

It is useful to compare the position of the Communist parties today with that of 20 years ago, when they emerged from the long Cold War years of isolation and stagnation. The Communist parties were excluded from the political mainstream, but they retained strong regional bases of support among workers in the more traditional manufacturing industries. Their most important inheritance from the Stalinist tradition was its insistence on high standards of membership training, discipline and organisation. Hellman notes that the term 'professional revolutionary' was widely used in the Italian Communist Party until the 1970s.[48]

The fact that the Communist parties were cadre organisations enabled them to survive long periods of isolation, repression and even, in the cases of the Spanish, Portuguese and Greek parties, exile, when social democratic parties crumbled. For all their adaptations to social democracy, it was this organisational tradition that gave the Communist parties their distinctively Stalinist character. It enabled the French and Italian Communist parties to survive for decades with programmes that were obsolete (anticipating pauperisation at the height of the post-war boom), with strategies for leading non-existent mass struggles and with organisational structures which reinforced their remoteness from new social trends (the growth of white-collar and female employment, urbanisation and secularisation).

The upsurge of working class militancy and youth radicalism that shook Europe between 1968 and 1972 at first passed by the Communist parties. In May '68 in France the students revolted against the PCF as much as against the French establishment and workers came out on strike against the advice of the PCF and the CGT. In the 'hot autumn' of 1969 in Italy the initiative came from unskilled and unorganised workers, often newly arrived immigrants from the south, and beyond the influence of the PCI or CGIL. Yet the organisational strength of the Communist parties enabled them to catch up with the radical upsurge and become its ultimate beneficiaries. Eurocommunism provided the vehicle through which the Communist parties incorporated much of the energy of this period and turned it to short-lived electoral advantage.

Eurocommunism gave the Communist parties a programme—state monopoly capitalism—that at least appeared modern. It also offered a strategy of advance through alliances with other social forces that appeared plausible and popular. Eurocommunism's emphasis on internal democracy and pluralism also helped to open the parties' formerly rigid structures to the

influence of the new movements. Though the party leaders were slow to adopt the policies of the new movements, there is much evidence to suggest that at local level the Communist parties were successful in attracting activists from diverse radical campaigns into their ranks during the seventies. The very ferocity of internal debate in the PCF, the party with the most rigid and orthodox bureaucracy, is testimony to the extent to which it incorporated representatives of the new social movements into its ranks.

Hellman's fascinating study of Turin reveals two waves of recruitment to the PCI: the first, immediately after the 'hot autumn', appears to have been former party militants returning to the fold; the second took place between 1975 and 1977 as the new generation of 1968-69 found its way through other movements to the PCI.[49] It seems that the organisational strength of the PCI gave it a resilience during these turbulent years that was lacking in the groupings spontaneously thrown up in the course of struggles or spawned by various far-left factions. When the spontaneous movements flagged, the PCI mopped up. As we have seen, the radical impetus of the early seventies carried the Eurocommunist parties to their successes in the following years. Yet the generation of '68 turned out to be a Trojan horse inside the citadels of European Stalinism.

If we turn to look at the plight of the Communist parties today, we find them again without a distinctive programme or strategy and isolated from the political mainstream. Indeed the most striking feature of the Communist parties today is their programmatic exhaustion. Like Neil Kinnock with his 'Labour Listens' events in Britain, European communist leaders reveal their lack of any idea of the way forward with slogans such as the PCF's 'let the people set the pace' and 'let us discuss what you think', or the PCI's proposal to participate in a coalition government around a 'programmatic alternative' the content of which is entirely open to negotiation.[50] The new-found commitment of the Communist parties to 'openness' and 'flexibility' is simply an admission of political bankruptcy. But what about the roots in the working class movement and the traditions of cadre organisation that were so important in enabling the Communist parties to rejuvenate themselves before?

Contrary to the impressions of many academic apologists for the electoral decline of the old labour movement parties, this cannot be attributed to the disappearance of the working class.[51] The working class is still there, with a more heterogeneous character than 20 years ago, but it is now much more alienated

from the Communist parties. This is the result, not of changing styles of work or new patterns of consumption, but a response to the political failures of Eurocommunism. The Eurocommunist parties promised new ways of transforming capitalism into socialism but rapidly turned to persuading their supporters to pay the price for transforming stricken capitalist economies into more competitive national enterprises. The result was mass unemployment, poverty and repression—and mass disillusionment with the Communist parties.

Over the past decade the Communist parties have experimented with various means of winning back working class support or attracting wider middle class support, and have failed to achieve either. Indeed they have discovered that the old appeals for loyalty to Moscow or for more union militancy are simply ineffective in rallying the workers while they are quite effective in alienating the professional, administrative and technical strata. The Communist parties retain a residual working class base, but their capacity to reach beyond it now seems more circumscribed than ever.

Not only have the Communist parties seriously destabilised their working class bases during the Eurocommunist period, they have also squandered their most precious asset—their tradition of cadre organisation. In all the major Communist parties an older generation of activists, steeled in the Stalinist tradition, has been gradually replaced by a new layer of activists who have brought the characteristic features of petit-bourgeois organisation into the Communist parties from the new social movements. These movements have made a virtue of indulging individualistic preoccupations, a lack of discipline and commitment and organisational sloppiness.

For example, George Ross has noted how in the decade from 1968 to 1978 there was a large influx of new members into the French Communist Party, many from middle class backgrounds, and how it cultivated a more open regime, and relaxed standards of recruitment and membership.[52] He (and Jane Jensen) also noted how declining standards of training and education led to a growing generation gap within the party.[53] Writing in 1978, Ross noted that 'the Eurocommunisation of the PCF has *partially* opened up the party's structures, in ways which, in certain circumstances, could make it extremely difficult for the leadership to control rank and file life'.[54] In the circumstances of mounting setbacks, such as the party experienced in the eighties, the legacy of Eurocommunist principles of organisation was growing incoherence and fragmentation.

Hellman has noted a similar trend in the Italian Communist Party in Turin. Whereas in the sixties the PCI 'formed' its own activists, in the seventies they came via other organisations, often organisations which had been opposed to the PCI.[55] By 1980 the 'generation of '68' was dominant in the party apparatus, but these activists were highly heterogeneous and could not serve the same role as the generation of experienced and disciplined cadres they replaced, who had acted as a bridge between the party of the fifties and that of the seventies. The result was that during the eighties the PCI suffered organisational paralysis as well as its problems of programme and strategy. By the end of the decade, it was, as Hellman well summed it up, 'an organisation that [was] no longer in a position to set the political agenda, or even to catalyse dissent and carry forward a broad movement for change'.[56] One indication of its predicament was that the average age of party members was more than 50 and that of new recruits, 36; less than 10 per cent of party members were less than 30 years old and 30 per cent were pensioners.[57]

'Part of our identity is our rejection of any narrow, class-oriented vision of society' declared PCI leader Occhetto in an interview with *L'Unita* in September 1988, continuing that 'we see our task now as creating a new consensus in the centre of Italian society'.[58] This appears to indicate the ultimate social democratisation of Italian Stalinism, its repudiation of any affinity to the working class in its devotion to the nation. In fact it amounts to a liquidationist perspective, because the PCI's role in the Italian nation depends upon its capacity to represent the working class on the national stage. Occhetto's willingness to surrender what constitutes the essential identity of the PCI simply reflects the party's instability and loss of direction.

The discussion around the March 1989 PCI congress about changing the party's name reflects the same anxieties. Right-wing party leader Napolitano told the press with evident approval that there had been several attempts to get rid of the name 'communist' since the sixties.[59] Yet while Occhetto ruled out any immediate change, he seems as concerned to drop the word 'party' as 'communist' from the title. Some in the PCI now favour the party adopting the sort of 'light structure' appropriate for an organisation which seeks more to influence public opinion than to intervene in the class struggle.[60] The ultimate aim seems to be to transform the PCI into the metaphysical expression of a new Italian consensus. If the European Communist parties continue down this road, their future appears bleak indeed.

Notes

1. Published in 'Farewell to the classic labour movement?', *New Left Review 173*, January/February 1989, pp69-70.
2. See 'The Italian road to socialism: an interview by Eric Hobsbawm with Georgio Napolitano of the Italian Communist Party', 1977.
3. See Hobsbawm et al, 'The forward march of labour halted?', 1981, and the most recent collection of essays, *Politics For a Rational Left: Political Writings 1977-88*, 1989.
4. M Lazar, 'Communism in Western Europe in the 1980s', *Journal of Communist Studies*, Vol 4 No 3, September 1988.
5. 'How we are building the new PCI', speech published in *The Italian Communists: Foreign Bulletin of the PCI*, No 3, July/September 1988, p53.
6. Communists lost 15 towns and gained one, while the socialists gained 35 and lost 14 to the right—*Guardian*, 20/21 March 1989.
7. Take the following example, published in 1979: 'It is hard to resist the optimistic feeling that this process [Eurocommunism] must culminate, sooner or later, in the "Westernisation" of the parties concerned and the end of the Leninist heresy.' A Levi, 'Eurocommunism: myth or reality?', in P Filo della Torre, E Mortimer and J Storey (eds), *Eurocommunism: Myth or Reality?*, 1979, p19.
8. See F Richards, 'Revisionism, imperialism and the state: the method of *Capital* and the dogma of state monopoly capitalism', *Revolutionary Communist Papers*, No 4, February 1979.
9. See for example the special feature 'Eurocommunism: an obituary', *the next step*, April 1981.
10. See P Lange, G Ross, and M Vannicelli, *Unions, Change and Crisis: French and Italian Union Strategy and the Political Economy, 1945-1980*, 1982, pp35-55.
11. 'Eurocommunism in Italy', in H Machin (ed), *National Communism in Western Europe: A Third Way For Socialism?*, 1983, p136.
12. *French Communism and Local Power: Urban Politics and Political Change*, 1985.
13. Ibid, p17.
14. Ibid, pp44-5.
15. DS Bell and B Criddle, 'Mortal allies: the French left in the eighties', *Parliamentary Affairs*, October 1986.
16. See J Ruscoe, *The Italian Communist Party 1976-1981*, 1982, pp193-6.
17. *Italian Communism in Transition: The Rise and Fall of the Historic Compromise in Turin, 1975-1980*, 1988.
18. Ibid, p82.
19. Corbetta quoted in ibid, note 48, p234.
20. Ibid, p105.

21. For a fuller discussion on the PCI and secularisation see T Abse, 'Judging the PCI', *New Left Review 153*, September/October 1985.
22. Lange, Ross and Vannicelli, op cit, p69.
23. The events at Fiat are discused by M Kreile, 'The crisis of Italian trade unions in the 1980s', *West European Politics*, January 1989, and in Abse and Hellman, op cit.
24. See G Ross and J Jensen, 'The tragedy of the French left', *New Left Review 171*, September/October 1988.
25. M Adereth, *The French Communist Party: A Critical History (1920-1984)*, 1984, p244.
26. A Antomari and I Wall, 'The French communists under François Mitterrand', *Political Studies*, June 1985.
27. In April 1983 Jeannette Thorez-Versmeech, the staunchly pro-Soviet widow of the former Stalinist leader of the PCF, called on the party to leave the government and lead the peace movement—see Antomari and Wall, op cit. For further discussion of the PCF line on nuclear weapons see D Johnson, 'The French left and the bomb', *New Left Review 146*, July/August 1984.
28. R Tiersky, 'The declining fortunes of the French Communist Party', *Problems of Communism*, September/October 1988.
29. Ibid.
30. See A Hirsch, *The French Left: A History and Overview*, 1982.
31. Johnson, op cit.
32. Adereth, op cit.
33. See E Dainov, 'Problems of French communism 1972-1976', *West European Politics*, July 1987.
34. Adereth, op cit, p221.
35. See Ross and Jensen, 'Conflicting currents in the French Communist Party', *Socialist Register*, 1979; and Adereth, op cit, pp247-55.
36. See Ross and Jensen, 'Pluralism and the decline of left hegemony: the French left in power', *Politics and Society*, (14) 2, 1985; and Antomari and Wall, op cit.
37. See Dainov, op cit.
38. *Financial Times*, 12/13 January 1989.
39. Ruscoe, op cit, p56.
40. P Daniels, 'The Italian Communist Party in the mid-eighties', *Journal of Communist Studies*, June 1985.
41. Hellman, 'Italian communism in crisis', *Socialist Register*, 1988, p280.
42. Ibid, p279.
43. See *Sunday Times*, 19 March 1989 and *Guardian*, 22 March 1989.
44. See Daniels, op cit.
45. For recent surveys see L Marcou, 'The impossible ally: a

survey of Western communism in the eighties', *Journal of Communist Studies*, September 1988; and Lazar, op cit.

46. For a blow-by-blow account see E Mujal-Leon, 'The decline and fall of Spanish communism', *Problems of Communism*, March/April 1986.
47. See Ross and Jensen, 'Conflicting currents...', op cit.
48. Hellman, *Italian Communism in Transition...*, p168.
49. Ibid, pp58-64.
50. Ibid, p220; and Dainov, op cit.
51. For a discussion of this debate in the context of the decline of the British Labour Party see M Freeman, 'The decline and fall of British Labourism', *Confrontation*, No 4, Summer 1988.
52. 'Crisis in Eurocommunism—the French case', *Socialist Register*, 1978, pp185-7.
53. 'The unchartered waters of destalinisation: the uneven evolution of the French Communist Party', *Politics and Society*, (9) 3, 1980.
54. 'Crisis in Eurocommunism...', op cit, p187.
55. *Italian Communism in Transition...*, op cit, pp172-76.
56. Ibid, p214.
57. Hellman, 'Italian communism in crisis...', op cit, p260.
58. Republished in *The Italian Communist*, No 3, July/September 1988.
59. *Sunday Times*, 19 March 1989.
60. See Hellman, 'Italian communism in crisis...', op cit, p264. For a British example of a similar trend, see S Benton, 'The party is over', *Marxism Today*, March 1989. Benton, once a prominent Eurocommunist, is now political editor of the Kinnockite *New Statesman and Society*.

China: Stalinism and national liberation

Alan Harding

British Communist Party theoretician Monty Johnstone concludes his summary of the Stalinist case against Trotsky with an extended metaphor from the sport of kings:

> 'If you looked at the record of a horse that had failed, despite persistent attempts, even to win a place in a single important race, wouldn't you ask yourself whether he hadn't got certain congenital defects as a racehorse? And would you not be better advised to back one that had won a dozen races in the same period, even though he'd crashed some of his fences and had not yet carried off the Derby or the Grand National?'[1]

Johnstone's political judgements are about as valuable as the racing tips of a man who thinks the same horse could succeed on the flat and as a steeplechaser. A brief survey of the models and regimes he espouses indicates that crashing a few fences is a euphemism for running off the course and then changing the rules to say that this means winning.

In the Soviet Union, head of state and Communist Party leader Mikhail Gorbachev proclaims to the world that the Stalinist system is a failure. In Eastern Europe political leaders announce that their future lies in restoring the capitalist market and bourgeois parliamentary forms. China and Cuba, states which once inspired a younger generation of Western admirers, lost their radical appeal many years ago.

The reactionary character of Chinese Stalinism has also been exposed in recent years, particularly with the 'excesses' of the 'cultural revolution' between 1966 and 1969, the regime's cynical superpower diplomacy and the pro-capitalist reform programme introduced after the death of Mao Zedong in 1976. Fifty years ago the imperial army would go to shoot off mortars,

artillery field pieces and anti-tank guns as a form of entertainment. Today, off-duty Japanese businessmen can do the same at the North China International Shooting Academy near Peking.[2]

Despite encouraging Japanese and Western businessmen to come to China the regime still has problems competing on the world market. This year's March congress of the Chinese Communist Party addressed this problem by attacking the living standards of the masses with a decision to clamp down on the import of consumer goods.

Since the death of Enver Hoxha in 1985 even Albania can no longer be relied on to uphold the values of traditional Stalinism. When the England football team visited recently the regime issued enough entry visas to cover the team, management and journalists. Officials even printed special t-shirts to greet England's travelling fans. Ceausescu's Romania stands alone as a paragon of old-fashioned Stalinist virtues as its people experience a regression to third world levels of poverty and repression.

The failure of Stalinist states as role models for social progress raises two important questions: how did these regimes come into being? How did they succeeded in appropriating the banner of revolutionary change while defining the possibilities of human emancipation in such narrow terms?

1. Revolution and the Communist International

Let's begin by clarifying the approach of the first congress of the Communist International in 1919:

> 'The victory of the proletariat is guaranteed by the disruption of the enemy's power and the organisation of proletarian power. The bourgeois state has to be shattered and a proletarian state machine constructed.'[3]

The first sentence contains two propositions. The first asserts the objective condition on which the success of working class revolution depends: 'the disruption of the enemy's power'. The second proposition emphasises the subjective role of the working class movement in shaping circumstances to ensure revolutionary success. Though in practice these two moments of the revolutionary process cannot be separated, they can be distinguished analytically to clarify the issues at stake. Let's take first 'the disruption of the enemy's power'.

Imperialism is an epoch of stagnation and decay, a period of

economic, political and social crisis. Tendencies towards recession unleash competitive rivalries and class conflicts at three levels: between the imperialist powers, between them and the countries they dominate, and within the metropolitan countries themselves. Struggles have often been most acute in the colonial and semi-colonial countries where the burden of imperialist oppression has been most intense. In these countries mass struggles for national liberation have taken advantage of the decline of imperialist powers or of inter-imperialist rivalries to win advances in democratic rights. However, given the persistence of global imperialist power, such gains have proved to be limited and insecure.

All the characteristic features of the imperialist epoch were revealed in the global crisis of the capitalist order which culminated in the First World War. Revolutionary upsurges had already taken place in Mexico in 1910 and China in 1911, but the cataclysmic struggle to redivide the world among the imperialist powers unleashed struggles for liberation among the masses dominated by imperialism, particularly in Eastern Europe, the Middle East and Asia.

The first congresses of the Comintern were centrally concerned with ensuring the anti-imperialist content of the struggle for national liberation.[4] The Comintern theses begin by recognising that the First World War had weakened the hold of imperialism over the backward capitalist world. Even after Germany's defeat in 1919, tensions continued between the rising world powers of America and Japan and the enfeebled European empires. Examples of imperialist rivalry include America's disagreements with Britain and France for control over Middle Eastern oilfields and with Japan for influence in the Pacific.

In addition to competing with each other the imperialist countries faced internal crises. The establishment of powerful Communist parties in most Western nations, linked up through the Communist International and inspired by the success of the Russian Revolution, constituted a serious domestic threat to the capitalist world order. The most unstable big power was Japan, a state still struggling towards modernity only half a century after the 1868 Meiji restoration jolted it out of feudal torpor.

At a time of major internal economic and political difficulties the imperialist powers were shaken by a wave of national revolutionary movements from Morocco and Egypt, through the Middle East, to India, China and Korea. Take, for example, the case of Turkey.

The Ottoman empire was a casualty of the First World War and in the Treaty of Sèvres, part of the Versailles settlement, it was formally dismembered. But within two years a new nationalist regime under Kemal Ataturk and the 'Young Turks' had installed a secular, modernising republic. Moreover, the new regime successfully fought the victorious Allied powers and reclaimed territory that Turkey had lost at Sèvres.

Ataturk's regime survived in defiance of the West due to the strength and cohesiveness of Turkish nationalism, the weak and divided condition of the imperialist powers and their concern at the possible spread of Soviet influence southwards. Turkey's reintegration into the Western sphere had to wait until after the Second World War, when the Soviet Union reached the pinnacle of its diplomatic recognition at the Tehran and Yalta conferences. Once the East-West power blocs were stabilised Turkey took its place as Nato's most easterly outpost.

Throughout the backward capitalist world, the crisis of imperialism has created opportunities for radical nationalist liberation movements similar to those in Turkey. Of all the disturbances in the international balance of power resulting from the conclusion of the Second World War, none was more important than that affecting China.

2. Imperialist domination of China

Marx and Engels recognised the key significance of China for the evolution of the international class struggle. In Marx's judgement, 'the coming rising of the European peoples will depend more on what happens in the Heavenly Empire than on any other event'.[5] Engels in 1895 remarked that 'the capitalist conquest of China will speed up the overthrow of capitalism in Europe and America'.[6]

The stagnant Chinese empire began to suffer increasing Western intervention from the early nineteenth century. As the world's leading maritime, commercial and industrial power, Britain was in the forefront of opening up China. A combination of diplomatic and military tactics in the Opium Wars between 1837 and 1842 succeeded in turning hundreds of thousands of Chinese into opium addicts and in opening China to British trade. As other great powers followed, a peculiar form of domination was established.

The imperialist powers found it advantageous to preserve the Chinese regime. This was due to the extent of Chinese territory, its great distance from the metropolitan countries, the difficulty of subjugating such a large population, and the rivalries among

the great powers themselves. The empire continued as before: the emperor was regarded as divine and the country was administered by an elite class of mandarins trained in Confucian philosophy. The vast peasant majority continued to suffer the exactions of landlords and the effects of an increasingly corrupt and inefficient central administration.

European imperialist powers forced the emperor to cede territory and, more importantly, trading concessions in China's major ports. From the enclaves of Nanking, Canton and Shanghai Western entrepreneurs traded with the interior, established a transport infrastructure, and then began to create major industrial centres. The existence of dynamic urban markets reproduced capitalist commercial relations in the agricultural hinterlands which serviced the great trading centres. While the emperor was still worshipped within the Forbidden City in Peking, capitalism came to Shanghai.

In the colonial world capitalism usually developed partially from a backward rural base with commercial capital predominant. This meant that the differentiation of a capitalist class from the remnants of pre-capitalist agrarian and bureaucratic structures usually happened slowly. The process was modified in China, however, by the sharp social differentiation which took place in the concessionary areas of Canton, Nanking and especially Shanghai.

After 1918 the changed balance of power among the imperialist states had crucial consequences for China. The post-war Paris peace conference acknowledged the greater importance of Japan in the region by granting the German concessionary interests in Shantung to Japan. Given Japan's closeness to China, this was an important shift. In the short term the most important consequence was to unleash Chinese national sentiment against the imperialist powers who felt they could divide China's vital interests among themselves.

Great power rivalry continued at the expense of China in the twenties with each imperialist power backing its own client warlords and pushing regional interests at the expense of central government. The peculiar form of domination in China turned it into a battlefield of competing interests which prevented the emergence of a cohesive national identity.

The pattern of imperialist domination of China changed during the late twenties and early thirties. Britain and France continued their relative decline, Japanese power increased rapidly following its invasion of Manchuria in 1931, and America was concerned to prevent Japanese domination of

China and south-east Asia. Although Japanese expansion meant more territorial occupation and military conflict, it provided the Chinese with the potential for playing off the imperialist powers against one another. It was this complex situation which Mao Zedong addressed with his famous essays 'On contradiction', which can be read as exercises in pragmatic power politics with the objective of ensuring the survival of the Chinese state.[7]

The explosion of rivalry between Japan and the Allied powers in 1941 made possible the emergence of an independent China. By 1945 Japanese power had been annihilated, Britain and France were reduced to playing minor roles while America was not yet ready to risk a major war entailing possible conflict with the Soviet Union in China. Washington chose to act through the discredited surrogate of Chiang Kai-shek's Guomindang. After 1945, for the first time since the Opium Wars, China was free from foreign intervention. The Comintern's first proposition was fulfilled: the enemy's power had been well and truly disrupted. Let's move on to consider whether there was a movement in China which could have established proletarian power.

3. Class conflict in China

It may seem arbitrary and even disrespectful to question the revolutionary credentials of those who have fought heroically in liberation struggles. But, as Lenin said, without revolutionary theory there can be no revolutionary movement and no successful proletarian revolution. The history of the twentieth century reveals the courage and commitment of thousands of unnamed working class fighters. It also provides abundant testimony to the need for revolutionary theory and leadership by a revolutionary party. China provides a particularly clear example.

Class conflict in China from the turn of the twentieth century took the form of a struggle to make a national revolution and establish a national state. China's peculiar relations with imperialism left it with a very feeble bourgeoisie and a large, heavily concentrated, working class. The term 'comprador bourgeoisie' is widely used to describe a section of an indigenous capitalist class that depends for its survival on its relation with imperialism. The term could have been invented to describe the role of the Chinese bourgeoisie in the foreign concessions.

The absence of a coherent bourgeois opposition to imperialist domination did not preclude anti-foreign sentiment. The most

serious manifestation of this was the 1900 Boxer Rebellion, which owed nothing to the national bourgeoisie. Hostility to foreign rule was expressed as an attempt to defend traditional Chinese society. The movement aimed to rescue the emperor from foreign domination and place him at the head of a movement of national regeneration. It was savagely crushed.

In 1911, the revolution led by Sun Yat Sen was initiated by a section of the intelligentsia influenced by Western ideas. Intellectuals such as Chen Tu Hsui were divided over the way forward for Chinese society, but united by the desire to free China from the foreigner:

> 'Chen was well aware of the fact that much of the achievement of the modern West lay in the realm of productive economic activity and he was convinced that the removal of the fetters of Confucianism and the liberation of the energies of the individual could produce similar results in China.'[8]

The intelligentsia hoped that if China could absorb Western ideas such as 'democracy' and 'science' it could take over the role of its oppressors.

The 1911 revolution never succeeded in establishing a central, stable state authority. Nor was it able to achieve Sun Yat Sen's three principles of national unity: national independence, complete democracy in the interests of the people, and the well-being of the nation. Sun Yat Sen's appeal to the patriotism of the generals fell on deaf ears and they soon assumed power. His attempts to convince the imperialists that they would benefit from Chinese unity were no more successful. The great powers were not eager to negotiate on an equal footing with a formally constituted Chinese state. They preferred to deal with warlords.

After the First World War China was swept by a maelstrom of social movements which ignored the official government. The Versailles treaty favouring Japan provided a focus for anti-imperialist sentiment. In 1919 a wave of anti-landlord and anti-capitalist protests took off under the banner of the 4 May Movement. In the countryside peasant enthusiasm for land occupation and direct action against the landlords reached the scale of the Taiping rebellions of the 1860s.[9]

On 30 May 1925, police in the British concession in Shanghai fired on demonstrators, killing several. A major wave of working class unrest against imperialist interests urged the nationalist Guomindang government into more direct action against the warlords and their government in Peking. The action, which

included strikes in Shanghai and Canton and a boycott of foreign goods and persons in Hongkong, was so effective that workers had to step in to organise the distribution of goods to working class areas. A state of dual power prevailed.

In most colonial countries rival class forces coexisted in liberation movements even until after independence had been achieved. But in China the intensity of class conflict split the national movement along class lines at an early stage. China's pivotal position in the imperialist order had produced an acutely polarised and fixed pattern of class differentiation. Worker and capitalist, peasant and landlord, could not be contained in one movement. It is striking that in China there was no parallel to the radical petit-bourgeois tradition of the Narodniks and Social Revolutionaries in Russia.

The Chinese bourgeoisie was so weak that it could not even stick to Sun Yat Sen's three principles of national unity. Regional, communal and ethnic divisions, which have often come to the fore after independence, fragmented the Chinese bourgeoisie long before independence. The pursuit of sectional interests enabled the warlords to keep their own armies with which they controlled certain territories and plundered others. By making temporary alliances with each other and individual imperialist powers the warlords ensured the continued division of China. Given its weakness the bourgeoisie was incapable of leading the national liberation struggle.

The Guomindang was the party of the national bourgeoisie. Its leader Chiang Kai-shek saw himself as the Chinese Ataturk destined to lead a united China to victory and independence, but his party lacked the social weight to carry through this project. Indeed both the Guomindang and its sympathetic warlords were in the pockets of the imperialist powers. In practice Chiang Kai-shek was forced, despite his subjective inclinations, into a closer relationship with imperialism.

Warlord China in the twenties was the country of Josef von Sternberg's *Shanghai Express;* a world of corruption, mercenary interest and imperialist intrigue where Chinese lives came very cheap. But it was also a China where the working class had the power to challenge imperialist domination and, more importantly, the strength also to sweep away the national bourgeoisie. It is in this context that we must place the rise, historic defeat, subsequent transformation and triumph of the Chinese Communist Party.

After its foundation in 1921 the Chinese Communist Party grew rapidly as a result of the impact of the Russian Revolution and the popular desire for national identity and independence. Given the Chinese party's lack of a theoretical tradition and political experience, it inevitably came to rely heavily on the Comintern. After Stalin's ascendancy in 1924 the policy of the Comintern was increasingly determined, not by the interests of the international working class, but by the narrow preoccupations of the Soviet bureaucracy.

We have not the space here to go fully into the much debated question of the role of the Comintern in the defeat of the Chinese Communist Party. It is enough to note that the Comintern's advice that the Chinese party subordinate itself to the Guomindang flew in the face of the communists' proven capacity to win support among workers and peasants. While the Guomindang was still influential its organisational capacity was limited. The Comintern did not take advantage of this, but instead set about training the nationalist cadres as though they were members of the Communist Party.

In April 1927 Chiang Kai-shek, fearing the growing strength of the proletarian forces, turned against his erstwhile communist allies. His Guomindang troops decimated workers' organisations in Shanghai and conducted mass executions of tens of thousands of Communist Party members, with the assistance of lists provided by party leaders. The Comintern made matters worse by urging the Communist Party to shift from abject collaboration to adventurist insurrection. Most of the rest of the party cadre was destroyed in the futile uprisings of August and September 1927.

The Chinese Communist Party was all but destroyed in 1927. The remaining sections were forced to retreat into remote country areas to avoid liquidation. Between 1927 and 1934 the party was no longer a political organisation but rather a military one. It became a guerrilla army that was only able to establish temporary rural bases that came under continual Guomindang attack.

Mao Zedong now became an important figure, above all as a military leader. In the early campaigns his masterly command of the principles of guerrilla warfare enabled the Red Army to survive. But in the 'third campaign', Mao was forced to adopt a strategy of confrontation by the Moscow-trained party leadership. The Red Army was only saved by the Japanese invasion of Manchuria which compromised the Guomindang. By the end of 1934 the Guomindang was more concerned to

destroy the Red Army than it was to defeat the Japanese. Faced with encirclement in the south, the Red Army was forced to embark on the Long March to escape the Guomindang. Once it had secured bases in the far north in 1936, the Red Army was in a position to launch a guerrilla war against the Japanese and to establish its reputation as the force that could unite China against the foreign aggressor.

It was during the Long March that Mao assumed the political leadership of the Chinese Communist Party for the first time. The leadership in place when the remnants of the Red Army reached Yenan is recognisable as the ruling group of post-revolutionary China. It was in this crucial period that the Sinification of a party that had previously been run from Moscow took place.

4. The triumph of Maoism

After the Shanghai massacres the Chinese Communist Party lost its urban base. Continued repression under first the Guomindang and later the Japanese occupying forces prevented a communist revival in the cities. The communist guerrilla forces retained a few urban members who were supplemented with activists who left the cities to join with bandits and other declassed rural elements. Making a virtue out of necessity, the communists now identified the peasantry as the leading force in the Chinese revolution.

The Communist Party did not respond to the 1927 debacle by rejecting the Stalinist line of the Comintern. It chose instead to modify it in line with what appeared to be China's objective conditions. While collaborating with the Guomindang the party argued that merchants would lead the anti-imperialist alliance. Mao endorsed this position:

> 'The present political problem in China is none other than the problem of the national revolution. To use the strength of the people to overthrow the militarists and foreign imperialism, with which the former are in collusion to accomplish their treasonable acts, is the historic mission of the Chinese people. This revolution is the task of the people as a whole. The merchants, workers, peasants, students and teachers should all come forward to take on the responsibility for a portion of the revolutionary work; but because of historical necessity and current tendencies, the work for which the merchants should be responsible in the national revolution is both more urgent and more important than the work that the rest of the people should take upon themselves.'[10]

In his report on the situation in rural Hunan, Mao boldly proclaimed the decisive revolutionary role of the peasantry: 'In a very short time, several hundred million peasants in China's central, southern, and northern provinces will rise like a tornado or tempest—a force so extraordinarily swift and violent that no power, however great, will be able to suppress it. They will break through all the trammels that now bind them and push forward along the road to liberation.'[11]

Mao did not blame the collaborationist strategy of the Comintern for destroying the urban base of the Communist Party and the vanguard of the Chinese proletariat. Instead the defeat of the working class was interpreted as proof of the impossibility of a Chinese revolution led by the workers and confirmation of the need to base a revolutionary strategy on the peasantry.

Mao not only rejected the revolutionary role of the working class, but also made another significant departure from Marxism. For him, the orientation and consciousness (it is scarcely appropriate to use the term programme) of the existing movement was adequate and seemed to emerge fully formed. For Mao the party was to simply harness the popular struggle of the masses. He did not see it as providing the political leadership required to forge a revolutionary vanguard.

In practice the Chinese Communist Party restricted its activities to organising the military struggle. But for Mao this was all that was required to unleash the latent revolutionary energy of the peasant masses. In effect the leading role in the Chinese revolution went to neither workers, nor peasants, nor party, but to the Red Army.

The peasants were not mobilised as a mass social movement to transform land relations, but were incorporated in large numbers into the military machine. The extent to which land was expropriated from landlords and rich peasants in the liberated zones was a matter of military expediency, not a question of strengthening popular power. The key agency was the army, not the organs of popular struggle arising from class relations in the countryside. The army's approach was designed so as not to antagonise its local relations with the Guomindang, and richer and poorer peasants.

In conditions of civil war and foreign intervention, any national liberation movement is forced to make pragmatic decisions and follow different policies in different local circumstances. But the Chinese Communist Party's policy of pursuing an alliance with landlords and rich peasants right up to

1949, when it ceased to be under military threat, indicates the moderate nature of its agrarian policy.

The extraordinary achievements of human endurance and martial valour accomplished by the Red Army on the Long March welded it into a fighting force with the discipline and élan to beat the Guomindang and hold its own against the Japanese. It also produced a new faith in the capacity of subjective effort to triumph over objective difficulties. Having achieved the impossible on the Long March, the party leadership was convinced it could accomplish the seizure of state power if it could rally enough resources of human will. 'Digging caves is the first step to the conquest of the Marxist heights' was one of the aphorisms that greeted the troops daily in Yenan.

The voluntarist conviction that motivated the 'great leap forward' in 1958 and the 'cultural revolution' in 1966 originated in the spirit of the Long March. The approach was summed up in Mao's remarkable characterisation of the Chinese people as a blank page on which the the party leadership could write (and rewrite) Chinese history:

> 'Apart from their other characteristics, China's 600m people have two remarkable peculiarities; they are, first of all, poor, and secondly blank. That may seem like a bad thing, but it is really a good thing. Poor people want change, want to do things, want revolution. A clean sheet of paper has no blotches, and so the newest and most beautiful words can be written on it, the newest and most beautiful pictures can be painted on it.'[12]

Stalinism provided a framework within which the Chinese Communist Party could mould a cadre embodying the national will. From the start, the Chinese party was part of a movement for national self-respect and national self-determination. The Stalinisation of the Comintern around the notion of national roads to socialism reinforced the internal dynamic of the Chinese party and in turn provided it with greater coherence and legitimacy. The Chinese Communist Party transformed itself over two decades from marginal force to ruling power by establishing its leading role in the struggle for national unity and independence against the Japanese occupation.

When Japan launched a full-scale invasion of China in 1937, Chiang Kai-shek was forced by his own supporters to seek an alliance with the Communist Party. Between 1937 and 1945 the Red Army played the leading role in the 'war of national resistance'. Many of the more radical Guomindang activists and a new generation of fighters and intellectuals took the road to

Yenan to join Mao and the struggle for national unity. They felt no allegiance to the corrupt Guomindang regime which refused to engage the Japanese and was rightly seen as a client, albeit an unreliable one, of foreign powers. All those who aspired to nationhood gravitated into the orbit of the Communist Party.

Just as Stalinism expresses the degeneration of the Russian Revolution, so Maoism is the Chinese form of national corruption of Marxism-Leninism. Yet by organising the peasantry in a formidable military machine, the Chinese Communist Party led a successful national revolution in 1949. For the first time in the twentieth century it established a unified Chinese state (excluding Taiwan where Chiang Kai-shek rallied his forces with imperialist support). However, the goal of the Chinese Communist Party was national unification not social transformation. Both the party's Stalinist tradition and its roots in the popular movement dictated the priority of national independence over communist revolution. The effect of the 1927 defeat in removing the working class from the leading role in Chinese society ensured the limited character of the revolution.

A combination of national and international factors made the Chinese victory possible. In the immediate post-war period the imperialist powers were unable to intervene effectively. The Guomindang abandoned the struggle for national unity against Japan just as the weak Chinese bourgeoisie had thrown over its own national pretensions in the twenties. The organisational coherence and sense of purpose of the Chinese Communist Party enabled it to take advantage of this situation. In the process it elevated the tactic of guerrilla insurrection into a principle of revolutionary strategy. The flag of the new People's Republic—five stars against a red background—summed up the outlook of the new regime. The larger star represented the party, with a cluster around it signifying the four classes of Chinese society.

Between 1949 and 1953, when the first five year plan was announced, imperialist pressure isolated China against its will and then forced it into more radical measures. China initially tried to develop with a strategy of economic autarky and by using party cadre to mobilise the country's huge labour resources. Only in July 1955 did Mao issue the report 'On the question of agricultural cooperation' which called for agricultural collectivisation.

The fact that the Chinese regime pursued conservative economic and social policies did not reduce the impact of the revolution on the imperialist order. The loss of China was the

single most important blow to imperialism in the post-war period. The Chinese revolution inspired anti-imperialist movements throughout the third world in the fifties and sixties. Maoist guerrillaism acquired worldwide legitimacy as a development of Marxist-Leninist revolutionary theory and strategy. The Chinese experience further reinforced the Stalinist prejudice that nationalised property relations amounted to workers' control and workers' management. The imperialists' sustained hostility towards the Chinese regime simply added to its international prestige.

However, having acquired Marxist-Leninist legitimacy for nationalist revolution, the subsequent degeneration of Maoism now serves further to discredit communism around the world. The stagnation of the Chinese economy and the recurrence of political repression have reinforced disillusionment with communism and encouraged a quest for new models: first Cuba, and most recently, Nicaragua.

Whereas Stalin and Mao proclaimed the revolutionary character of their regimes and their commitment to the traditions of Marxism-Leninism, the more recently established Stalinist regimes have made more cautious public pronouncements. In Nicaragua, the Sandinista leaders have repeatedly insisted on their moderate objectives. The Sandinista regime has pursued a deferential policy towards the owners of land and capital, while keeping a tight grip over the unions. Yet radicals in the West still hold it up as a model of social development. The hostility of US imperialism to Nicaragua appears to lend credibility to this view. But the Sandinista programme is less radical than those of a number of popular radical regimes that have come and gone in the third world since the end of the Second World War: Sukarno's Indonesia, Nkrumah's Ghana and Nasser's Egypt to name but three.

While Marxists in an imperialist nation unconditionally defend Nicaragua against imperialist intervention, we take this position irrespective of the nature of the regime. We should not draw the conclusion that because the US government is against them, the Sandinistas are introducing a revolutionary transformation of Nicaraguan society which provides a model of wider applicability.

It is an indictment of the Stalinist movement that piecemeal land reform, subsidy of private capital and suppression of the right to strike is now seen as the acme of revolutionary achievement. Given the failure of many of Johnstone's earlier winners to stay the course, Western radicals have now embraced

a regime which has never tolerated any degree of workers' control and in which the state acts like a left-wing local authority.

Notes

1. 'Trotsky and world revolution', *Cogito*, second reprint, January 1977, p16.
2. See 'What's new in the new China?', by JK Fairbank, review article in *New York Review of Books*, 16 March 1989, pp17-21.
3. *Theses, Resolutions, and Manifestos of the First Four Congresses of the Third International*, 1980, p41.
4. The Bolshevik approach was elaborated in the famous Resolution on the national and colonial question drafted by Lenin at the third congress. See in particular 'Preliminary draft theses on the national and colonial questions', ibid, pp76-81; and from the fourth congress, 'The theses on the Eastern question' especially the section 'The growth of the revolutionary movement in the East', ibid, pp409-410.
5. Cited in KS Karrol, *China: The Other Communism*, 1967, p52.
6. Ibid.
7. 1960.
8. B Schwartz, *Chinese Communism and the Rise of Mao*, 1951, p9.
9. See Mao's famous account of the Communist Party's work in his 'Report on an investigation of the peasant movement in Hunan', Peking foreign language press, 4 volumes, 1960-65.
10. Cited in S Schram, *The Political Thought of Mao*, 1969, p140.
11. Ibid, pp179-80.
12. Ibid, p253.



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Theses on Stalinism in the Gorbachev era

Frank Richards

1. Stalinism is a by-product of capitalist decay

From the perspective of the late 1980s, Stalinism can be seen as a by-product of the stagnation of world capitalism in the imperialist epoch. Though the emergence of the Stalinist bureaucracy required the defeat of the working class in the Soviet Union, its survival was made possible by the weakness of the international capitalist order. It is the instability of global capitalism, rather than any inherent dynamic in Stalinism, that explains the consolidation of the Soviet Union and its international influence.

At the very moment world capitalism experienced its most profound crisis—in the early thirties—Stalin launched his drive for industrialisation in the Soviet Union. The contrast between economic recession and chaos in the West and planned expansion in the East appeared highly favourable to the Soviet system. The Stalinist regime even appeared progressive in comparison to imperialist countries. The intense rivalries among imperialist powers that were to culminate in the Second World War provided the Stalinist bureaucracy with little time to consolidate its rule.

Weaknesses in the world capitalist order in the post-war period allowed Stalinism to extend its influence. Stalinism took over in Eastern Europe, China and Korea and increased its influence in many third world countries. At the time, many observers attributed this to an internal dynamic within the Soviet system. But today it is clear that it was the weakening grip of capitalism in many parts of the world that allowed Stalinism to expand. Stalinism was not driven forward by its own momentum: it simply filled the vacuum left by the collapse of imperialist authority.

For many years it seemed that the new Stalinist regimes were simply replicas of the Soviet system. Today this view is no longer tenable. Even a cursory study of Stalinist states from Eastern Europe, the Far East, south-east Asia, Africa and the Caribbean reveals societies that have only superficially imitated Soviet social relations. This is even true with the Baltic republics of Estonia, Latvia and Lithuania that were incorporated into the Soviet Union itself. The Stalinist system manifestly lacks any capacity to reproduce itself; the apparently similar courses followed by the different Stalinist states result from a common experience of capitalist failure.

2. Stalinism cannot achieve economic development

The incapacity of the capitalist system to develop the productive forces of the world in any consistent or systematic manner allowed Stalinism to emerge as an apparently viable alternative. However, while Stalinism seemed most appropriate where capitalism was most backward, the more economically advanced a country was, the less applicable the Stalinist model proved to be. Thus, whereas the Soviet system could achieve some success in China, in Czechoslovakia, a country that was fairly highly industrialised before the Stalinist takeover, the new system produced economic regression.

The inappropriateness of Stalinism to countries at a relatively high level of economic development provoked the first major rebellions against the Soviet system in Eastern Europe. Whereas the Stalinist bureaucracy could boast of significant economic achievements in the backward Soviet Union, in Eastern Europe similar methods only produced decline.

Though Stalinism has appeared more relevant in third world countries, the Soviet model has universally failed to effect fundamental social transformation. Even in China the scope of change has been modest by comparison with the Soviet Union. In more recently established Stalinist states, such as Vietnam, Ethiopia and South Yemen, only limited attempts were made to copy Soviet modes of social organisation.

The Soviet bureaucracy itself is increasingly explicit in recognising that the methods of production and distribution established in the thirties cannot meet the demands of a modern society. Apart from creating the basic infrastructure for an industrial society, the Stalinist system creates more problems than it solves. It offers no mechanism for raising the productivity of labour and it can barely sustain a positive growth rate.

3. Stalinism is a nationalist outlook with an international influence

Though Stalin proclaimed the possibility of building 'socialism in one country', Stalinism has emerged as an international phenomenon. There are three reasons why Stalinism has transcended its deeply nationalistic origins to achieve worldwide influence.

First, the legacy of Bolshevism and the Communist International gave the Stalinist bureaucracy international legitimacy. In the eyes of millions of workers around the world in the thirties and forties Stalin was the inheritor of the tradition of the Russian Revolution. The Stalinist bureaucracy used this prestige to transform the international communist movement into an instrument of Soviet foreign policy. The worldwide aspiration for proletarian revolution was exploited to win approval for Stalin's cynical superpower diplomacy.

Second, the reputation of the Soviet regime was enhanced by the perception in many parts of the world that it offered a superior model of economic development to the unbearable burden of imperialist domination. Where capitalism was most discredited by war, poverty and degradation, Stalinism had most appeal as a beneficent alternative.

Finally, throughout the third world, Stalinism helped to give political coherence to national liberation movements. In many countries dominated by imperialism the petit-bourgeois leaders of nationalist movements were isolated and lacked the means to mobilise mass support from workers and peasants. Stalinism provided a programme and organisational framework through which conflicting class interests could be reconciled, at least temporarily. Hence even conservative nationalist groupings, such as existed in Ethiopia and South Yemen, were prepared to adopt the policies and the rhetoric of the Stalinist movement. The identification of Stalinism with resistance to Western domination gave many national liberation movements a mass appeal, despite the pro-capitalist and anti-proletarian character of their programmes.

4. Since 1945 nationalist trends have fragmented the Stalinist movement

1945 was the highpoint of Stalinism as an international phenomenon. At the close of the Second World War the contrast between capitalist barbarism and decay and the potential for economic and political liberation offered by the Soviet Union was at its most stark. Imperialist powers were exhausted and in many parts of the world could not enforce their rule. But the Stalinist bureaucracy could claim much credit for the defeat of Nazi Germany and present itself as the major force for progress

in the world. Even in the West, the Soviet Union enjoyed unprecedented prestige.

However, after 1945 the conflict between the national interests of the Soviet Union and the international character of the Stalinist movement rapidly gathered momentum. Yugoslavia's revolt against the Kremlin was the first major blow against Soviet control of the international movement. The public breach in relations between Moscow and Peking in 1960, after years of mounting tensions, marked the end of Stalinism as a unitary world movement. Stalinism was subsequently divided into bitterly antagonistic national camps, a process culminating in the war between China and Vietnam.

Until 1945 the Stalinist bureaucracy successfully manipulated rivalries among the imperialist powers. Since the late fifties, the imperialist powers have been able to turn the tables and take advantage of the Sino-Soviet split. The growing fragmentation of the Stalinist movement reveals that it contains no inherent unifying mechanisms; whatever its rhetoric, Stalinism is a fundamentally nationalistic movement. The recent tension between Fidel Castro and Mikhail Gorbachev is only the latest manifestation of this trend.

Since the Second World War Western Communist parties have pursued the logic of Stalinism through to the adoption of national reformist programmes. Now that Communist parties in all countries have become thoroughly 'nationalised' the official communist movement has no more coherence than a gathering of social democratic parties from different countries. The process of nationalising the Communist parties has necessitated the abandonment of revolutionary rhetoric. As a result there is now little to distinguish the Communist parties from social democracy at the level of policy. Without a distinct identity, the Western Communist parties face a fundamental problem of survival.

5. Stalinism no longer inspires emulation

For at least 20 years Stalinism has ceased to offer a positive model for any significant section of society. The Chinese 'cultural revolution', which began in 1966, generated enthusiasm among sections of the Western intelligentsia. But it was the last example of an event within Stalinism that appeared to have a progressive potential elsewhere in the world. Vietnam and Nicaragua, not to mention Ethiopia or South Yemen, have failed to inspire popular movements in the West.

The Stalinist bureaucracy in the Soviet Union has been too

preoccupied with ensuring its own survival to devote much energy to promoting its system as a model for the rest of the world. Indeed, in recent years the Soviet leadership seems to have abandoned all attempts to offer an alternative model of social development.

States that have moved into the Stalinist orbit in recent years have become increasingly hesitant about following the Soviet model. Vietnam, Ethiopia and Angola have carefully avoided taking the Moscow road and have sought to retain links with the West. In the case of Nicaragua, the latest country to come under a form of Stalinist rule, the regime has explicitly rejected any policies that appear to resemble the Soviet model.

The Soviet Union's current preoccupation with perestroika and extending the role of the capitalist market is a powerful argument deterring other countries from opting for the Stalinist model of development. Indeed Soviet experts are now openly presenting their system as an 'anti-model', a form of social organisation to be strenuously avoided.

In the West the communist movement is now trying to re-adjust to the present by rejecting virtually everything it stood for in the past. Desperately committed to exorcising the ghosts of its past, the official communist movement has been trying, since the days of Eurocommunism in the mid-seventies, to present Stalinism as ancient history. They genuinely believe that a change in form amounts to a change in substance. It is up to Marxists to demonstrate that the 'non-Stalinist' Communist parties of today are simply a new expression of Stalinism in different circumstances.

6. The Soviet Union is shifting towards the restoration of capitalist relations

Over the past decade the Stalinist bureaucracy has come to recognise the exhaustion of its traditional policies. It now generally understands that any attempt to revive the system is doomed from the start. The sort of reforms and experiments that were debated in the sixties and seventies are now widely, and correctly, regarded as irrelevant to the needs of Soviet society.

During the eighties all sections of the Soviet bureaucracy have come to accept the need for a major economic restructuring of society. Despite much media discussion about the role of 'conservatives', there is no significant constituency of support for a return to the methods of the Stalin-Khrushchev-Brezhnev years. More importantly, there is now a substantial body of opinion within the bureaucracy that believes that the Soviet Union cannot survive unless drastic changes are made.

At the ideological level the Soviet bureaucracy appears to place great faith in the regenerative qualities of the market. However, pro-market views have not been matched with practical measures to extend market forces. In principle the bureaucracy would like to see Soviet society evolve into a Scandinavian-style mixed economy, avoiding the rigours of full-scale capitalist restoration. But this is an ideal that is impossible to fulfil.

As the Chinese experience has shown, extending market relations in itself provides no long-term solutions for Stalinist societies. The market may raise efficiency in some sectors, but at the same time it encourages anarchic tendencies and fragmentation; the very problems that constantly undermine the Stalinist system. For the market to have a dynamic effect throughout the economy, it must be introduced across the board, not just in particular sectors or regions. It is this 'all or nothing' character of market forces that makes the implementation of perestroika so difficult.

It is not yet clear how the Soviet bureaucracy will resolve the problems arising from its attempt to extend the market. Any attempt at a wholesale restoration of the market risks calling into question the very legitimacy of the Soviet state. Even modest proposals under the perestroika programme have been thwarted by the inertia of enterprise management or by working class resistance. However, although there is at present little sign of market relations spreading, it is unlikely that the present stalemate can continue indefinitely. Unless fundamental change takes place, the Soviet system faces economic breakdown: if it introduces wider market relations it risks disintegration. The energies of the Soviet bureaucracy are fully engaged in trying to avoid these two grim alternatives.

It is difficult to anticipate the likely course of development in the Soviet Union. The intrinsic volatility of the Soviet system means that the bureaucracy itself is scarcely in control of its own destiny. It is, however, difficult to avoid the conclusion that if present trends continue the result will be either the restoration of capitalism, or the strengthening of forces committed to the capitalist option. Underlying trends are rarely transformed directly into reality, but they do indicate the general direction of events.

7. The possible restoration of capitalism in the Stalinist world depends on many unpredictable factors

It is now time to consider what was previously unthinkable: the restoration of capitalism in the Soviet Union and elsewhere in the Stalinist world. The barriers to capitalist restoration are weakest in third world Stalinist states where social transformation according to the Soviet model has been minimal. Recent developments in Vietnam, for example, show that there is significant support for capitalist solutions, both inside and outside the bureaucracy.

Experiments in China, Yugoslavia, Hungary and Poland reveal that capitalist solutions are being actively considered by their ruling bureaucracies. In many respects much of Eastern Europe has become a laboratory for testing different ways of extending market relations; nowhere are the results being more keenly studied than in Moscow. However, capitalist restoration poses more difficult problems in the Soviet Union, where the Stalinist system has the longest history and the deepest roots. Moreover, the spread of capitalist relations would inevitably intensify nationalist divisions and demands for autonomy, which would lead inexorably to the Balkanisation and disintegration of the Soviet Union in its modern form.

Within the Soviet Union support for capitalist restoration is confused and indecisive. The intelligentsia enthusiastically supports the full-scale introduction of market relations, naively believing that it would be the main beneficiary. Sections of the peasantry and petit bourgeoisie also favour wider market relations, but their passivity means that they cannot play a decisive role in the outcome of events. Within the bureaucracy there is some support for the market, but this exists more at the level of ideas than in terms of a preparedness to see through the practical consequences. The working class is bitterly hostile to the results of economic restructuring: harsher discipline and tougher working conditions. While workers may not be opposed to capitalist restoration in theory, they are a major obstacle to attempts to extend market forces in practice.

The subjective inclinations of different sections of Soviet society will have limited significance in deciding the course of events. The central point that cannot be escaped is that the Soviet Union cannot survive as it is currently constituted. The key question that follows is: can the bureaucracy steer through the programme of reforms launched by Gorbachev, or will it lose control? However, even if perestroika succeeds, it can only strengthen labour discipline; it offers no answers to the problems of economic stagnation, low labour productivity and poor quality. Soon the bureaucrats will have to decide whether to take

a leap beyond perestroika or sit tight in face of continuing economic decay.

The outcome of the present Soviet crisis depends on a range of unpredictable factors. A key factor is the capacity of the bureaucracy to retain its coherence and limit the tendency to break up along political and national lines. Another important consideration is the pace of economic recession in the West and its impact on the Soviet Union. However, given the precarious balance of forces between Stalinism and capitalism, the return of the country of the world's first proletarian revolution to the capitalist camp can no longer be precluded.

8. Capitalist restoration in the Stalinist world will intensify conflicts among the imperialist powers

The Stalinist countries are today under intense capitalist pressure. The arms race imposes a major constraint on the deployment of resources in the Soviet Union, and Eastern Europe endures a heavy burden of debt with the West. The imperialist powers continue to exploit divisions among the Stalinist powers and keep Moscow on the defensive.

How far can imperialist pressure on the Soviet Union go? In the abstract, world capitalism has every interest in extending its influence in the Stalinist world. The growth of markets and spheres of investment in the Soviet Union, China and elsewhere could boost profits and help to offset tendencies towards crisis in the West and Japan. Yet, while the imperialist powers might welcome such a trend in principle, in practice it would create major problems; hence the ambivalence of Western powers about the future of Stalinism.

For decades Stalinism has provided the international bourgeoisie with a central unifying focus. Cold War propaganda about the East-West divide has always been merely rhetoric; used by the USA to construct a well-coordinated international imperialist order. For 40 post-war years the anti-Soviet thrust of the Western Alliance has kept inter-imperialist rivalries in check and has ensured global political stability. What would they do without the myth of Soviet expansionism?

The current global equilibrium is based on a world order established in the late forties. Through the division of Europe and Asia (Korea, Vietnam and China) a carefully constructed balance was created. The restoration of capitalism in the Stalinist states would threaten the equilibrium that has served imperialism well. Such a disturbance would risk a global conflagration.

Capitalism could not be restored in the Stalinist states without

creating losers as well as winners among the imperialist powers. The process of opening up the Soviet Union and Eastern Europe would produce a differential response in the West along lines that are already apparent in response to the Gorbachev reforms. West Germany would eagerly seize the opportunity to extend its influence to the East; Japan would enthusiastically turn to extend relations with its former subject, China; the USA would be in no position to compete with either Germany or Japan in these areas and it would rapidly lose its ascendancy in the Western Alliance. The disintegration of the Stalinist world would also be a major setback for the major imperialist power. Thus it is unlikely that the imperialist powers could adopt a common attitude towards the extension of capitalist relations in the Stalinist states—hence the contradictory character of imperialist pressure on the Soviet Union.

9. Stalinism still discredits Marxism

Despite its decline, Stalinism remains a major problem for the working class. Stalinism in the Gorbachev era of glasnost and perestroika exerts a pernicious influence over working class politics. The Soviet bureaucracy now explains the disintegration of the Stalinist world as the direct consequence of Marxism-Leninism and the October Revolution. The failure of Stalinism appears to be an irrefutable argument against any attempt to transcend the capitalist system.

Stalinists are now a potent source of reactionary propaganda. Their self-criticism of their appalling record is presented as a positive endorsement of the market, capitalist exploitation and bourgeois democracy. Throughout the West, representatives of the establishment draw comfort from Stalinist confessions that legitimise the capitalist way of life. For the time being Stalinism can only help to consolidate reaction. In the Soviet Union and Eastern Europe this will confuse and demoralise the working class. In the West it will reinforce the grip of bourgeois ideology.

In the long run the crisis of Stalinism will benefit revolutionary Marxists. During the decades in which Stalinism appeared to be a dynamic and positive alternative to capitalism, it was difficult to popularise genuine Marxism. The fact that Stalinism was universally accepted as the legitimate inheritor of the Marxist tradition enabled the Soviet bureaucracy to retain influence over key sections of the international working class. At the same time the very existence of the Stalinist states became the most powerful practical argument against Marxism-Leninism in the rest of the world.

The decay of Stalinism now offers the potential to rehabilitate Marxism. After the Gorbachev reforms are implemented it will no longer be possible to blame Marx and Lenin for the failings of the Stalinist bureaucracy. Whatever the short-term cost of capitalist restoration in the Stalinist world, the destruction of Stalinism will remove an historic barrier to the self-emancipation of the international working class.

1992: Can Europe be one?

James Wood

1. Introduction: Kinnock, Thatcher and 1992

At the photo-opportunity all were smiles. When Neil Kinnock, Mario Soares and other leaders of the Socialist International posed for the cameras in London's Westminster one spring day in 1989, they indeed had something to celebrate. For the first time ever, Europe's Socialist parties had agreed on a common manifesto on which to fight for seats in the elections for a new European parliament in June. Moreover, European public opinion seemed to back the socialists in their enthusiasm for the European Community (EC): in a poll taken shortly after publication of the joint socialist manifesto, an average 80 per cent of EC voters favoured more European unity. Since December 1988, in fact, even Britain's traditionally insular electorate had swung from 61 per cent support for European unity to 70 per cent.[1]

The European Socialist parties of high office—the parties of France, Spain and Greece—see in the EC's institutions a chance to further their countries' influence in the world. For Socialist parties languishing in opposition, such as Britain's Labour Party, the EC appears to offer a more promising route to political influence than the conventional highways of local and national government on which it has fared so badly in recent years. For the Socialist International as a whole, greater European forthrightness and a decisive EC line on all matters makes sense in the context of a wider drive for independence from Washington.

The Socialist parties also seek to benefit from the strength of popular aspirations to internationalism. In their commitment to the corridors of Brussels, they hope to turn the widespread desire for greater European unity to their advantage. While the European left has spent most of the eighties worrying that its

ideas appear tired and outdated, '1992' offers an opportunity to look constructive, progressive and cosmopolitan. To be pro-European in 1989 is to be modern, even fashionable.

In the camp of the right, by contrast, the countdown to 1 January 1993 and the drive towards a single European market have tended to cause conflict and disagreement. This is most obvious in Britain, where the most secure and longest-running Conservative regime in Europe has been plunged into internal strife over 1992.

'We must set the agenda for the Community' begins the opening paragraph of the Conservative Party's manifesto for the June Euro-elections. But the Tory manifesto nearly missed the bus itself, having been held up by innumerable changes introduced as a result of wrangles between Thatcher's 10 Downing Street HQ and Howe's foreign office. The week before it was published the *Economist* declared a rift of historic proportions in the Tory ranks:

> 'The split in the Conservative Party over the future of the European Community may turn out to be its most significant rupture since Sir Robert Peel repealed the Corn Laws. The party is swirling with speculation; factions of all shades are plotting. Already, Europe looks like the rock on which—one day—Mrs Margaret Thatcher's premiership may founder.'[2]

In just a few days in May, Thatcher:

- hinted she would take the Brussels Commission, the influential Community central bureaucracy, to the European court over its insistence on prominent and strongly worded health warnings on cigarette packets;
- attacked the EC's Lingua programme, under which British schoolchildren would be required to learn two European languages other than English;
- denounced the commission's programme for a 'social dimension' to the single market as 'going back to Marxism';[3]
- warned that any relaxation of Community border controls could result in a plague of narcotics disease in Britain;
- most significantly, accused her loyal chancellor, Nigel Lawson, of 'picking up' another disease—'the inflationary tendency'—by hitching sterling to the exchange rate of £1:DM3 in 1987 and early 1988.

Over Europe, the bitter conflict between Thatcher and former party leader Edward Heath reached new heights of acrimony. In the past, often isolated in his attacks on the leadership, Heath attracted substantial support inside the Conservative Party for

his pro-Community stand against Thatcher's aggressive defence of British sovereignty. He ridiculed Thatcher's ire at 'creeping socialism' from Brussels, noting that eight out of the 'Twelve's' national governments were run by Conservative parties.

In May 1989 Michael Heseltine, who resigned from the cabinet after Thatcher ruled out his 'European option' in the Westland helicopter row, published a firmly pro-EC book, *The Challenge of Europe*. Heseltine invoked the Europeanism of wartime Tory leader Winston Churchill and called for monetary convergence through the European currency unit, the 'Ecu'.[4] Heseltine went on to warn parliament, in relation to 1992, that Thatcher's hostility to Europe could 'detach British industrial and commercial management from the venture'.[5] Leading Tory MEP Lord Plumb spoke out for faster European integration. Compared with Labour's wholehearted commitment to Europe, Tory policy appeared thoroughly incoherent.

In fact, however, Europe is not quite as problematic for the Tories as it seems—nor is it the easy winner Labour would like to latch on to. In her distaste for the schemes of François Mitterrand, Felipe González and Andreas Papandreou, Thatcher can count on an historic ally: the USA. She can draw, too, on Britain's longstanding antipathy to Catholic southern Europe and on anti-German sentiments nurtured through two major wars and generations of popular films, comics and football contests. In dismissing Tory Europhile Lord Cockfield from his commission responsibility for the internal European market, she installed, in Sir Leon Brittan, a man who could be counted on to push for a deregulated Europe in Thatcher's own image. All is far from lost for the Tories on Europe.

Thatcher's sabre-rattling against Brussels may look like a pathetic attempt to find a new substitute for the 'Falklands Factor' that she manipulated so successfully in the early eighties. Yet it also reflects the insecurity of the British government at the potential damage that a European free market might do to the feeble British economy. Britain's economic decline, and in particular the £6 billion trade deficit it ran up with West Germany in 1988, makes it essential that Thatcher turns up the volume of her anti-Europeanism. By politicising diplomatic relations in the EC, Thatcher hopes to make up for the weakness of British capital. In practice Thatcher is not about to pull Britain out of the EC; even in her abrasive Bruges speech in September 1988, she pointed out that 'our destiny is in Europe, as part of the Community'. Thatcher's tirades are aimed at playing to the gallery in Britain and—just as important—at

driving hard bargains in Brussels.

Led by retiring Institute of Directors director-general, John Hoskyns, the right-wing 'Bruges group' cabal is a useful device for Thatcher to make the running with on Europe. It can, for instance, point up the widespread fraud surrounding Community spending programmes—and leave the fact that it is national governments who are responsible for allowing this to the small print.

By contrast, Labour's line on the EC lacks consistency: only five years ago Labour was demanding withdrawal as fervently as it champions unity today. Kinnock now wants to be pro-European, but fears being outflanked by Thatcher as a patriotic upholder of national interests. Labour favours the 1987 Single European Act, but wants increased scrutiny of EC initiatives on the part of Westminster. It has no inspiring vision of Europe: 'Our approach', nods its policy review, *Meet the Challenge, Make the Change,* sagely, 'will be a pragmatic one'. Indeed, Labour's approach is so pragmatic that it cannot even bring itself to make the European Convention on Human Rights into British law.

The Socialist International's consensus in favour of European unity has only recently been achieved and it remains fragile. Thatcher's position on the other hand, reflects the resilience of an institution much more securely founded than the Twelve—namely, the capitalist nation state.

Do, however, trends toward European integration reflect a progressive development of the international division of labour, and should they thus be applauded?

Many commentators think so. As America's *Fortune* magazine puts it 'the symbolic impact is nearly as important as the programme itself...and the momentum is building'.[6] From the left, *Marxism Today* editor Martin Jacques agrees: 'The rhetoric of national sovereignty', he writes in the *Sunday Times,* 'is increasingly irrelevant'.[7] John Palmer, the *Guardian's* influential correspondent on EC affairs and a prominent figure in the Socialist Society, takes a similar view. It is time, he writes, for the left 'to break down traditional suspicion of supranationalism'.[8]

Is European 'supranationalism' really something we should welcome—and, is it indeed, something that can ever be realised? What is the significance of the Single European Act, and of the trends towards a distinctively West European defence system? How do we explain Labour's conversion to Europeanism, and what should be our line on 1992? This article explores these questions.

2. Fortress Europe: the protectionist dynamic to 1992

'Big European companies were early champions of the idea of a unified market; they felt they needed wider, less red-taped horizons than their individual home markets could provide. The world market? No: a big sheltered European market was what they had in mind, and that is what they are now demanding.'[9]

The ancient capitalist economies of Europe are heavily dependent on obsolete agriculture and traditional manufacturing industries. Community mainstays have long been the Common Agricultural Policy, whose guaranteed price levels protect Europe's archaic small farmers against American and third world competition; and a range of subsidies for European coal, steel and shipbuilding, designed to ward off cheaper foreign imports. Even in more advanced sectors, Europe needs protection: EC trading regulations, for instance, enforce a common external tariff of 14 per cent on imports of semiconductors. The main impetus towards 1992 comes from the continuing decline in European competitiveness on the world economy and the consequent need for tougher measures with which to insulate the EC from more dynamic capitalist economies.

Part of the purpose of the Treaty of Rome, signed by the six original members of the European Economic Community in 1957, was to strengthen trade within Europe. In the booming sixties the Community succeeded, and even in the recessionary early eighties, it ensured that intra-European trade grew still further in significance compared with exports elsewhere. By 1985, 54 per cent of a much-expanded Community's exports went to other EC countries, and a further 12 per cent to the rest of Western Europe; only 10 per cent went to the USA, and just one per cent to Japan.[10] A basic rationale for 1992 is that the EC has had to turn towards freeing its own market as its exports to the USA and to Opec countries have declined. Europe relies on Europe for trade. The EC wants a more porous ('single') European market because, increasingly, its commodities have nowhere else to go.

Europe's declining competitiveness

For all the importance of intra-European trade, it failed, in the early eighties, to expand as rapidly as overall world trade. Further, it proved unable to import to Europe the kind of growth it had done in the sixties. The result has been that, on every measure, Europe has fallen behind America and Japan.[11]

The EC is also in the wrong industries. Between 1979 and 1985 its share of Organisation for Economic Cooperation and

Development (OECD) exports rose two per cent in sectors like metals, minerals, construction materials, textiles and clothing—sectors which enjoy only one per cent rates of growth in demand a year. But in sectors of high growth (six per cent annual increase in demand)—that is, in electrical equipment, information technology, office equipment, chemicals and pharmaceuticals—the EC lost nearly three per cent of its share.[12] Likewise, in 1986, Western Europe ran a $14 billion deficit in electronic products, one which the *Economist* reckons will reach nearly $30 billion in 1992.[13]

In terms of international competition, then, Europe is weak. It is not, however, on the point of collapse. We should recall that Jean-Jacques Servan-Schreiber's doom-laden bestseller on Europe's prospects, *The American Challenge*, was published in 1968 at precisely the time that Europe began to put the heat on the USA. But Europe's declining competitiveness is particularly apparent in expanding 'sunrise' industries which rely on research and development (R&D) and new technology. In reviewing Europe's performance here, we meet a rationale for 1992 which goes beyond the simple encouragement of intra-European trade, but focuses, rather, on the creation of Euro-sized firms that can offer competitive technologies worldwide.

A hi-tech flying fortress

Despite its 'smokestack' associations, the international automotive industry represents a sunrise sector of manufacturing. It depends on product innovation, robotics and—more and more—on electronic components. Here, however, Europe is in some difficulty:

vehicle production	1946	1970	1985
USA	79	28	26
Japan	0	18	27
Western Europe	13	40	28

Source: M Pemberton, 'The world car industry to the year 2000', *EIU*, September 1988

It is a similar story in R&D. From 1977 to 1983, the EC's share of industry-financed R&D in the capitalist world dropped from 35 to 30 per cent. Per head, private R&D in the EC grew consistently from 1967 to 1983, but has lagged behind American and Japanese figures since the mid-seventies. The EC spends 1.9

per cent of GDP on R&D, compared with 2.6 per cent for Japan and 2.8 per cent for the USA. European R&D is less than American even when defence-based expenditure is excluded, and it is also more state-subsidised.[14]

In some hi-tech sectors, it is true, Europe retains a strong position. However, the EC will only spend £320 billion on research in the five years to 1991, 'a long way in per capita terms behind the £700 billion planned by the US and Japan's £230 billion'.[15] Overall, Europe's laboratories are slipping behind.

One of the central aims of 1992 is to arrest Europe's decline in hi-tech manufacturing. In drafting the Single European Act, the EC provided not just for the freer circulation of commodities, but also for the easier building of large, hi-tech companies on an all-European basis. By encouraging the centralisation of capital—mergers and takeovers—both within and across national boundaries, 1992's partisans hope to build a leaner, fitter EC. They hope that a more integrated European capitalism will be better able to see off imports from America and Japan, penetrate their home turf, and catch up with or stay ahead of them in the third world. The argument is that, through acquisitions, mutual minority shareholdings and joint ventures, European companies can reap economies of scale not just in production, but also in R&D costs. As a consequence, they can acquire the critical mass with which to cover all three markets of the 'Triad' areas—North America, south-east Asia and Europe—and so remain profitable 'global players'.[16]

Thus, even without the EC imposing protectionist controls on inward-bound goods and services from New England and Osaka, it has designed the run-up to 1992 as an aggressive riposte to these powers. Fortress Europe is here now—and it is a Flying Fortress, not a stationary one. By means of a 'competition policy', run from Brussels, which waves through each new hi-tech merger, the EC hopes to take the fire back to America and Japan.

Will less restricted intra-European trade and the smoother creation of hi-tech Euro-monopolies really save the EC? In fact the Fortress Europe project nurtures as many snags for the Twelve as it does advantages.

Trade: Fortress Europe as a Trojan Horse

Many commentators have already noted that it is North America and Japan which are, in the short term at least, likely to be the main beneficiaries of more liberal trading arrangements within the EC. American giants such as IBM, Digital, Texas

Instruments, Xerox, Ford, Caterpillar and Black & Decker already treat the whole of Western Europe—not just the EC—as a single target. They are much more spread across Europe than are ICL, Philips, Siemens, Renault, Peugeot, Fiat, JCB and Bosch. In food and drink, Coca Cola, Mars, General Foods, Heinz, Kellogg, RJR Nabisco, and other US concerns account for 17 of the EC's top 20 companies.[17]

Because America and Japan already operate extensively within Fortress Europe, 1992 will not secure a genuine protection of European-owned industry. While Brussels is still debating the dimensions of the common external tariffs that will emerge after 1992, sales from US multinationals operating on EC terrain are already six times higher than direct US exports to the Community. Similarly, while product standards can no doubt be drawn up to exclude American and Japanese goods, 'mutual reciprocity' of technical standards within the countries of the EC—a key aspect of the 1992 programme—will make life easier for every high volume producer outside Europe's shores.

It is precisely because their fears of a Fortress Europe are well-founded that American and Japanese firms have stepped up their presence within its walls. In anticipation of future EC import controls, annual US investment in the EC rose nearly 40 per cent to about $20 billion between 1986 and 1988, while the Japanese annual figure nearly doubled over the same period—to $6.5 billion.[18]

Today's business press is full of reports of Japanese and American direct investment into the EC. Toyota, Japan's biggest carmaker, is to open its first European car plant in Derbyshire. In electronics, Fujitsu has reputedly decided to set up a $100m wafer fabrication facility on Wearside, and Toshiba and Hitachi—Japan's second and third largest chip-makers—have plans to follow the industry leader, NEC, into the EC. Toshiba has already promised to build Japan's first computer factory in Europe, producing laptop machines at Regensburg, West Germany. Meanwhile, Texas Instruments is to build a $250m wafer fabrication plant in Italy, and Sony has confirmed that it will invest a further £36m on expanding its TV production factory at Bridgend.[19]

All these developments make it certain that EC protectionism in trade, just like national protectionism, can only change the form of the capitalist crisis and its effects in the sphere of competition. Fortress Europe, in sum, risks turning Europe into a Trojan Horse for the more efficient producers of Japan and America.

Behind the hype about 'merger mania'

There is much discussion about the spread of 'merger mania' across the borders of Europe. But what enthusiasts for 1992 take as a sign of increasing unity and dynamism on the part of the EC in fact reveals a very different picture.

Between 1986 and 1987 the number of cross-border deals in the EC rose from 227 to 303. But two main sectors in which cross-border mergers were prevalent—speciality chemicals and food/drink—show that these mergers denote not growing strength, but moves made out of weakness. Of the 303 deals made in 1987, no fewer than 71 were in speciality chemicals.[20] Yet, in Europe, this is a sector which can only survive through illegal price-fixing cartels. Mergers are a response to desperation, not a reflection of Euro-dynamism. Similarly, in food and drink, there is no evidence that a confident unified European capital is in the making. Of 46 top European food firms, only half have strong brands outside one or two countries.[21] In food and drink, the impulse to acquisition is born out of adversity; producers are fragmented, markets saturated and competition intense.

Though it is true that mergers within national limits are today often undertaken as a springboard to wider European operations, it is striking that national mergers are more than double the number of cross-border ones.

What is more, a large number of EC cross-border mergers revolve around services. The names involved? Italian media magnate Silvia Berlusconi; French insurers Compagnie du Midi, retailers La Redoute; water utility Lyonnaise des Eaux; West Germany's Deutsche Bank; Britain's NatWest, Bupa and hoteliers/retailers Mountleigh.

The fundamentally hidebound, low-tech and superficial character of the main sectors prone to merger mania in the EC highlights how deep Eurosclerosis runs. Europe is now catching the American disease of 'short termism': the use of money capital, not for productive investment but for speculation. Given the choice between a long slog to improve low profitability factories and snapping up a foreign plastics, food or service concern, stripping it of its assets and selling it for a quick profit, EC firms are more and more taking the latter option. In turn, this trend is of a piece with another—the fact that, in mergers as with joint ventures and foreign direct investment, EC companies prefer to consort with America and Japan than with each other.

Though the number of EC mergers with non-EC companies is small, EC-US tie-ups tend to involve much larger sums of money. For example, Fiat has spent $300m buying US insurers

Fireman's Fund, and Pirelli paid $200m for American Armstrong Tyre. These Europe-to-America mergers, in contrast to Europe-to-Europe manoeuvres, are truly colossal in scope; and Britain's conduct in particular shows how vital it is to keep EC cross-border arrangements in perspective. The average British acquisition in Europe is worth only $10m. In 1988, British firms spent £2.6 billion on companies in the EC, double the amount for 1987—but no match for the $32 billion they spent in the USA in each of those two years.[22]

Finally, when we look at foreign direct investment, it is clear that America, not Europe, is the EC's main target. In 1986, EC investment in the USA amounted to $106 billion—more than 60 per cent of total EC foreign investment.[23] For the EC, America is not just the land of opportunity, it is the gateway to the Far Eastern markets. Prospects within the EC are not nearly so alluring. Even in the case of German investment in Britain, one of the most celebrated cases of direct intra-EC investment, the cumulative total of overseas assets amounts to but £3.6 billion.[24]

The moribund nature of European capitalism, then, makes a Flying Fortress of merged, hi-tech Eurofirms both necessary and highly unlikely. All the evidence confirms that EC member states regard each other more as customers for exports than as partners in the joint, cross-border accumulation of capital. 'Europe' thus exists in the first place as a target for sales; its chief importance, for itself, lies in the sphere of realising already-produced values—in circulation. In the sphere of production, Europe has no confidence in its abilities, and the prospects of achieving greater unity appear remote. In production, Europe's priorities lie outside Europe: with America, Japan and the third world.

Fortress Europe is, however, designed to safeguard European capitalism against its more dynamic rivals. Let's take a closer look at the EC's relations with the rest of the world economy.

Fortress against America

In December 1988, at Montreal, the 1986-90 'Uruguay Round' of talks under the General Agreement on Tariffs and Trade (Gatt), ended in acrimony. Other states would not agree to the USA's two-year old demand for the total abolition of all trade-distorting agricultural subsidies—the so-called 'zero approach'. Then, on New Year's Day 1989, the EC imposed a ban on $100m worth of annual exports of American beef, on the spurious grounds that it had been injected with unsafe hormones.[25] The USA replied by slapping a 100 per cent tax on $100m worth of

EC special hams, tinned tomatoes, coffee, fruit juices and low-alcohol drinks. The EC in turn prepared a second $100m package of sanctions, this time against American sweetcorn, nuts and dried fruit.

Though there are important trade conflicts between the EC and America, it is important not to exaggerate their scale. Brussels and Washington have in fact set up a joint task force to try to resolve the row over beef hormones. A Gatt meeting in Geneva in April 1989 'pulled the trading system back from the brink of disaster', though it warned that increasing protectionism among the Twelve in the run-up to 1992 could make the second half of the Uruguay Round 'easily crumble'.[26] It is worth remembering, too, that disputes on hormones and other commodities (steel, citrus fruits, spaghetti) in total involve only around $400m.[27] Such sums do not count for much against a total US/EC trade flow of $160 billion.

Why, then, all the fuss about 'trade wars'? Why, when the main impact of EC/US agricultural disputes on Britain is a cost of £1.1m to the petfood industry, do such disputes make front-page headlines? The answer lies in the wider context of the decline of American capitalism and its determination to resolve its massive deficit problems, at least partly, at Europe's expense. America's parlous overall balance of payments position makes disputes over seemingly irrelevant agricultural commodities a cipher for much bigger rows over manufactures.[28] In 1988 the USA ran a trade deficit of $137 billion.[29] Given that the EC is responsible for a good tenth of that, even $400m burdens congress greatly. With US exports worth an unprecedented 14 per cent of GNP, and those to the EC worth $53 billion as against $45 billion for Canada and $26 billion for Japan, every last dollar exchanged with the Europeans counts.[30] Again the example of cars is telling. In 1985, America ran a trade imbalance of two thirds of a million cars with the EC.[31]

We live in a world economy that is increasingly export-oriented. After stagnating between 1980 and 1983, world exports rose by 20 per cent between 1983 and 1987.[32] Yet these figures aply to trade *volumes*: the *value* of world trade is actually declining at present. In these circumstances America, a major exporter, has no choice but to be tough on its biggest export client: Western Europe.

In trade and investment, as we have seen, America is deeply bound up in the EC.[33] Washington deeply resents the slightest Community challenge to its ways of doing business: why else would US commerce secretary Robert Mosbacher have the

nerve to demand, in early 1989, that the USA be given a seat at the EC's top 1992 negotiating tables? America wants the EC to:

- import more manufactures from the debt-ridden third world, to ease the USA's political position there;
- open up its telecommunications markets for US concerns to penetrate;
- stop complaining about Boeing aircraft being unsafe, and instead end the $10 billion of subsidies enjoyed by Airbus Industrie, the loss-making European airspace consortium;[34]
- continue to accept US insistence that almost any piece of technology exported by Western Europe to the Eastern bloc could be a security risk, despite German efforts to get a relaxation of the export controls applied by Cocom, the Coordinating Committee for Multilateral Exports.[35]

For all Ronald Reagan's free trade rhetoric, US protectionism rose rapidly during his two terms of office. The USA's 1988 Trade Act, with its 'Super-301' provisions, threatens retaliation against 'unfair' trading partners: they were told to open their markets to US exports, or sanctions—not negotiations—would follow. In addition, more and more exporters to the USA have to agree to voluntary restraint. All this spells trouble for the Community.

For its part, the EC cannot live without the USA. But there are increasing cases of EC hostility to US 'dumping' and demands that the products of EC-based US multinationals meet exacting levels of 'local content'. Another anti-American catchphrase is 'reciprocity'. In banking, the commission last year proposed that non-EC firms operating or wanting to operate inside its territory be allowed to do so only if their parent countries granted equal access to EC financial institutions in their home markets. In October 1988, the commission backed down from this suggestion, saying that reprisals would be neither retrospective nor universally applied. Since then the prospect of EC restrictions on US banks has prompted formal complaints from companies such as JP Morgan and Merrill Lynch.[36]

Transatlantic tensions over Fortress Europe reflect the growth of protectionism on both sides. However, the issue goes much further than pure economics, as the issue of East-West trade and joint ventures reveals.

In 1988, West German exports and imports with the Soviet Union totalled but $5.4 billion, or 1.6 per cent of its total foreign trade. Bonn's exports to Moscow rose 20 per cent that year, compared with an increase of 66 per cent recorded by America.

Of 143 Western/Soviet joint venture deals signed, just 12 are in operation. Soviet management inefficiency, deteriorating terms of trade on Soviet oil, Comecon indebtedness and lack of foreign exchange—all these factors ensure that, for the EC, the East remains but a 'tantalising vision'.[37] At $22.1 billion in EC exports in 1987, future growth, though continuing, 'will not match the dynamism of the early to mid-eighties'.[38]

Nevertheless, West Germany's limited trade with the East enrages America. It is not just that US exports are only half West Germany's, or that the USA has signed but eight joint venture agreements with the Soviets. Rather, American hawks squawk about what they term the 'Genscherisation' of Europe—the trend for West Germany in particular to foster links with the Eastern bloc regardless of US anxieties on 'security'.

The hawks argue that German exports, in which factory automation equipment figures noticeably, will free Soviet resources for arms production and allow the Kremlin to slow the pace of reform. They point out that, by contrast, US exports largely consist of grain. They criticise the offer of $1.7 billion of credits by a consortium led by Deutsche Bank, even though this is aimed at the modernisation of Soviet consumer goods industries, and even though it has yet to be taken up in full. They are particularly aggrieved about the sale, by Siemens and the Swiss/Swedish group ABB, of a $250m high-temperature nuclear reactor. For them, the fact that 70 per cent of known violations of Cocom rules are attributable to West Germany, Austria and Switzerland is part of a pattern—and they want the pattern stopped.

West Germany is incensed by US interference. In the short term, it seeks to bolster its flagging economic growth by trade with the East; in the long term, it would like reunification. For West Germany, US demands to rein back its exports square with the costly burden of supporting American troops on its soil, with the disruption caused by annual wargames played out across its countryside, with the inconvenience of low-flying US fighter jets, and—above all—with Pentagon instructions that the short-range nuclear weapons stationed with it be modernised.

Fortress against America, then, is not merely a quarrel over hard cash. It is one in which both sides find economic differences spilling over into confrontations of much wider political and ultimately military significance. The 1992 adventure can only accelerate this process.

'It is necessary to distinguish clearly between Japan and the USA. With the Japanese, a policy of the utmost firmness is necessary. But with the USA it is different. Occasional confrontations must not prevent us from being close friends and allies.'[39]

It is important to put Jacques Delors' distinction in context. By comparison with exchanges with America, trade with Japan counts for little with the EC:

Two-way EC trade, 1988, $ billion

Japan: 55 (of which 40 is Japanese exports to the EC)
USA: 145
EFTA: 200

Source: J Delors, 'Second thoughts about 1992'[40]

However, while Japan is at present a much smaller force in the European economy than the USA, its influence is growing fast, especially in hi-tech sectors. On the other hand, the EC is keen to make some headway at last in the rapidly expanding Western Pacific. As a result Europe is often more hostile towards Japan than it is to the USA. Although companies such as VW, Philips, Siemens and GEC/Plessey have announced some important deals with China, the EC is generally on the defensive in Japan's backyard: it only invests about $1 billion there. But against EC-bound exports of Japanese photocopiers, typewriters and weighing scales, Brussels regularly levels charges of 'dumping'. It would dearly like to see the back of Fujitsu, Hitachi and Matsushita.

In an important move last year, the commission prepared draft plans to limit Japanese car imports into France and Italy. Renault and Peugeot, relatively weak French car firms, were in the forefront of the fight for this measure. In addition, more and more major EC employers have spoken out against European governments subsidising Japan's creation of a few highly capital-intensive jobs around what are derisively termed 'screw-driver' assembly plants. They contend that, by aiming to cut manufacturing unemployment with the aid of Japanese-owned green-field factories that are reliant on Japanese-made components, the EC has given Tokyo an excellent weapon with which to get round protectionist barriers to its imports. As early as August 1987, the commission had Japanese-owned EC plants for the manufacture of ballbearings, excavators and other products under intensive surveillance.

Such is the penetration of Japanese commodity exports and production facilities around the world, however, that EC unity against Japan is easier talked about than enacted. For all the Twelve's hatred of screwdriver plants, there is intense competition among EC states to attract them. For example, French and Italian manufacturers have until recently insisted that British-made Nissan Bluebirds be counted as Japanese until such time as they reach 80 per cent 'local content'.

Japan is a threat to the EC because it has the clout to set the Twelve at each other's throats. By the same token, the EC's local content blast against Japanese cars built in Europe reflects fears about the superiority of Japanese technique. Only seven per cent of Japanese cars sold in Europe are built here. But what Renault, plus Peugeot, Rover and Fiat all surmise is that the unrivalled productivity of Japanese plants in Europe could help Japan double its share of the $180 billion European car market to 22 per cent—and allow it *still* to meet local content provisos.[41] That is why Fiat's managing director, Cesare Romiti, told a European parliament conference in March 1989 of the need for a 'European defence policy' against Japanese cars. It is this, above all, that explains Delors' macho stance on Japan; and it is this which suggests that, in the nineties, anti-Japanese sentiment in Europe can only increase.

Fortress against the third world

Whereas Europe is largely on the ropes in its fight against the USA and Japan, it is still strong enough to pursue ruthless policies against third world competitors—policies that have catastrophic effects for the poorest producers of primary agricultural goods. Already the Common Agricultural Policy costs third world exporters twice as much as they gain from EC 'aid'. Meanwhile, as firms like the Midland Bank bleed Latin America dry through debt, the third world finds business with the EC tougher than ever. Between 1981 and 1987, exports to the EC from Latin America and Africa stagnated at $35 and $25 billion respectively, and the rise in Asian exports from $25 to $40 billion was outweighed by the drop in those from the Middle East, which was from $80 to $35 billion.[42]

The EC is out to get Singapore, Thailand and other Asian countries, where Japanese-owned firms export components to their compatriot companies based in Europe. The EC wants to stop south-east Asian small-screen colour TVs, has railed against its vegetable oils—a key export—and, in services, has recommended fines against South Korea's Hyundai for charging

unfairly low freight rates. It is hitting out at Argentine farms and has taken anti-dumping measures against Brazilian steel and fibres. Bananas, sugar and rum, which provide some Caribbean states with 90 per cent of their foreign exchange earnings, are also in the firing line.

Even the 'newly industrialising countries' are in no position to defend themselves against the EC. This is graphically illustrated by the miniscule scale of South Korean and Brazilian investment in the EC. Although Korea's Samsung, Daewoo and Goldstar make VCRs in Britain and West Germany, the capital bound up in these ventures is negligible: in total, South Korea has only $150m tied up in Western Europe. As for Brazil, its main sphere of influence is Portugal—where, annually, it sinks the grand sum of $4m.

For the third world 1992 spells further protection. Indeed, while Brussels accuses it of dumping, the Common Agricultural Policy allows EC farmers to dump their products around the planet—and at the third world's expense. 1992 means intensified exploitation and redoubled oppression for the workers of the backward capitalist countries.

The relative stagnation of European capital on the world economy is the principal backdrop to 1992. But the new 'internationalist' cohesion of Europe exists only to protect it from the rest of the world in trade, and as an abortive attempt to fasten together Euro-sized capitals in the cause of world plunder. The drive toward greater European integration represents, not a progressive development of the international division of labour, but a self-centred, reactionary effort to take all non-Europeans to the cleaners. Out of the 'Eurosclerosis' of the early eighties has risen the edifice of Fortress Europe. On its battlements, we can already discern the flags of Eurochauvinism.

3. Europe divided

Though the European powers are keen to unite against the rest of the world, they are divided among themselves. As 1992 approaches, the internal conflicts are becoming more apparent than trends towards greater unity.

Significant advances have been made towards integration. There are more EC laws, policy statements and declarations of principle. The institutions of the EC have also been made more effective. Above all the act establishing a single European market has been in effect since July 1987. In addition to setting

the 1992 project in motion, the act has streamlined the EC's decision-making procedures, preventing single member states from using their powers of veto in a number of different policy areas. Yet, despite all this, every step towards EC unity today provokes intra-EC conflict.

It is important to recognise that the July 1985 EC white paper, 'Completing the internal market', which first recommended the 1992 deadline then codified in the 1987 act, was but the latest in a long line of attempts to achieve an unimpeded business Europe. However, in *setting a deadline* for the free movement of goods, services, capital and people, the white paper was a triumph for the goals proclaimed in the original Treaty of Rome. The example of standards shows what has been achieved.

Before the white paper, the EC had always tried to get round 'technical' barriers to visible exports by prolonged and fruitless efforts to standardise the EC's 100 000 different product specifications. Since the white paper, by contrast, EC states have moved to grant each other's standards 'mutual recognition' in the case of many products. In other words, though product specifications will still differ, such differences will provide less justification for imposing non-tariff barriers to imports from other member states. An electric shaver deemed safe in West Germany is one that France will have to accept, and so on.

To the extent that trade in goods is no longer made to wait for standards committees to reach unanimous conclusions on product design and performance—to this extent trade is liberalised and the EC has moved toward a genuinely single European market. But there are other effects of the Single European Act (SEA) on EC unity:

- the commission of 17 'independent' civil servants to the EC has gained new powers in monetary, social, environmental and residential affairs.
- the 518-MEP European parliament at Strasbourg, a body directly elected since 1979, has now gained powers at the expense of EC meetings of ministers. This gives European laws an EC-wide legitimacy that they lacked in earlier, more national-ministerial times.
- Strasbourg now has the final say on commercial deals with non-EC countries. It has already delayed three council of minister trade protocols with Israel as a gesture against repression on the West Bank.
- Strasbourg also has the final say on the enlargement of the Twelve. Applications from Austria, Norway, Turkey, Cyprus

and Malta have all been suspended until after 1992.

In addition to these direct results of the SEA, the European Court of Justice in Strasbourg, another Euro-forum reputedly free of the national prejudices that dominate meetings of EC ministers, now has more and more intra-EC disputes referred to it.

Taken by themselves, all these developments present a rosy picture of convergence on the part of the Twelve. But, as soon as we broaden our perspective to the full range of issues covered by the SEA and the white paper, the limits to EC unity become apparent.

The SEA proposed action in the form of 300 major directives, and set deadlines for carrying them out. Here we immediately get a sense of the first problem with the SEA. Europe is running behind schedule. The EC should have implemented more than 160 directives by the end of 1988; in practice, it only agreed 121, and had judiciously cut the total on the agenda to 279.

SEA proposals take three years, on average, to become law (some take a decade). A third of all subsequent rulings made by the European Court are still ignored, chiefly by self-styled enthusiasts for 1992 such as France and Italy. Together with customs and tax problems, breaches of the SEA already account for more than half of the infringement cases pursued by the commission.[43]

From here on in, all informed commentators agree, the going for 1992 will get a lot harder. A glance at three issues—product standards, public sector procurement and state aids to industry—shows why.

Standards, procurement and state aids

Mutual recognition in product standards may boost intra-European trade. But as a tool with which to beat US and Japanese competition, it fails, as two British journalists—Owen and Dynes—have noted:

> 'No amount of mutual recognition will...enable a three-pin electrical plug to fit into a two-pin socket. Mutual recognition will not by itself establish the kind of European-wide industrial standards needed to create the economies of scale that would be offered by Community-wide industrial standards.'[44]

It could take decades fully to harmonise EC standards, Owen and Dynes continue. They suggest that progress in the EC's

£17.54 billion telecommunications market will be 'slow and patchy'. Technical standards for the Twelve's £70 billion construction products sector 'will not be ready by 1992'. New EC-wide pharmaceuticals tests and certification procedures for the Community's £18 billion pharmaceuticals market will also not be ready.

Free trade within the EC is not just a matter of common technical standards. It is also very much about *liberalising public sector procurement*—something which alone accounts for 15 per cent of the Twelve's GDP. So pervasive is the doctrine of market forces among the Twelve that all member states are obliged to pay lip-service, at least, to letting foreign competitors pitch for national business.

Opening up public procurement reflects the desire of hard-pressed EC states to minimise unnecessary state expenditure. Yet even despite this, progress toward an open, pan-European market is as slow as it is with standards. Following up the white paper, the commission's public supplies directive, already in force, requires all supply contracts worth £134 000 or more to be open to cross-border competition. A similar directive for public works contracts above £3.3m is also planned. But nationalistic purchasing policy and a wasteful plurality of monopoly suppliers are still the rule in pharmaceuticals and railway stock, and, more importantly, in telecommunications, shipbuilding, aircraft, mainframe computers and energy.

Some liberalisation in the EC's £5 billion market for telephone exchanges is possible, dominated as it is by 11 EC suppliers selling seven different systems. But for any member of the Twelve, to lose the ability to extend and maintain the state telephone *network* is to lose the very entrails of national sovereignty. With merchant marine, aerospace, information technology and energy we are also dealing with sectors which, though 'civilian', have a grey-area national security dimension to them. Will Italtel win major telecommunications contracts north of the Channel? In a Britain where every employee of British Telecom has to sign the Official Secrets Act, the chances are remote.

Untrammelled free trade within the Community implies that *state aids enjoyed by uncompetitive national producers* must fall. But this is a white paper ideal, not a practical possibility. The commission was successful in forcing a cut in government subsidy to British Aerospace, as a condition for its takeover of Austin Rover. But the amount involved—£250m—was relatively small, and indeed the sum total of state aids barred by

the commission in 1987 was less than double this.[45] We can be certain that BAe will go on enjoying 'state aids' in the form of government defence contracts. We can be certain, too, that commission checks on a £9.7m subsidy paid by the Italian government to the state-owned carmakers Alfa Romeo will not make Alfa's new owner, state-protected Fiat, lose much sleep.

Leon Brittan has promised to attack state aids in the EC with a vengeance. But France, to take one example, often refuses even to declare its state aid to Brussels.[46] In West Germany state aids are rising: subsidies to car producers, provided by the Federal Republic's Länder, are particularly generous, and are jealously guarded against Brussels interference. State aids are also widely used to prop up overcapacity in steel. In 1981, state aids as a percentage of industrial output looked like this:

Over 15%:	Belgium
Over 10%:	Ireland
Between 5 and 10%:	France, Belgium, Denmark and Italy
Between 2 and 5%:	West Germany, Netherlands and Greece

Of particular interest are the figures for German manufacturing, whose relatively standardised products are traded very intensively in the EC:

State aid to German manufacturers, 1984, DM billion†

Electrical engineering	2
Steel	2
Mechanical engineering	1.8
Food, drink	1
Aerospace	0.7
Textiles, clothing	0.3
Total	13.5*

†143% 1973 figure
*7% mfg investment

Source: J Pelkmans and LA Winters, *Europe's Domestic Market*, 1988, pp32-3

National standards, public procurement and state subsidies are three phenomena that underline a simple fact: the nation state and its expenditures are a dominating political and economic

reality today. For all the internationalisation of the world and European economies, the national 'public sector' still plays a vital role shoring up manufacturing, the infrastructure and welfare services. Despite the promises of free market governments, little serious progress has been made in reining back state intervention. Indeed, EC-wide national state intervention, financed by corporate taxes which drain corporate profits, has lately forced capitalists into raising their prices causing the average rate of inflation in the EC to rise above five per cent. The expanded role of the nation state in the capitalist economy in the post-war period, and in particular since the onset of the recession in the seventies, is a critical barrier to the closer integration of Europe.

National largesse, bother at Brussels

In the EC, the proportion of member state GDPs taken by public expenditure climbed dramatically from the seventies. According to Herbert Giersch, the right-wing Kiel university professor who first coined the term 'Eurosclerosis', national public sector largesse rose as follows:

	1973	1982
UK	41	46
France	38	52
Italy	38	55
W Germany	40	50
EC	40	51
US	31	35

Source: H Giersch, 'Eurosclerosis—what is the cure?, *European Affairs*, Winter 1987

Since 1982, the weight of public expenditure in West Germany has been 'rolled back'—but by only two per cent.[47] Indeed the major trend of the eighties has been for state-provided benefits, a key part of state expenditure, to grow throughout the EC. Between 1970 and 1983, state benefits rose from 18 per cent of the EC's GDP to 27 per cent.[48] Since 1983 state benefits have grown alongside rising unemployment and the ageing EC population. As a result, it is truer than ever to say that Europe remains a collection of national welfare economies. The nation state cannot be dismantled by even the most ruthless Brussels deregulator.

It might appear that the growth of the EC budget discloses a trend away from national public sector support and, instead, toward supranational dispensations. But in fact the power available to Brussels is big enough only to cause conflict within the EC. Let's look at this point more closely.

Since 1980, the EC's budget has risen from about Ecu15 billion to about Ecu40 billion. However, much of the increase has been to do with the enlargement of the EC: as a proportion of the Twelve's GDP, Brussels expenditure has only just topped the one per cent mark. As we have noted, the bulk of EC funds goes on the CAP. The cash spent on regional aid and on hi-tech collaboration shows how strict the limits to joint EC action are.

At the Brussels summit of February last year, northern EC states, led by Britain, won stricter controls over farm spending in exchange for their agreement that higher sums should be spent on regional aid. Nevertheless, such north-south 'cohesion' funds remain small. Under the 'Delors package' of February 1987 money for the European Regional Development Fund (ERDF) will rise by 100 per cent by 1993; but even then it will not reach £10 billion a year, out of a general EC budget of £37 billion.[49] Moreover, such 'structural funds' must stretch not just over the Mediterranean countries, but over Ireland and—at Thatcher's insistence—Britain too.[50]

If Brussels' generosity toward backward regions within the EC is limited, that afforded for hi-tech cooperation is derisory. Under the 1987 'Framework' programme for industrial research, Brussels put aside less than £1 billion a year until 1991. Compared to the billions lavished on R&D by individual member states, this is chicken-feed.

The powers of Brussels are generally overestimated. The commission employs 11 000 staff, the council of ministers 2000, the parliament 3200: in total, EC institutions have the social weight of, say, local government in Edinburgh. Proposals to increase EC revenues over the next few years involve about 1.5 per cent of the overall tax revenues of the Twelve by 1993; this percentage, according to some experts, 'uniquely restrained in comparison with practice in all federations in the developed world'.[51] Clearly the Brussels apparatus of the EC lacks the financial wherewithal to dissipate national animosities.

Brussels is wracked by intra-EC strife. The social dimension, border controls, fiscal, monetary and environmental policy—all these matters are still the subject, not of majority decisions among the Twelve, but of unanimous votes or hung ones. On other issues, 'qualified majority voting' at meetings of the EC

ministers does not mean an end to nationally based spoiling tactics. The dissident veto of a bloc of two large and one small member states is not hard to engineer, and one large and three small member states can also band together to put a stop to new legislation. This is because a qualified voting majority means 54 votes out of a total of 76, with West Germany, Italy, France and Britain having 10 votes each; Spain, eight; Belgium, the Netherlands, Greece and Portugal, five votes each; Ireland and Denmark, three apiece; and Luxemburg, two.

Every EC summit meeting is marred by dissension on the budget. Agreement, when it comes, emerges after all-night bargaining sessions—only to be overturned and argued about again at a later date. Even the votes assigned to each EC country reflect the varying economic punches packed by separate national states. The smaller EC countries will never dislodge Germany from its secretaryship of no fewer than 31 of the 81 Community standards committees; Brussels will never dislodge Air France and Alitalia from their position as 'national carriers'—nation state monopolies in air transport. The nation state cannot be disinvented, and Brussels is in no position even to try.

Trade, capital mobility, fiscal policy: more divergence

Because their industries are particularly vulnerable to Japanese competition, France, Italy and Spain are enthusiastic supporters of the protected markets of Fortress Europe. But, West Germany, the EC's biggest and strongest economy, is not. Its export profile is too global, its fear of retaliation too great for it to back aggressive measures against non-EC countries.

On the issue of trade, Britain sides with West Germany. Britain's massive volume of capital export makes it vulnerable to any general increase in protectionism. However, when it comes to East-West trade, Britain and West Germany are at odds. Largely frozen out of the new action with Moscow, Thatcher ended 1988 by denouncing Bonn for 'subsidising Soviet inefficiency' through the favourable terms it had offered the Kremlin on a new and important round of economic deals. Altogether there can be no harmony among EC states over trade. The billion dollar trade deficits run up with West Germany by Britain, France and Italy confirm that the forces of divergence over trade policy affect the Twelve more than those of convergence.

Over another goal specified by the SEA—the *freedom of movement for capital in the EC*—the Twelve are again divided.

On 1 July 1990, the eight richer EC states are committed t removing all restrictions on capital exports and imports. Commission president Delors sets much store on free capita mobility: he justified the early deadline 'because in terms o synergy and dynamism, this is the central decision'.[53] But, fo weak economies like France and Italy, completely unimpede capital mobility spells danger. The two fear that their economie will suffer capital flight, ballooning budget deficits and soarin interest rates.

The persistence of different rates of corporate taxation acros the Twelve makes free capital mobility in the EC a stalking horse for tax evasion. Companies will be tempted to locate thei factories, headquarters, equity and higher-profit activities i low-tax countries. Following examples already set by Wes Germany and the Netherlands, countries will be tempted to tr to attract foreign investment by lowering their tax takes.[54] I short, *national fiscal policy* will make a mockery of 'fre capital mobility.

The ways in which different EC member states levy taxes o firms and individuals vary enormously. The example of value added tax (VAT) exposes vividly the national-fiscal obstacles t EC unity. By levying a total of 37 different rates of VAT o different goods, EC states are able to use the tax as a protectionist device. Yet the commission has made a rod for its own back by insisting that national VAT rates should be the subject, not of easy-going mutual recognition, but of full-blooded harmonisation. In the case of France, for example, a cu in VAT rates down to the levels proposed by the commissio would lose Paris $11 billion a year in revenues.

There are no easy answers on VAT. To remove the need for checking goods crossing frontiers, the commission has proposed a VAT clearing house. But, as City brokers Hoare Govett report this would only give rise to further conflicts:

> 'There is a very real possibility that the clearing house will run a deficit. How that deficit will be financed will no doubt be the subject o some controversy.'[55]

Nor is VAT the only fiscal obstacle to unity in the EC. Harmonising excise duties, the sums payable on tobacco, drink etc, will be trickier than fixing VAT. Again, commission proposals for a 15 per cent 'savings tax' on interest or dividends on capital exported abroad, made in February 1989 with the intent of making tax evasion harder in the post-1990 EC, have

angered Britain and Luxemburg. Here the deadline for agreement is not the end of 1992, but June 1989.

Over the export of commodities, the Twelve are at loggerheads. In freeing up capital exports, they risk spreading anarchy all around the EC—because differential taxes on capital, like those on goods, strongly reflect the persistence of *nationally-determined* fiscal policy. Once again, the nation state has the last word in the uphill struggle for European unity.

Brussels control of mergers: behind the north-south divide

'Grudgingly, Bonn and London would be prepared to hand over merger control to the commission so long as they were sure it would act on competition grounds alone and not use the rules as a backdoor way of imposing an industrial policy. Yet most southern European governments, led by France, could only accept the plan if it were used as an industrial policy tool to encourage companies to link up against the competitive threat from the US and Japan.'[56]

The example of differing attitudes among the Twelve to Brussels control of mergers illustrates the strength of centrifugal tendencies within the EC today. It also illustrates the real basis for the counterposition of 'southern governments, led by France', and northern ones.

There is a 'north-south divide' in the EC. But it is important to emphasise that this divide cannot be explained by Anglo-Saxon fondness for free trade or Latin sympathy for protection. We have seen that state intervention is worth nearly half Britain and Germany's GDP; equally, it is clear that Mitterrand, González and Papandreou are no less committed to free market capitalism than Thatcher and Kohl. The basis for north-south divergence on the purpose of merger control lies not in geography or temperament, nor even in the conservative or social democratic make-up of governments, but rather in the different forms taken by capital accumulation in the EC.

What is required above all for the speculative wave of mergers and acquisitions now sweeping the EC is a thriving financial services sector. Despite the family-owned, conservative structure of capital dealings in West Germany, this is something that Frankfurt shares with the City of London. On the other hand Paris, Madrid, Lisbon, Athens and Milan lack comparable strength in high finance. As a result, the national idiosyncrasies in the process of capital accumulation once again take precedence over the political will for unity in the EC.

The Twelve can concur on some things and avoid the forces of fragmentation. Over the control of mergers, the commission last

year tabled a draft directive which would empower it to bless o forbid most corporate marriages. Now, though West German France and Britain believe the agreed threshold of Ecu1 billio is too low, all three are more or less ready to hand over authorit on the issue to the commission. Lord Young himself believes tha agreement on the commission's formal supervision over merge is possible by the end of 1989.[57]

Yet London and Bonn's common, anti-southern line o merger policy is likely to keep Europe divided. The who historical development of British and German imperialism ha given great weight to finance capital and to the banks—weigh far larger than is the case in younger, still quite agraria economies of the Mediterranean. Electricals giants like GE and Siemens possess cash hordes running into billions. Thoug both, like France's state-owned Thomson-CSF, and the Nethe lands' Philips, are subject to protectionist mollycoddling b national governments, both want to go about their merger without interference from nation states. They have no interest i an EC 'industrial policy'. Behind GEC and Siemens stan Barclays, NatWest, Commerzbank and Dresdner Bank, inter on the unhindered acquisition of banks in southern Europe where financial systems are fragmented, primitive and rip for the picking.[58]

North-south differences on merger policy, then, reflect th greater scope for wheeling and dealing in money capital tha exists in the City and Frankfurt. The market capitalisations o Europe's 'big four' stock exchanges spell this out well:[59]

City of London:	$500 billion
Frankfurt:	$160 billion
Paris, Milan:	less than $100 billion

The 'north-south divide' in the EC, therefore, goes a lot furthe than differences in climate or in culture. It isn't, as busines commentators often claim, because Italians load their washin machines from the top and British from the front. The divid follows from the fact, rather, that capital accumulation i international in direction and content, but profoundly *nationa* in form. The nation state, not just national psychology, make 'divides' of every sort inescapable for 'the Community'.

4. For and against monetary integration

The prospect of capital flight out of weak currencies when free capital mobility arrives on 1 July 1990 is already causing widespread alarm in Europe. There are sharply divided counsels both among and within different EC countries about how to confront the danger of financial chaos. In Britain last year the *Economist*, generally a staunchly free trade paper, called for a common European currency to be issued by an independent Bank of Europe, composed of a chairman and one person from each participating nation.[60] Only a few days later, however, the *Economist's* long-standing heroine, Margaret Thatcher, took the floor of the EC's Hanover summit to declare, of a European central bank: 'not in my lifetime!'. What are we to make of such a striking disparity of views? First, we need to establish exactly how much movement the EC already has underway in the direction of monetary integration.

Given the collapse of the Bretton Woods system of fixed international exchange rates in 1971, the survival of the European Monetary System (EMS) is striking. Founded in 1979, the EMS allows the currencies of all of the Twelve except Britain, Spain, Portugal and Greece to fluctuate, by up to 2.25 per cent, on either side of centrally agreed exchange rates. It thus gives eight European currencies considerable stability: stability assured by the intervention, from financial reserves, of eight central banks, led by West Germany's Bundesbank.

Unlike the currency 'snake' that preceded it from 1972 to 1979, currencies in the EMS fluctuate not around the dollar, but around the Ecu. This currency is defined as the sum of fixed amounts of all of the Twelve's currencies except for the peseta and escudo. The amounts are computed on the basis of the distribution of trade within the EC, the size of member states' GDPs and the percentage of those GDPs absorbed by trade in each member state. Computations are changed every five years to take account of changed trade relations, the last change occurring in September 1984 when the drachma entered the EMS, and the next is due in September 1989.

While the amount of deutschmark (DM), French franc (FFr), etc, is fixed within the Ecu, the exchange rate of national currencies against it fluctuates. As the DM has appreciated, for example, it has been revalued, to the extent that the fixed 0.719DM component of the Ecu has gained in overall weight, from being worth 32 per cent of the Ecu in September 1984 to being worth 35 per cent today. Clearly, since the DM is the dominant load in the Ecu, and since the seven non-German members of the EMS are obliged to intervene in foreign

exchange markets to ensure that their currencies keep 2.25 per cent either side of the Ecu, the EMS works in practice as a system for keeping some—but not all—EC currencies tied to the DM.

Commentators attribute many successes to the EMS. First, the eight currencies in it have seen their 'variability' against each other halved over the years 1979-85—a period in which the variability of the pound and the dollar against the eight EMS currencies rose.[61] Second, the divergence in interest rates among EMS participants dropped from 7.4 per cent in 1974-8 to 4.1 per cent between 1979 and 1987. Third, while inflation among EMS members fell from 13 to seven per cent between 1975 and 1978, it dropped from 12 to 2.5 per cent between 1980 and 1986. Finally, growth has been concerted among EMS members: from 1979 to 1986, it was 1.8 per cent for Germany, France and EMS states as a whole.[62]

Over its 10-year lifespan, the EMS has seen European monetary coordination grow. There is mutual agreement on central rates of exchange ('central' being distinct from day-to-day market rates). There has been a convergence in economic policies. Every day, the foreign exchange departments of the participating central banks hold conferences, by phone, at least four times. Every month, at the Bank for International Settlements, governors of central banks meet to concert arrangements. At a meeting of the EC's council of finance ministers in 1987, the scope of central bank intervention in foreign exchange markets was lengthened in duration, doubled in terms of overall ceilings, and allowed to be executed before fluctuations get out of hand rather than after. More important than any of this, however, the relative stability of EMS members' exchange rates has done much to make trade and cross-border investment within the EC a more predictable business.

Many claims are also made for the Ecu, which, on 1 January 1981, became the EC's official unit of account. The Ecu is used in the EC budget in setting agricultural prices; it is used, too, in the accounts of EC institutions such as the commission and the European Investment Bank (EIB).[63]

In addition, the Ecu is a reserve asset employed to settle debts incurred by European central banks as a result of their interventions on foreign exchange markets. Apart from this kind of 'official' use of the Ecu, the commission and the EIB encourage an important 'private' market for the currency. Although no central bank actually issues Ecu, borrowers in weak-currency EMS states favour drawings in it because they can take advantage of the low interest rates offered on it by

central banks. At the same time, the relative stability of the Ecu offers both weak-currency borrowers and weak-currency investors a hedge against domestic currency depreciation.

Private Ecu deposits are growing. On the banking market, reinvestments in Ecu soared from 6.7 billion in December 1982 to 75.1 billion in March 1987. At two per cent of international banking assets, the Ecu is ahead of the pound and non-DM EC currencies.[64] Further, the Ecu has recently moved to being a popular currency in which to denominate Eurobonds.[65] Since 1987 the Ecubond market has been strengthened. First, the commission made a bond issue of Ecu500m on 8 June 1988. Second, the British treasury decided, in August 1988, to issue the first internationally tradeable bills denominated in Ecu, as a means both of diversifying Britain's reserves and of encouraging the development of an Ecubond market in the City.

The use of the Ecu, however, does not end with financial institutions. Since 1980, France's vast steel and glass concern, St Gobain, has used Ecu for both internal and external transactions, a policy now also followed by Lesieur and Asystel. As for Italy, more than 25 per cent of its foreign trade is denominated in Ecu, and Fiat, which has 250 overseas subsidiaries, uses the currency as a hedge against exchange risks in foreign countries.

To back the Ecu, France and Italy have exempted the purchase of foreign securities in Ecu from the general restrictions they applied to such deals. Britain, too, has urged other EC states to use the Ecu in foreign exchange reserves and in intervention. The Bank of Tokyo also favours developing the Ecu, believing that it will assist in maintaining the international currency system should the dollar fall precipitately.[66]

Overall, there have been some successes for the EMS and the Ecu. But these successes provide little basis for the monetary integration to which many look forward.

The first problem with the EMS is that its survival is a *symptom* of Europe's integration, not a cause. The smoothing of European exchange and interest rates has much more to do with the pivotal role of the West German economy than it has with the emollient powers of the EMS 'parity grid'. In the EMS, it is the DM that works as the main reserve and intervention currency. As for the Ecu, its significance is largely confined to private capital markets.

To attribute the drop in EC inflation rates to the EMS is to explain a development in production—the slower growth of commodity prices—by one in circulation: namely, the stability

of currencies. This turns reality on its head. In fact, the EC's relatively successful attack on inflation represents the success member governments have had in attacking the working class. Thus when inflationary Belgium, Denmark, Italy and France have won realignments of their currencies in the EMS, the moves have been accompanied by the freezing or de-indexation of wages. Indeed, it was a big row between Mitterrand and Kohl over the realignment of the FFr in March 1983 that turned out to be the preface to Delors' subsequent imposition of 'discipline' on the French trade union movement.

The convergence of EMS members' growth rates to 1.8 per cent between 1979 and 1986 shows, in addition, that they did not just gear themselves to Germany's low rates of inflation, but also to its sluggish economic performance. A 1.8 per cent annual growth rate was *lower* than that achieved by the rest of the world. Only West Germany's burst of growth in 1988 deterred France and Italy from complaining about the effects of the Bundesbank's continued policy of deflation. Any future rapid growth on the part of Germany, however, would bring further problems to its uncompetitive rivals. German expansion means rising German trade surpluses—surpluses which it enjoys with all other EMS members save Ireland. Greater German surpluses will mean a stronger DM, a greater German role in the EMS at the expense of other participants, and, inevitably...fresh EMS currency realignments.

In its decade-long career the EMS has been through no fewer than 11 realignments. Though planned for 1981, the development of a European monetary fund, complete with Ecu as reserve and means of payment, never took place. In contrast to the currencies of the EMS's other members, Italy's lire remains able to fluctuate around central rates by six per cent either side, and Belgium's currency enjoys special dispensations too. As a result of all these difficulties, analysts have discovered that the EMS is 'incomplete' and 'compromise-ridden'.[67] In place of full monetary union after July 1990, the *Economist* now envisages the possibility of 'a far less rigorous EMS'.[68]

There is another snag with the EMS. So long as America continues to run a massive trade deficit, downward pressure on the dollar will make the DM appreciate—to the chagrin of EMS participants outside West Germany. Alternatively, to the extent that the US Federal Reserve Bank continues to protect the dollar by raising interest rates, Germany is likely to follow suit—again hurting its EMS allies. No wonder that the chief economist of the Dresdner Bank writes articles titled 'Reluctant

DM has become the linchpin'; or that a top Danish economist quotes many observers as seeing the dollar as a major threat to the stability of the EMS; or that, at the invitation of the commission, a group of economists and political scientists has called on the EC to formulate a common 'external' monetary policy; or, finally, that Belgium's foreign minister calls for Europe's trade in oil to be conducted in Ecus, not dollars.[69]

What applies to the EMS applies also to the Ecu. Although Ecu coins, travellers' cheques and visa cards exist, the Ecu does not exist as a genuine currency. No central bank issues it and it cannot be used as a real reserve, for the simple reason that it cannot be used for *any* purpose. It thus has no local status: it always has to be converted into something else. Furthermore, the presence of sterling within the Ecu—it has a weighting of 13 per cent—has added to its volatility.

Some 90 per cent of banking assets and liabilities in Ecu exist at the level of interbank transactions. Since banks are by nature money-handlers, it follows that such transactions are characterised by low yields on deposits—so limiting the attractions of the Ecu. Thus the official market for the Ecu stagnates; and, though the private market has grown remarkably, it is still minute. It is a quarter of the size of the European market for DM, and would have to be three times as large as the world DM market for it to make any difference to German monetary management.[70]

Moreover, apart from transactions between banks, the Ecu is hardly ever used as an invoice currency. Between December 1984 and March 1987, for example, non-bank transactions in Ecu grew from 11.3 billion to 16.5 billion. In Italy, France and Denmark, residents actually *lost* interest in the Ecu, preferring to borrow their own currencies on the Euromarket. Britain is the only nation in which the growth in Ecu credits held by residents has been at all substantial—and these credits amount to little more than Ecu1 billion.[71]

The biggest problem with the Ecu is that, for all Germany's fulcrum position in the EMS, Bonn is highly hostile to it. Though Germany made a gesture in 1987 by allowing people within its borders, for the first time, to run up debts in the currency, Bonn argues that a development of the Ecu market will lead to a position where it has to bail out banks who have lent too many Ecus. Given the microscopic size of the Ecu market, this fear is absurd. What is really at stake is Bonn's concern that the Ecu could one day supplant the DM. The Netherlands, too, fears a similar displacement of the guilder.

If there is to be a common currency in Europe, most exper agree, it will have to grow out of the Ecu. But given the Ecu chequered career to date, there is little chance of this happenin The private Ecu market is dominated by bankers from Franc (25 per cent), Britain (20 per cent), Italy (12.5 per cent) an Belgium and Luxemburg (30 per cent).[72] As for the DM becoming Europe's single currency, this—short of a Germa victory in an intra-European war—is just not going to happe

The divided nature of the British response to monetar integration is not surprising. In favour of the EMS, as chancello Nigel Lawson himself has pointed out, is the fact that Britain trade with the EC is increasing. In addition, as Micha Heseltine has warned, staying outside the EMS will increase th chances that Frankfurt will become the financial centre Europe. Working in favour of the Ecu is the chance that the Cit has of benefiting from multiplied transactions in it. Thatche however, continues to oppose joining the EMS because it woul subordinate the Bank of England to the Bundesbank. It woul be the first step towards that loss of sovereignty which Britis capitalists fear would follow further moves toward Europea monetary union.

That the *Economist* could ever take such an anomalous line i favour of a European central bank is a measure of the anarch that it fears will follow the liberalisation of capital movement Already the EC embraces both the richest and the poores countries in Western Europe: West Germany and Ireland. Onc capital can move anywhere within the Twelve, all hell is likely t break loose. Look, for example, at the disparate nationa alignments over the EMS and the Ecu:

	For	Inside but against	Outside, ambivalent
EMS:	WG	Fr, Italy	UK, Spain, P, Gr
Ecu:	Fr	WG, Netherlands	UK, Spain, P, Italy, Bel, Lux

There is no basic congruence of interests here; indeed in monetar affairs, nearly every EC member state has an axe to grind.

Any move by London to join the EMS would destabilise because of the volatility of sterling. Any move towards European central bank, though supported by France, threaten to centralise financial power still further with Germany—unles

the move is stopped at federal coordination of national central bank governors, which is what France wants. Kohl is cautious about a central bank; Hans-Dietrich Genscher wants one fast. In short, mayhem rules.

A central bank for Europe is impossible not just because countries such as Britain and Denmark are, in terms of the Single European Act, empowered to veto it. It is impossible because such a development in the realm of circulation could only follow, not precede, the laying out of an integrated, all-EC productive base. We have already seen that this is out of the question, if only because of the gravity of state expenditure and the anaemic character of cross-border mergers in Europe.

It is ironic that the Conservative Lawson should show a firmer grasp of the realities of production and circulation than the 'socialist' Delors. The fact that the latter believes monetary integration to be the forerunner of unified production only reveals how much monetarist dogma has overwhelmed what now passes for the left in Europe. Which, after all, came first—the dollar or the United States of America?

It is even more ironic that, if any country has lost economic sovereignty, it is Thatcher's Britain. Every day, international financial markets exert more and more pressure on the pound. The worldwide, distended character of British overseas investments is one of the reasons why tying sterling to the DM through the EMS is not an option for the British ruling class; on the other hand, it means that the British economy is almost entirely exposed to the world economy. Outside or inside the EMS, there are no avenues of escape for British capitalism. As for the British working class, the choice between 'discipline' via the EMS or the repudiation of 'excessive' wage claims by the exchequer is no choice at all.

From product standards to the Delors report, Europe is in conflict. Everywhere the nation state refuses to bow down or give way; everywhere each fresh move towards integration heightens national insecurity and intra-EC distrust. Despite the subjective will for greater European integration, the objective realities of capital accumulation continue to tear it apart.

5. The toughest tensions: 'Eurodefence'

'The greatest achievement of the European Community is that war between its members is now all but impossible to imagine. It is no longer rash for Britain to buy its arms from France or West Germany or from British plants owned by Frenchmen or Germans. And, as Gaullist phobias fade, even the French accept that Americans are firm allies

rather than potential foes....Now is the time for defence procurement to catch up with the ways of this changed world."[73]

The *Economist* believes that Western Europe will never again see hostilities break out within its confines. But at just the time that it has reached this conclusion, business language within the EC has taken a pronouncedly militaristic tone.[74] For example: 'Warfare is not too strong a word for what is going on in the world's £20 billion market for paints and coatings.'[75]

The dynamic behind 1992 is at its most explosive in military and foreign affairs. Where there is joint financing of hi-tech military projects to keep abreast of rival armed forces, significant examples of European cooperation exist. Closer foreign policy collaboration among the European powers has strengthened Europe's hand in the Middle East and in wider third world affairs. However, the rising economic and diplomatic challenge from West Germany to the USA now threatens the whole basis of the post-war order. Gorbachev's concessions in Soviet military matters have deprived the Nato alliance of the putative external threat that ensured its cohesion for 40 years. Attempts to achieve greater European integration in defence are, therefore, constantly undermined, both by intra-EC tensions and by transatlantic rivalries.

Before looking in more detail at the tensions in the European camp, let's look at what has been achieved in 'Eurodefence'.

Five trends in favour

First, take West European R&D efforts in sectors which, though formally of a civilian character, have important military applications: *R&D in 'grey area' or 'dual-use' technologies.* The major initiatives are as follows:

- 'Eureka', a £2.8 billion, 19-nation, 30-company West European programme of market-oriented R&D into information technology, high definition TV, lasers, robotics, biotechnology and similar fields. Publicised as a civilian effort, Mitterrand in reality launched it, in 1985, as a response to America's Strategic Defence Initiative and to Japan's race to build 'fifth generation' computers.
- 'Esprit', a Brussels programme founded by GEC, ICL, Plessey, Siemens, AEG, Nixdorf, Thomson-CSF, CGE, Bull, STET, Olivetti and Philips. Espirit benefits from the EC's 'Framework' funding for R&D: it concentrates on information technologies.

- the 13-nation European Space Agency (ESA). It aims to match America's faltering supremacy in space, concentrating on *Ariane-V* satellite launchers and the French-inspired *Hermes* manned space shuttle.
- 'Race', an Ecu550m Framework drive to develop integrated telecommunications in voice, data, text and pictures over broadband optical fibre.
- 'Brite'/'Euram', an Ecu440m series of Framework projects in advanced materials and manufacturing techniques.

Second, take the *joint production of weapons systems.* Here we have the most practical and lucrative example of Eurodefence so far: the multi-role Tornado combat aircraft. In July last year, after Thatcher's personal intervention, BAe concluded a deal to sell Saudi Arabia more than 100 Tornados worth between £10 and £20 billion. This move will benefit not only BAe, but also Daimler-Benz's new partner MBB, as well as both Alitalia and Fiat Aviazone. Even France will gain, for its own plane-making giant, Aerospatiale, has a 10 per cent stake in MBB. The European Fighter Aircraft, which is due to bring Britain, Germany, Spain and Italy 800 planes by 1996, at a cost of £22 billion, is another example of joint production. No fewer than 400 export orders are expected. Yet there are still other defence projects worth noting—in helicopters and naval equipment.[76]

Last year's British government defence white paper detailed 32 different projects on which Britain is collaborating with its European counterparts. Like France, Britain sees in joint weapons production a means of paring down its massive defence bill. For Germany, however, the merits of project-based Eurodefence are slightly different. Through participating in multination work, it can increase its arms exports to the third world without appearing to relax its traditional policy of not selling weapons outside Nato areas.

A third aspect of Eurodefence is the scenario of *a single European market in weapons.* Faced with the spiralling cost of US arms technology and of indigenous R&D in weapons, with narrow national markets and with rising demands from the USA to pay their own way in defence, West European governments are now attracted to the idea of allowing contractors from all over Europe to pitch for business. No single European state, it is felt, can meet all its defence needs on its own.

West Germany and France at present spend only 10-15 per cent of their weapons budget abroad. The same is true, despite its

purchase of Trident and Awacs from the USA, of Britain. But since competitive bids—from all quarters—for ministry of defence business in Britain have risen from 38 per cent of all contracts signed in 1983-84 to 53 per cent in 1986-87, a change may be in the offing.[77] Since March, indeed, France has joined Britain in publishing a bulletin on the defence contracts it has on offer. Through the Independent European Programme Group, Europe's 13 Nato members (the Twelve, less Ireland but plus Norway and Turkey) hope to put out a Europe-wide contracts bulletin by the end of the year.

The spread of monopolistic defence sector mergers within national boundaries has also increased the pressure on European governments to seek foreign—if in general European—suppliers. In France, Thomson-CSF and Aerospatiale are to merge in avionics, creating an Ecu770m firm; in Britain, BAe has acquired Royal Ordnance PLC, complete with 15 000 workers, for a knockdown price; and the forthcoming Daimler-Benz/MBB deal will create a defence group so large and so diversified that it will take a 40 per cent share of German arms procurement. Figures like this make the argument for a more open, pan-European market in defence a telling one.

This brings us to a fourth aspect of European integration in defence. For every step towards a single, free-for-all market in weapons, Europe's massively rich arms firms move into *cross-border joint ventures, shareholdings or outright acquisitions*—if only to protect themselves. That is why Daimler is talking to BAe, and, in France, to Aerospatiale, Snecma (engines) and to Dassault (fighters). It also explains the secret discussions between BAe and Thomson-CSF on the merger of the two firms' missile and defence electronics interests; and it accounts for media speculation about an alliance between BAe and Fiat's defence activities.[78] However, the biggest, most publicised example of cross-border takeovers in defence is last year's £1.8 billion joint bid by GEC and Siemens for Plessey.

At the time of writing, it is unclear whether GEC and Siemens can meet the conditions on technological secrecy laid down for the deal by Britain's ministry of defence. But, whatever the final outcome, more bids between Europe's defence suppliers are certain to follow. As the *Financial Times*'s defence correspondent puts it, 'Europe's defence industry has suddenly begun to look like a personal classified advertising column'.[79]

A fifth and final trend toward Eurodefence exists in the *joint formulation of 'security' doctrine and practice.* Under a separate title to the SEA, the Twelve are enjoined to build 'European

cooperation in the sphere of foreign policy', and to 'coordinate their positions on the political and economic aspects of security'. Already EC summits and councils of foreign ministers issue joint declarations with respect to non-Nato areas of the world, and the Twelve are supposed to vote together at the United Nations. In fact, however, EC policy goes even further.

In 1980, at its Venice summit, the EC gave implicit recognition to the Palestine Liberation Organisation, demanding in return that it acknowledge the state of Israel. This was a slap in the face of US policy, and reflected Europe's greater reliance on Middle Eastern oil. In 1982, in the first ever appearance of the EC in a directly military role, Britain, France, Italy and the Netherlands despatched 300 troops to the Sinai desert as a 'peace-keeping' force.

In 1984 France revived the Western European Union (WEU) in response to its concern about rising German 'neutralism'. This defence organisation embracing France, Britain, Germany and the Benelux countries, had been in hibernation since its foundation in 1948. Since then, the WEU has helped coordinate the activities of British, Belgian and Dutch warships in the Gulf, and has been enlarged, late last year, by the addition of Spain and Portugal.

When EC foreign ministers met in October 1987, they jointly repudiated Gorbachev's offer to partly demilitarise the North Sea. There are further signs of inter-governmental cooperation on defence, especially along the Paris-Bonn axis. Under Mitterrand France has changed its nuclear doctrine from protection of its own national 'sanctuary' towards the protection of West Germany too. The Force d'Action Rapide can intervene in the forward defence of Germany without France rejoining Nato's integrated command. Last year, Mitterrand and Kohl formally renewed the 1963 Elysée treaty, which, among other things, provides for defence cooperation. They also established a high-level Franco-German defence council to coordinate policy and created a 4000-strong armoured Franco-German brigade, based at Boblingen, near Stuttgart.

Meanwhile, British and French defence ministers, George Younger and Jean-Pierre Chevenement, pursue their own designs. They engage in regular talks on nuclear doctrine and targeting policy. Beyond them, too, the EC continues to register considerable cohesion over security matters. In March 1989, for example, it unanimously took diplomatic sanctions against Iran over the Salman Rushdie affair.

The more Washington turns away from Western Europe

towards bilateral relations with Gorbachev, to the Pacific and to third world arenas, the more impetus there is to Eurodefence. Yet, while it is vital to recognise the dangers presented by Euro-militarism, it is important too to see the limitations to this trend. Defence, the ultimate means of enforcing national capitalist interests against rivals, is the most important responsibility of the capitalist nation state. It is not surprising, therefore, to find that national obstacles outweigh the tendencies to promote integrated Eurodefence.

Stronger trends against

First, the sums laid out under Brussels-backed 'grey area' R&D programmes are small compared with their national equivalents. Moreover, the largest programmes immediately point up one of the basic features of Eurodefence: the lack of congruence of the groups of nations involved. Non-EC participants in Eureka and the European Space Agency are barred from joining in Esprit, Race and Brite. Further, Britain has played a spoiling role in the ESA, refusing, in late 1987, to contribute fully to its manned programmes. Among the different players involved in the EC, Nato, the WEU and the Independent European Procurement Group, there are certainly membership overlaps. But the disparities are troublesome. As sociologist Ralf Dahrendorf has admitted, 'In defence matters, Europe as an entity exists at best as a reminder of the complexity of issues'.[80]

When we turn to joint projects the problems multiply. There are economies of scale, but there are also the larger costs that inevitably emerge from complex, multinational management structures. Delays are endemic, and friends often fall out. For example, in 1987 Britain cried off from the NH90 helicopter project; while in 1988 the Anglo-German-Italian SP70 self-propelled howitzer collapsed because, as Britain put it, of a 'bureaucracy gone mad'. The most serious problems in joint projects have dogged the European Fighter Aircraft. First, France walked away from it after Rolls Royce beat Snecma to supply its jet engines. Since then Germany has insisted on equipping the plane with American-designed radar put together by Daimler's EG, with backing from GEC-Marconi and others. On the other hand, Britain, France and Spain favour a European radar alternative, lead-managed by Britain's Ferranti and backed by Siemens.[81]

Intra-EC rivalries also threaten the emergence of a single European market in defence. When an indigenous defence manufacturer loses a government contract to another European

concern, the chances are that it will also lose the momentum with which to keep up at all. As *Electronics Times* has noted of the EFA affair, 'the reason why this contract is being so bitterly contested is that both Ferranti and GEC-Marconi know that the price of failure is exclusion from the airborne radar market for the foreseeable future'.[82] Moreover, the loss of a contract means the loss of thousands of jobs—an unpalatable political prospect, even in today's free market times.

When it comes to 'merger mania' in defence, conflicts erupt with a particular ferocity. Given the loss of Inmos to Thomson-CSF, the fall of Plessey Semiconductors, worth £120m, to GEC and Siemens calls into question Britain's ability to carry on the independent manufacture of chips—for GEC is not serious in chips, and Siemens loses money on them. More importantly, the GEC/Siemens bid has nothing to do with new-found European unity, but a lot to do with an old phenomenon: 'the restructuring of European high technology industries'. British academic analysts contend that this trend 'could degenerate into a form of creeping cartelisation between large firms, stifling innovation, raising prices and increasing pressures to erect external trade barriers'.[83] Cartelisation, a characteristic feature of moribund capitalism, is the real name of the game among Europe's defence contractors. But, given the sensitive nature of the sector they are in, they are playing for very high stakes.[84]

Too great a move toward European suppliers would increase American anger with Europe, and also endanger US contracts previously won by BAe, Plessey, Alitalia, Agusta and Thomson. On the other hand, the pull of Europe is considerable. What we can look forward to in Eurodefence, therefore, is more Westland affairs—right across the Continent, and especially, such is its Euro-American schizophrenia, in Britain.[85]

What, lastly, about the joint formulation of security in Europe? Here progress is beset with problems. The EC failed to agree to support Britain during the 1982 Falklands War. The WEU is going nowhere: its permanent council, an executive body based in London, held lengthy talks on the status of an ambassadorial chauffeur, leaving ministerial decisions on defence cooperation 'a dead letter'.[86] No wonder Mitterrand recently admitted that he was at a loss to discern a way forward to strengthen the 'European pillar' of the Atlantic alliance.

The recent uproar between West Germany (backed by its European neighbours) and the USA (supported by France as well as its loyal British stooges) over the modernisation of battlefield nuclear weapons highlights broader fissures within

Nato and within Europe. Relations between Britain and France remain ambivalent. In January 1989 French prime minister Michel Rocard spoke out against what he termed the 'stagnation' of Anglo-French strategic relations. Since then, Britain has decided not to opt for French air-launched stand-off nuclear missiles as a replacement for its ageing freefall nuclear bombs; instead, it is talking to the USA about an alternative weapon.

Because Europe's warmonger companies are so big—Daimler-Benz, for instance, will soon be the largest non-oil firm in Europe—mergers here involve much larger sums of money than those in the civilian sector. In this respect, then, defence is the field where European unity is strongest. On the other hand, defence companies are also the ones with the strongest ties to nation states: taking Daimler-Benz again, we are talking about annual subsidies from Bonn worth £8 billion. It follows that Eurodefence is the arena where intra-EC tensions are most acute. Every contract signed today contains the chance of major ructions tomorrow.

At the same time the decline of the USA, the growing economic and political self-confidence of West Germany, and the reform of the Soviet Union have put reunification of Germany back on the agenda of European politics. This is an incendiary prospect, and it ensures that 'Euro-Westlands', when they come, will lead to major upheavals—both in domestic politics and in the forums of the Twelve.

Between rising defence costs and the maintenance of national sovereignty there is no easy escape. This is an iron law among the fragmented, inefficient economies of Western Europe. Today, Europe's nations are not on the point of fighting each other. But when we remember that the conflagration of 1914-18 was supposed to be 'the war to end all wars', then the complacency of the *Economist* is staggering. Those who would redraw the map of Europe should recall that the present borders were the product of two major wars. Their memories may be short, but we understand that the capitalist world knows no other way of resolving such matters.

6. Euro-reaction

The inevitable impact of the freer operation of market forces in the EC will be to shake out jobs in the Twelve's more backward national economies. Permanent mass unemployment, together with the provision for a more fluid mobility of labour that is enshrined in the Single European Act, will give employers a powerful lever with which to hold down wages and enforce more

intense exploitation. There has been much debate on the 'social dimension' of 1992—the promise of safeguards for workers in workplace rights and welfare. However, vague codes of practice upholding trade union recognition, health and safety standards and state security benefits will give EC workers little protection against employers and governments desperate to raise profitability and curb public expenditure.

The EC's schemes for tighter, better coordinated security against immigrants, ethnic minorities, subversives and criminals are much more specific than its social programmes. They show that, behind the talk about 'worker consultation' in industry, a carnival of reaction is in the making.

The jobs shake-out

By promoting 1992, EC governments encourage employers to bring forward their plans for rationalisation. In West Germany, 1992 has reinforced hysteria over *Industriestandort Deutschland*—whether the country can remain an industrial base without further cuts in wages. Even Germany's conservative official trade union movement has denounced hype about 1992 as a cover for redundancy programmes. In Spain, 24 000 sackings are anticipated in steel. The process of rationalisation is also underway in Italian banking, which could shed 90 000 jobs in the next few years. West German road haulage, French building products and machine tools, British furniture and kitchenware, Italian retailing—all these will face a ruthless overhaul. Across the EC, sectors as varied as coal, power generation, textiles, car assembly and components, electronics, telecommunications, financial services, paper, construction, distribution, shipbuilding, retail banking, medical and railway equipment and boilermaking have all been noted to be 'vulnerable'.[87]

Even the optimistic Cecchini report on 1992 speaks of 'medium-term' benefits preceded by a 'supply-side shock'. In a cynical understatement, the commission admits that the first two or three years after 1992 will bring half a million redundancies in their wake.[88]

What about Britain? British *industry* cannot match its Continental rivals. For example: while France and the Netherlands each account for 22 per cent of West German imports, and Italy takes 18 per cent, Britain can only penetrate to 14 per cent—the same as Belgium combined with Luxemburg.[89] In the critical sector of cars, Austin Rover's EC market share is three per cent, compared with Fiat and Volkwagen-Audi's 15 per cent

each, and shares for Peugeot-Citroen, Ford, GM and Renault of more than 10 per cent each.[90]

What holds for cars holds also for other branches of British manufacturing. British Aerospace's snapping up of Austin Rover shows what the dynamic of 1992 implies today—4900 redundancies. These, Brussels rightly surmised, were what was required if Rover was to join other EC carmakers in a coordinated repulse to Japanese models. There then followed a further round of competitive shake-outs in both the aerospace and automotive industries. A few months after the merger, Ford announced the closure of its Sierra production line in Britain, and BAe shut weapons factories in southern England with the loss of 2400 jobs. The rationale in each case? In part, that 1992 made rationalisation inescapable. For similar reasons, capitalist opinion is unanimous that the country's major electronics employers need somehow to consolidate their fragmented operations, merge and slash their workforces.[91] The same pattern is clear in food. Faced with tightening competition in their own European empire, and concerned that 1992 would intensify the pressure, confectioners Rowntree drew up a scheme for sackings even before Nestlé's successful takeover bid.

British *services* seem more insulated from 1992 than British industry. But appearances are deceptive. Britain's share of world trade in services has declined just as remorselessly as its share in manufactures. Since 1978, exports of British services have never returned to levels above £7 billion a year. Yet today, only the cry of 1992 is necessary for British service employers to try to reverse their plummeting competitiveness by dismissal notices. It was, for example, under the rubric of 1992 and the projected opening of the Channel Tunnel in 1993 that, last year, P&O Ferries dismissed hundreds of seafarers in a rush to introduce new, 'competitive' working practices. Again, Thatcher justified the withdrawal of the National Dock Labour Scheme in April 1989 on the grounds that the removal of 'restrictive practices' at British ports was an essential part of national preparation for 1992.

Even the City is not safe from the turbulence that 1992 promises. As the brokers' magazine *Acquisitions Monthly* has noted, the snag with EC financial institutions is that they do not speak English and that, when it comes to handling money, they 'do not play cricket'.[92] Thus while merchant bankers Warburg arranged 24 mergers and acquisitions in Europe in 1987, notching up £5 billion in the process, it was almost alone among British finance houses in doing well over the Channel. The aid it

gave Jacob Suchard in the fight for Rowntree proved fruitless. In European takeovers, it is US investment banks such as Goldman Sachs which call the shots. In 1988, over sums of more than $1 billion, US banks arranged about 10 deals; British banks, none.[93]

The City has Greenwich Mean Time, the English language and the hi-tech office space of Broadgate and, shortly, Docklands' Canary Wharf. But the evidence for the UK having a natural advantage in financial services is, as one authority has it, 'mixed'.[94] As the the Crash of 1987 showed, it takes but days to shift men in suits from one country's dealing-rooms to another's. While the City need not lose too much sleep over the growth of Paris and Milan as financial centres, the possibility of a mass exodus to Frankfurt cannot be discounted. For the thousands of white-collar clerks who cross London Bridge to their jobs each weekday morning, 1992 spells insecurity and possible destitution. British capital is too senile to benefit from 1992. In services as in industry, workers will have to pay the price.

Opening up the European labour market offers employers massive reserves of unemployed or marginally employed workers, who can be exploited both intensively and flexibly. With overall EC joblessness at eight per cent for men and 13 per cent for women, the Twelve are awash with youth training schemes (Britain, France), youth and female unemployment (Italy, Spain) and the labour 'flexibility' of short contracts, shift work, part-time posts and temporary positions (West Germany, the Netherlands). While Italy still runs the biggest black economy in the EC, moonlighting is up in Britain, the Benelux countries and especially West Germany. It covers trades like design, architecture and computer programming, and entraps everyone from children to 'illegal' immigrants.[95] The unhindered manipulation of the EC's reserve army of labour after 1992 will put every European employer in fine shape to drive down wages, undermine trade union organisation and impose inferior working conditions.

The 'social dimension'

In September 1988 Jacques Delors received rapturous applause at Britain's TUC conference for his views that 'social dialogue and collective bargaining' were the pillars of modern democratic society. Delors' proposed European Company Statute—a means of assisting EC companies in their pursuit of cross-border mergers by providing them with an EC-wide framework of company law—requires minimum standards of worker parti-

cipation throughout the Twelve. Delors has also called for EC minima in wages, educational rights and employment rights. Moreover, the 'social charter' unveiled by EC social affairs commissioner Vasso Papandreou in May 1989 specifies 'decent' wages for the employed and a minimum wage for the unemployed; a right to workers' 'information, consultation and participation in employment'; a limit to working hours; and a 'decent standard of living' for pensioners.

Thatcher opened her counter-attack against the Delors initiative at Bruges in September 1988. That same month, she went to Madrid to tell Felipe González to forget about the social dimension. In the run-up to the June 1989 Euro-elections, the Tories' hostility to Papandreou's charter became a major focus of debate. Yet, the fuss about the social dimension is a storm in a teacup. Thatcher's reactionary tirades are largely for domestic consumption and the angry responses of other European heads of state merely reflect this fact. As their domestic policies confirm, other EC leaders are as hostile as Thatcher to trade unionism; they are not concerned about protecting workers' livelihoods. That is why the commission's proposals merely ask member states to compare their national laws on social policy with EC standards, and why they contain little new legislation. Similarly, registering under the European Company Statute will be optional, not mandatory.

Delors proudly proclaims that he has spent 30 years fighting Marxism. As the finance minister of Mitterrand's notorious U-turn to austerity in the early eighties, he was the man who applied 'rigour' to the French trade unions by slashing jobs and wages. No wonder he professes himself baffled by Thatcher's hostility to the social dimension. Yet Thatcher's stand is not entirely aimed at the Tory faithful. Such is the parlous state of Britain's economy that even the hint of *de jure* consensual management of 'industrial relations' appears an outrageous breach of sovereignty.

A final reason why Britain opposes a social dimension from Brussels results from the fact that British capital is specially well-placed to go acquiring in Europe. Thus while the commission itself has warned that a more open Europe would tempt northern companies to shift south, to take advantage of the low taxes, wages and benefits there, Britain is all in favour of such 'social dumping'. Thatcher opposes 'creeping socialism' from Brussels, then, not only because it might deter exploitation in Britain, but also because it might have the same effect on British firms heading for Europe's 'sun belt'.

The social dimension is the subject not of majority decisions among the Twelve, but of unanimous votes. It is one thing for the Twelve to agree broadly on the need for EC-wide merger policy: this concerns relations among capitalists. But it is another thing altogether for Brussels to govern relations between capital and labour. These are the province of judges, policemen, armies, intelligence services—matters for the nation state.[96]

Border controls

What has captured public imagination most about 1992 is the proposal for a Europe *sans frontières*, in which people can move freely across national boundaries. Already, however, the so-called 'Schengen group' of 1992 enthusiasts—France, West Germany and the Benelux countries—has agreed on the following qualifying points:

- ending frontier controls must be accompanied by a strict, EC-wide regime of internal controls on non-EC citizens;
- non-EC seekers of visas and of political asylum must be particularly subjected to these internal controls; so should non-EC refugees, criminals, and 'security risks';
- the EC's police forces must cooperate more;
- non-EC persons must only be allowed into the Twelve at fixed times and places, and provided that they have enough money and do not endanger public order or international relations;
- a 'common deportation fund' must be set up.[97]

Over the past decade all countries in Europe have been gripped, to a greater or lesser extent, by public panics about law and order, drugs and crime, terrorism and Aids. All these issues have also been used as a means of scapegoating immigrants for problems of unemployment, housing shortages and social disorder. The result has been a wave of prejudice and bigotry against ethnic minorities, backed up by more repressive immigration laws and racist police forces, and taken on to the streets by more or less coherent far-right organisations. By enabling all member states to 'take such steps as they consider necessary' in 'security' matters the SEA will fuel the growth of racism. This can only lead to more brutal assaults on ethnic minorities, with bitterly divisive consequences for the entire working class.

Yet, while all the white tribes of Europe want to strengthen common bonds against the menace of aliens from other continents, this is not enough for Thatcher's kith and kin. Take the Channel Tunnel. While France will check passports *sur le*

train, Britain will insist on lengthy customs procedures at Waterloo. Or take the formation of an EC-wide police agency. Germany would like this and other EC states are broadly in favour. Britain believes, however, that such an agency can be no substitute for the maintenance of border controls.

However, there is a more substantial problem at the root of British concerns about border security: Ireland. Britain is the only EC country that has fought a colonial war within its own boundaries for the past 20 years. The fact that in recent years the Irish War has involved IRA attacks on British soldiers in West Germany and the Netherlands, not to mention SAS death squads operating in Gibraltar, gives it an important European dimension. Thatcher's hostile line on a Europe *sans frontières*—in her Bruges speech, she declared the maintenance of border controls a matter of 'plain common sense'—follows from the nature of the 'United Kingdom'. Irish freedom fighters respect neither Britain's Channel ports, nor the Border separating the Six Counties from the Twenty-Six. Result? Because the SEA allows member states to veto the relaxation of border controls, the prospects for a customs-free Twelve by 1992 look 'distinctly dim'.[98] Once again, the realities of the imperialist nation state subvert the best-laid plans for EC unity.

Euro-chauvinism

As well as undermining workers' economic position, the rush towards 1992 promises to erode still further the ideological independence of the working class movement. While Euro-chauvinism seeks to unite the workers of Europe with their bosses against the peoples of the rest of the world, mounting national chauvinism within the EC deepens antipathies among Europe's workers and weakens the resistance of labour against capital's 1992 offensive.

The drive towards 1992 identifies as our enemies the chip producers of Silicon Valley and Osaka. The EC politicians preach that workers in Europe have more in common with the bosses of the North Sea and of the Mediterranean than with the workers of the Pacific. As Carl Hahn, chairman of Volkswagen, puts it: 'By the year 2000, Korea will be an automobile manufacturer of the size of Germany...[trade unionists at VW] know they have to compete with these countries to maintain employment.'[99] The politics of 'one Europe' cajole trade unionists into making sacrifices so that their employers can take on non-European rivals more effectively. They encourage workers to look upon workers of different nationality as competitors

rather than as potential allies in the common struggle for liberation.

In France, 'humorous' government television commercials portray 1992 as a chance for European industrial bantamweights, complete with boxing gloves, to take on US corporations got up as hulking American footballers—and win. In Britain, we are all supposed to be disappointed that repressive Oman and Jordan have dropped their interest in Euro-built Tornados; conversely, BAe workers are meant to rejoice that dictatorial Malaysia has decided to buy eight. More contracts for Europe! Fewer openings for Japan and the USA! These are the chauvinist messages bound up in 1992.

What if 1992 goes wrong, or leads to undesirable consequences for any of the Twelve? Then each member state's working class will be urged to put the blame on other nations, rather than the capitalist class at home. British workers will be told that the cheap labour of Greece, southern Italy, Spain and Portugal is 'stealing their jobs'; the TUC can be relied on to do its patriotic duty and stir up chauvinist prejudice in the labour movement. Again, southern retail and banking workers will be summoned to conduct a nationalist vendetta against the predatorial British and Germans. The governments of France and Britain will rally public opinion in condemnation of Germany for not 'pulling its weight' in defence.

The bright vision of 1992 is already being clouded by the universal suspicion with which Germany is viewed by the rest of the Twelve. Asked why the Germans should do her bidding on the modernisation of Lance missiles, Thatcher is reported to have replied, 'After all they lost the war'. In a similar vein right-wing ideologue Roger Scruton detects, in Germany's 'decisive turn away from the Western Alliance', what he calls 'the exorbitant spirit which spoke through Hitler'.[100] Since German capital runs massive surpluses with the rest of the Twelve, underwrites the EC and is likely to set the pace for the rationalisations and redundancies of 1992, we can look forward to particularly brackish outpourings against Bonn, *lederhosen* and all the rest.

Is the picture so bleak? Can we not hope that, aided by the European TUC, the Twelve's trade unions will forge links with each other and coordinate a response to Euro-austerity? In fact we cannot. So parochial are the institutions of official trade unionism in Europe that they organise solidarity within national boundaries all too rarely, and across them not at all. For the most part, Europe's union leaders act as a bunch of nation states.

They will unite against Detroit or Seoul, but not against nationalism and Eurochauvinism. And the left? To the left we now turn.

7. The left and Europe

The drive towards 1992 has cruelly exposed the European left. Whereas hostility to European integration is the most distinctive position of the French Communist Party, the Italian Communist Party puts support for European unity at the centre of its programme. Defined by its anti-EC stand a decade ago, the British left is now firmly pro-EC. The incoherence of the left's attitudes to Europe is telling testimony to the ravages of nationalism: in every country the mainstream left takes its stand where it considers the true interests of the national capitalist class lie.

Reduced to trailing in the wake of the nation state, the left has suffered a long-term decline in influence throughout Europe. The traditional left was discredited by the inadequacies of its programmes and strategies in the first phase of the world recession in the early seventies and has everywhere lost working class support. In the mid-eighties, a new modernising left made a vague pro-Europeanism one of its principal defining features. In place of the bankrupt policies of the past—Keynesian state intervention at local and national level—it proposes for the future...the same policy, but applied at the level of the European Community and its institutions. A glance at the British Labour Party's line on the EC over the years reveals the evolution of the nationalist virus that now afflicts the whole West European labour movement.

Labour's U-turn on Europe

Hostility to Europe was, for many years, a defining feature of left-wing radicalism in Britain. The Communist Party of Great Britain led the popular campaign against German rearmament in the fifties, and the Tribune group of left-wing Labour MPs was equally opposed. The traditional chauvinism of Britain's labour bureaucracy encouraged vehement left objections to imports from the EC into Britain. The Treaty of Rome smacked of papal power, the end of Commonwealth butter and loss of Westminster sovereignty in the face of the 'menace of the multinationals'.[101]

The massive 'yes' vote in Britain's May 1975 referendum on whether to continue membership of the EC marked a major defeat for the left. But for Labour's leadership the referendum

was merely a vindication of a policy laid out as early, in fact, as 1962. In that year, party leader Hugh Gaitskell told the party conference that being pro-Market would mean that Britain would end up 'a state (as it were) in the United States of Europe, such as Texas and California'. Membership of the EC would mean 'the end of a thousand years of history' for Britain and the end, too, of the Commonwealth.[102] Gaitskell attacked the EC for its protectionist import levies on food from outside Europe.

Gaitskell's crudely chauvinist speech shocked fellow right wingers in the party who took a pro-European line; it won unfamiliar praise from the already staunchly anti-European left. Yet he was careful to make clear that entry into the EC *was possible if the terms were right*. His terms were stiff:

> 'If we could carry the Commonwealth with us, safeguarded, flourishing, prosperous; if we could safeguard our agriculture, and our EFTA friends were all in it, if we were secure in our employment policy, and if we were able to maintain our independent foreign policy...[the EC] would indeed be a great idea.'[103]

Gaitskell's strict conditions on British entry into Europe reflected the caution that was widespread among British capitalists at the time. His speech registered Labour's rejection of the EC until such time as it was convinced that entry was in the interests of British capitalism. The anti-Europeanism of the Gaitskell leadership was a matter of tactics, particularly at a moment when it was in opposition to a crumbling (pro-Europe) Conservative government, not principle.

In 1962 America was lucrative to British capitalists and the Commonwealth was an important source of cheap food. British portfolio investment abroad, bound up with the City's global interests, had only as recently as 1959 been surpassed by the more manufacturing oriented foreign direct investment of an industrial bourgeoisie with interests in European trade. On the other hand, British small capital and agriculture—in 1962, a more important force than today—were unalterably opposed to EC membership. Above all, the whole ruling class in Britain was deeply perturbed by de Gaulle's behaviour in the EC. That its fears were well-founded was shown by his veto of British membership in both 1963 and 1967.

By the late sixties, however, large British industrial companies—of which GEC was a prime example—had swayed establishment opinion firmly *in favour* of the EC—provided, as ever, the terms were right. The Labour leadership was quick to modify the

Gaitskell position and shift into line with the mainstream of British capital. Food was no longer a critical import item, while exports to the EC now exceeded those to the sterling area. Now in government, Labour leader Harold Wilson followed traditional Labour form in speaking the mind of British capital. He complained that Britain was subject to 'American industrial helotry' and applied for British membership of the EC. He spoke of the need 'to make Europe strong, more independent, more decisive in world affairs'.[104]

Though its policy on Europe fluctuated, the Labour leadership was consistent in representing the national interest. Wilson found his desire for EC entry rebuffed by de Gaulle in 1967; he objected to the terms accepted by Heath's Conservative government when Britain finally entered Europe in 1973. By 1975 Wilson was back in government and back in favour of Europe, on terms little different from those accepted by Heath. He used the referendum to rout the party's leftist anti-Europeans with the full backing of a grateful capitalist class. Now that the British establishment's historic ambivalence towards Europe appeared a thing of the past, the Labour leadership became unequivocally pro-European.

When Labour went into opposition after Callaghan's defeat by Thatcher in May 1979, the issue of Europe came to occupy a central place in the ensuing inner-party struggle. The left, led by Tony Benn, blamed the policies of the Wilson/Callaghan/Healey leadership for the party's setback at the polls. In addition to campaigning to make the party leadership more accountable to the activists, the left emphasised withdrawal from the EC as one of the key positions which should be included in any future manifesto. The party's 1981 conference voted that a future Labour government should not even hold a referendum on British withdrawal: it should just pull out. The virulently anti-European turn of Labour's conference was a crucial factor in the departure of the 'Gang of Four' who subsequently set up the Social Democratic Party. Roy Jenkins, Shirley Williams, David Owen and Bill Rodgers had been the leading figures in the 'yes' camp during the referendum campaign in 1975.

In fact, no sooner had Labour's right-wing pro-Europeans departed than some prominent left wingers began to get cold feet about the withdrawal policy. For those not entirely embroiled in Labour's internal conflicts, the intensity of the recessionary wave that devastated British manufacturing in the early eighties confirmed that there was no hope for British capital outside of Europe. Indeed at the time of Labour's 1981 conference, *the next*

step noted: 'The irony is that some of the EEC's opponents take the maintenance of the interests of British imperialism so seriously that they are beginning to have qualms about withdrawal.'[105] Within months, Communist Party economist Bob Rowthorn came to Labour's rescue, anxious to 'modernise' it in line with the establishment's pro-European position. Rowthorn argued that 'Britain's links with Western Europe, and in particular with the EEC countries are now, and will remain for the indefinite future, the central feature of our existence as a trading nation'.[106]

Though Rowthorn was at first angrily repudiated by the left for his revisionist line on Europe, other radical intellectuals echoed his views. In 1983, a committee of eminent West European socialist economists published a detailed Europe-wide Keynesian reflation plan.[107] The significant feature of the book was not its economics, but the fact that it took for granted that the EC was the starting point of European socialist planning. This was also the point of view of Fred Halliday, who argued that 'the new Europe' would have to 'develop forms of defence able to protect it against both major powers'.[108]

By 1984 even Neil Kinnock had caught on. He called for a 'new Messina conference' to reorganise the EC, but came out broadly in favour of it. The old Euro-right may have departed, but, as the party was refashioned in Kinnock's image, the new orthodoxy became increasingly pro-European. After a period of discreet silence on the whole question, the mainstream left jettisoned its anti-EC principles. Labour's U-turn on Europe, from the ultimatums of Gaitskell through the reservations of Wilson to the Euro-enthusiasm of Kinnock, was complete.

Euro-utopia

Utopianism about Europe has become the last refuge of Britain's radical intelligentsia after a decade of Thatcher rule. 'Only by acting as part of Europe can Britain have any influence' writes Frances Morrell:

> 'As multinational companies have extended their empires and begun to organise production on an international scale, ignoring national boundaries, the means open to governments to influence economic development have diminished and become less effective. Companies like Ford, for example, plan Europe-wide. Separate national governments have little impact.'[109]

The Communist Party's *Sunday Times* columnist Martin Jacques agrees. He writes of the 'decline of the nation state, and

specifically the European nation state'.[110] Academic co-thinker John Keane goes further: both the internationalisation of capital and the political integration of Europe are, he contends, 'not just irreversible but even unstoppable'.[111] In sum, the new radical wisdom is that Europe, if not on the verge of unity, is certainly on the way to it. Such is the pace of integration within Europe, the argument goes, that the prospects for socialism in Britain now revolve more around the institutions of the EC than they do around Westminster or British local government.

What does the British left really want out of the EC? John Palmer wants 'democratic control' of it:

> 'Democratic control demands support for a vastly more powerful European parliament. But a coherent alternative European strategy will have to go beyond the obvious demands for improved transnational social provision and will have to grapple with the central role of European planning and new forms of supranational social ownership and what relation those have to national and indeed regional and community based forms of intervention.'[112]

Just as some Western left wingers today look to Gorbachev as a saviour, so Palmer seeks succour in Brussels. Palmer's 'alternative' European strategy amounts to a plea to make the institutions of the EC work along the lines of Ken Livingstone's Greater London Council.[113] Altogether, the faith of the British left has in the institutions of the EC rivals its attachment to the general elections and parliaments of British democracy. Palmer argues that there is a 'need for a far broader distribution of income and wealth within the European Community'. He goes on:

> 'Who is to effect that redistribution if not a more powerful, reconstructed community?'[114]

Not for the left the reorganisation of production in Europe by the European working class: Brussels redistribution rules!

In its focus on EC institutions, the left vastly overestimates the clout actually wielded by Brussels. That the left has as its highest ambition the control of commission funds worth one per cent of the Twelve's GDP is a fitting tribute to the narrow horizons of Labourism today. The left's illusions in the possibilities of a Euro-superstate follow from its inflated expectations about how far the EC can integrate the capitalist economies of Europe. As early as 1971 we find Rowthorn speculating on the prospects for a fully unified Europe:

'At its widest, an extended Common Market might cover virtually the whole of Western Europe, and, at its most complete, so many economic and military decisions would be irreversibly centralised that the resulting "United Europe" would be a single nation.'[115]

Yet, as we have seen, every step towards closer economic integration only reveals the obstacles resulting from the dependence of capital accumulation on the nation state.

The hopes the left holds in a European programme of Keynesian state intervention are equally ill-founded. Where would the money come from, if not from the exploitation of the working class to a level of intensity that would require another war and defeat on the scale of 1939-45 to achieve? Morrell for one is already prepared to connect the supposed decline of the nation state with the need for a tough Euro-line against all-comers:

'What is needed is a framework at the European level for managing trade relations with the rest of the world, for negotiating with multinational companies and for regulating monetary conditions within Europe.'[116]

In the process of standing up to the rest of the world, particularly the USA, Morrell insists that Western Europe should maintain 'adequate conventional forces for defence'. The left is increasingly prepared to extend its support for Europe to approval of the trends towards European militarism.[117]

Illusions in Gorbachev and in the progressive potential of Euro-defence today allow Kinnockian apostasy over unilateralism to ride shoulder to shoulder with Euro-utopianism. Not only are Nato and nuclear weapons now the right thing for Labour. Ron Smith, Campaign for Nuclear Disarmament theoretician and economics professor, has discovered that a single European market in defence is OK too. Europe-wide competition in arms procurement, he writes, 'provides the weapons that are necessary at the lowest cost, reduces the political leverage of the military lobby, and increases the incentive for the arms firms to diversify out of defence'.[118]

In a bizarre reversal of past hatred of the Germans, the left's schemes for Euro-defence have a strongly central European twist. Radical politics lecturer Phil Williams suggests that 'increased European cooperation in defence could bolster Nato and stave off US troop cuts'. He wants the Western European Union and the Independent European Programme Group to be more active, and recommends that Britain and France link their

defence structures to Germany's.[119] Feting Gorbachev, Morrell wants Western Europe to develop a new 'Ostpolitik' towards the Soviet bloc:

> 'A Western Europe which was ready to disengage from the USA and actively seek a new political, overall Eastern settlement to replace the "East of the blocs", set up as a result of the Yalta Agreement...could make a major contribution to reducing the threat to world peace.'[120]

In the British left, there is much admiration for the German SPD's encouragement of 'pluralism' in Eastern Europe.[121] But, at a moment when leading European institutions and financiers have called for a new 'Marshall plan for Eastern Europe', can we really trust West Germany's largest company, the mighty Daimler-Benz to 'make a major contribution to reducing the threat to world peace'? Though Daimler's chairman, Edward Reuter, has been a member of the SPD since 1946, his firm does £2.5 billion a year in arms business.

'A stronger Europe could offer third world countries a more palatable alternative to dependence on the USA and the US dollar', argues the World Development Movement's Edward Mayo.[122] Ask the people of India whether they would like to repeat their experience of European domination, or those of Algeria whether they would like to return to the European fold, or those of Central America whether they would prefer European-financed death squads to those backed by the USA! European imperialism appears more benign than US imperialism only through the rose-tinted spectacles of the European left, not in the eyes of the people of the third world.

8. 1992–Neither for, nor against

From the point of view of the working class, there is nothing progressive about the 1992 project. The aspiration towards greater international cooperation and harmony cannot be realised through the capitalist framework of the EC. Indeed, the drive towards closer integration of the European capitalist powers can only intensify tensions between Europe and the rest of the world as well as unleashing conflicts within Europe itself. At the same time we cannot uphold the existing order, or any defence of national sovereignty, against 1992. The choices in this debate are simply choices among different ways of organising the relationships among the European capitalist powers. We are not interested in choosing among different forms of capitalist domination: our object is to overthrow capitalist domination in Britain, in Europe and in the world.

In the nineteenth century, the creation of nation states, a world market and an international division of labour was progressive. Since the twentieth century and the age of imperialism, however, the nation state in the advanced West has frustrated democratic rights in the third world. Indeed, the whole extension of the world market and of the international division of labour by imperialism is a story which involves redivision of the world at the expense of the south. Some development of the productive forces has been achieved in the process, but only at the expense, not only of the oppressed, but also of the metropolitan working class, which enjoyed the fruits of a boom only after the Holocaust, Hiroshima and the whole mid-century period of reaction. Those who believe that the imperialist powers of Western Europe can now transform themselves into a progressive force in the world are deceiving themselves.

Europe, the cradle of capitalist 'civilisation', has long been outpaced by America. It came together in the Treaty of Rome in an attempt to deal with that problem. It attempts to move even closer together now to essay a rejoinder, not just to the USA, but to Japan too. The danger of Euro-chauvinism directed against these quarters is now a serious one. A further twist of the global recessionary spiral would sharpen it still further.

Europe can only achieve greater cohesion on the backs of the peoples of the third world. From Afghanistan to the Gulf, from southern Africa to Malaysia and the Far East, Europe poses as a liberator from despotism, Americanism and Tokyo rule—only to enforce its own domination. To imagine that Western Europe, the cradle of imperialist barbarism, can use 1992 as a platform for Good Works in the third world is a childish fantasy.

The single European market can only mean the spread of intra-European phobias. A further slump will hit the countries of the Twelve differentially; anyway, each member state has its own inclinations about the world economy, as West Germany's preponderance in Eastern Europe confirms. Altogether the jockeying for supremacy that 1992 is bound to bring can only have a divisive effect on the peoples of Western Europe.

In new conditions, Europe is being Balkanised once more—at the same time as it is building a reactionary fortress of its own. This means that popular aspirations for all-European unity cannot possibly be realised within the framework of the EC. Indeed they can only be frustrated by 1992. To recognise this is not to indulge the equally reactionary defence of national sovereignty—especially not in Britain, with its uniquely low (in EC terms) standards of childcare provision and its uniquely

incompatible railway gauges. 1992 shows that capital cannot transcend its national base.

How should the working class movement respond to 1992? While the single market threatens deepening austerity in the medium term, the immediate consequence of the 1992 debate is to strengthen chauvinism and reaction. Throughout Europe issues of race and immigration provide a focus of repression and a key device for dividing and paralysing the working class movement. A common anti-racist struggle across Europe would be the most appropriate labour movement response to the 1992 debate. Instead of allowing ourselves to be dragged into taking sides in the squabbles among rival national capitalists and their political representatives, we can organise independently to unite the working class against capital, in each country and across national barriers. Such a campaign would not only challenge racism and nationalism, it would point the way forward towards the genuine unity of the peoples of Europe that can only be achieved through the supremacy of the proletariat.

Notes

1. *Guardian*, 17 May 1989.
2. 20 May 1989.
3. *Daily Mail*, 18 May 1989.
4. Heseltine, *The Challenge of Europe*, 1989.
5. *Guardian*, 19 May 1989.
6. 'The coming boom in Europe', 10 April 1989.
7. 'Little-Englander view of life from the slow lane', *Sunday Times*, 23 April 1989.
8. *Trading Places*, 1988, p192.
9. 'The shape of Europe's trade', *Economist*, 3 September 1988.
10. 'Completing the internal market', European Commission white paper, 1985.
11. Between 1980 and 1987 the EC's GDP grew by only 12 per cent, compared to 19 per cent in the USA and 27 per cent in Japan. Investment rose by four per cent, against 30 and 31 per cent in the USA and Japan; productivity figures show the same disparities: 24 per cent versus 29 per cent for the EC's rivals. Employment growth was negligible, while jobs in Japan spread by six per cent and in the USA by 14 per cent (Henley Centre for Forecasting, 'The united markets of Europe', Vol 1, June 1988, p14). While the USA has

244m inhabitants and a market worth $4.4 trillion, the EC has 323m mouths to feed, but counts for less: $4.2 trillion. Japan is smaller but more dynamic: its population is 122m, its market worth $2.7 trillion. Figures, for 1987, from 'Getting the map together', *Time*, 4 April 1988.

12. Commission figures quoted in Henley, op cit, p15.
13. 'Who turned out the lights?', *Economist*, 4 February 1989. Western Europe has only 11 per cent of world trade in semiconductors and in memory chips it is even lower: four per cent, against 23 for the USA and 69 for Japan. See *Business Week*, 14 November 1988. In addition 'in 1978 seven out of the top 10 companies selling semiconductors in Europe were foreign, and five of these had substantial production facilities in the region. Half of the following 10 companies were also foreign—and included, in the Japanese and South Koreans, some of the fastest growing groups in the industry'. See T Dodsworth, 'Semiconductor production: a glaring weakness', *Financial Times* survey on European high technology, 22 March 1989.
14. P Patel and K Pavitt, 'Is Western Europe losing the technological race?', *Research Policy*, No 16, 1987, pp63, 65, 80; K Narjes, 'The state of science and technology in Europe', *European Affairs*, Spring 1989, p94.
15. Dodsworth, 'Battling for world markets' and W Dawkins, 'European research investment: the debates intensify', *Financial Times* survey on European high technology, op cit.
16. See Siemens and GEC chiefs Kaske and Weinstock, 'The importance of critical mass', *Financial Times*, 7 April 1989.
17. 'Why predators like the taste of British food and drink', *Financial Times*, 26 May 1988.
18. See F Painton, 'Second thoughts on 1992', *Time*, 23 January 1989, p14. Cumulative Japanese investment in European manufacturing is modest compared with American: in April 1987 it was $3.3 billion, against a 1986 US figure of $186.5 billion. G de Jonquieres, 'Concern over "Fortress Europe" after 1992', *Financial Times* survey of Japanese industry, 7 December 1988.
19. R Strange, 'Hang out the flags for Japan's new wave', *Electronics Times*, 16 February 1989, p12; *Guardian*, 3 February 1989.
20. *Financial Times*, 3 June 1988.
21. Ibid, 20 May 1988.
22. J Grant, 'Beware the last train out of town', *Acquisitions Monthly*, February 1980.
23. W de Clercq, 'Europe and America: brothers, yet foes?', *European Affairs*, Autumn 1987.
24. 'Lower wages attract West German investment to the UK', *Times*, 17 December 1988.

25. In fact, there is a flourishing black market in hormone-treated beef in Europe; see 'Beefing about the bush', *Economist*, 24 December 1988.
26. 'Gatt: now for the hard part', *Financial Times*, 11 April 1989, p20.
27. See de Clercq, op cit.
28. Record bankruptcies among the farmers of the Mid-West, Bavaria and Latin Europe are another important factor in rising tempers. There are 3.8m farmers in the USA and 10m in the EC. Subsidies on both sides of the Atlantic amount to more than $25 billion a year, for, in the face of massive debt among the backward capitalist countries, surpluses of American grain and European dairy products have for more than a decade been difficult to unload on the third world. Between 1980 and 1986, total US government payments to farmers rose from six to nearly 32 per cent of net farm income, up almost eight-fold from the highest levels reached in the seventies. See CF Runge, 'The assault on agricultural protectionism', *Foreign Affairs*, Fall 1988. As for EC subsidies, the Community's court of auditors has attacked the commission for 'manipulating' figures to hide the fact that they rose to 71 per cent of the Twelve's budget in 1987, *International Management*, February 1989, p4.
29. *Guardian*, 18 February 1989, p8.
30. The figures are from de Clercq, op cit, and are for 1986.
31. Pemberton, op cit.
32. See the chart in *Financial Times*, 1 December 1988, p4.
33. De Clercq gives figures for overall US investment very much lower than those reported by de Jonquieres for manufacturing investment. He estimates that, of the $233 billion it had invested abroad in 1986, the USA had $82 billion based in the EC. See de Clercq, op cit. On the other hand, *Business Week* believes that US direct investments in the EC in 1987 amounted to $122 billion. See 'Reshaping Europe: 1992 and beyond', 12 December 1988, p17.
34. At the expense of overstretched and disaster-prone Boeing, and of McDonnell Douglas, Airbus recently won major orders for its jets from America's TWA and four other customers in the space of five working days. Airbus, which accounts for more than a third of the world's booming market for civil aircraft with more than 100 seats, makes no fewer than 11 A300 planes a month; US trade representative Carla Hills believes that it is the critical issue in US-EC commercial relations, and in March charged Bonn with 'illegal' financial support under Gatt. See C Yeutter, 'We are not close to a trade war', *European Affairs*, Autumn 1987; 'Breaking the order barrier', *Sunday Times* Business News, 29 January 1989, pD7; P Montagnon, 'At the heart of the trade dilemma',

Financial Times, 10 March 1989.

35. On Cocom, see, for example, G Forest, 'US v EEC: hi-tech trade war', *the next step*, 12 February 1988. On Britain's inability to get clearance to sell transputers to the USSR, see M McLean, 'Cocom thwarts UK/Soviet deal', *Electronics Times*, 27 October 1988.
36. *Financial Times*, 1 December 1988, p1.
37. Montagnon, lead article in *Financial Times* survey on East-West trade, 13 December 1988.
38. D Buchan, 'Reciprocity is the new buzzword', ibid. Other figures from D Marsh, 'Profiting from perestroika', *Financial Times*, 7 March 1989; and 'Breaching the frontiers of Eastern Europe', *International Management*, March 1989, p19.
39. J Delors, in 'Second thoughts about 1992', *Time*, op cit, p13.
40. Ibid.
41. JS Lublin, 'Japanese carmakers slip inside as Europe argues design of walls', *Wall Street Journal*, 23 March 1989, p1.
42. The figures, which are approximate, are from S Islam, '1992: getting into Europe', *South*, December 1988, p8.
43. *Economist*, op cit; 'Towards a single Europe', *Financial Times* survey, 17 November 1988, p3.
44. *The Times Guide to 1992: Britain in a Europe Without Frontiers–A Comprehensive Handbook*, 1989.
45. 'Brussels orders repayment of Ecu747m in state aid', *Financial Times*, 3 June 1988.
46. Of all state aid measures logged by EC member states, the proportion that, illegally, fails to be notified to the commission rose from 11 per cent in 1985 to 18 per cent in 1987/8. See D Buchan and I Davidson, 'Brussels takes hard line on state aid', *Financial Times*, 16 December 1988. The chief culprit was France, which failed to notify Brussels on nearly two occasions out of every five.
47. H Giersch, ibid, p37.
48. M Emerson, 'What model for Europe', p48. The figures apply to the eight who have been members since 1970.
49. Commission, 'Making a success of the single act: a new frontier for Europe', 1987.
50. In the first 10 years of the ERDF, which covered the decade up to the beginning of the 1992 process, Britain received £3 billion of Community support—one of the largest sums made available. Since then the British government has received more than £0.3 billion of the EC's social fund to back its Youth Training Scheme. In 1985, maximum percentages of ERDF funds allowed to different countries were fixed. Again monies covered not just southern member states, but northern ones; and again, Britain in particular came out with a generous allocation:

Maximum % ERDF funds allowed different countries (agreed 1985)

Italy	29
Spain	24
Britain	19
Portugal	14
Greece	11
France	10
Germany	3

(Source: Owen and Dynes, op cit, p173)

Clearly Thatcher's economic 'miracle' does not prevent her from demanding Brussels intervention when it suits her.

Even the much-vaunted 'doubling' of the ERDF is not all it seems. Once the enlargement of the EC by Spain, Portugal and Greece is taken into account, the real increase in funds amounts to no more than 43 per cent (Pelkmans and Winters, op cit, p86). In terms of transfers to regions covering the poorest 30 per cent of the EC's population, funds will add but 10 per cent to the present level of gross capital formation (T Padoa-Schioppa et al, *Efficiency, Stability and Equity: A Strategy for the Evolution of the Economic System of the EC*, 1987.)

51. Pelkmans and Winters, op cit, p86.
52. Spain and Ireland are set to achieve free capital mobility by 1992, Greece and Portugal may take until the mid-nineties.
53. D Buchan and G Owen, 'Undimmed ambitions for unity in Europe', *Financial Times*, 14 March 1989.
54. R Waters, 'Pan-European tax rates: chaos more likely than harmony', *Financial Times*, 13 March 1989.
55. M Cusack and L Harte, eds, *1992: An Unworkable Utopia*, Hoare Govett Investment Research Ltd, August 1988, p17.
56. W Dawkins, 'The dream is becoming reality', *Financial Times*, 20 December 1988.
57. 'Young sees new EC merger role', *Guardian*, 17 February 1989.
58. *Euromoney*, June 1988.
59. Owen and Dynes, op cit, p101.
60. 'Lo! A central bank for Europe', 25 June 1988.
61. C Johnson, 'Nine years of the EMS and the private Ecu', *European Affairs*, special issue on the Ecu, March 1988, p17.
62. Ibid, p21.
63. The European Investment Bank is an organ of the EC which both provides credit for EC projects in transport, energy, communications and regional development, and which grants third world countries long-term project-related

credits—in Ecus.

64. T Coussieu, 'The Ecu in the interbank currency deposit market', *European Affairs,* op cit, pp133-4.
65. With French investment bankers Paribas as lead managers of Ecu bonds since 1981, followed by other French financial institutions, Belgian banks and, most recently, several Japanese and one or two American banks, Ecu issues have topped 30 billion since 1981, and currently run at about 7.5 billion a year. The salience of EC institutions and companies in weak-currency states is unmistakable.
66. T Takagaki, 'The institutional investor and the Ecu as an international alternative to the US dollar—Ecu, as seen from Japan', *European Affairs,* op cit, pp112-3.
67. P Norman, 'Success turns to uncertainty', *Financial Times,* 13 March 1989.
68. 20 May 1989.
69. See E Lipp, *Financial Times,* 1 June 1988; N Thygesen, 'The integration of Europe's financial markets and the role of the Ecu', *European Affairs,* op cit; Padoa-Schioppa, op cit; L Tindemans, 'Which way to go with the Ecu. One Europe!', *European Affairs,* op cit, p77.
70. Thygesen, op cit, p62
71. Coussieu, op cit, p134.
72. Johnson, op cit, p22.
73. 'Stand back, Whitehall', *Economist,* 14 January 1989.
74. For example: 'Speaking at a conference organised by the European parliament...the Philips president warned of "a global war" for supremacy in electronics technology.' ('European business leaders seek EC support for firms', *Wall Street Journal,* 8 March 1988, p2.)
75. I Hamilton Fazey, 'Victors spoil for empires', 'Paints & coatings: the war for world markets', *Financial Times* survey, 10 March 1989.
76. In helicopters, collaboration is rife. Aerospatiale works with MBB on the PAH-2 anti-tank helicopter; Britain and Italy share plans for a joint naval design, the EH101; Britain, Italy, Spain and the Netherlands have teamed up on an army attack machine; and Aerospatiale, MBB, Italy and the Netherlands are building a naval machine and troop-transporter, the NH90.
77. 'The last frontier', *International Management,* April 1989, p19.
78. Other cross-border activity includes the shares bought by GEC, MBB and Sweden's Wallenberg in Matra, the recently privatised French aerospace contractor; and the plans for an Aerospatiale/MBB joint operating authority in helicopters.
79. D Marsh, 'Further surprises forecast', 22 March 1989. Earlier this year, GEC and the Dutch aerospace firm Fokker flirted

with buying Short Brothers, Northern Ireland's biggest employer; so, too, did MBB.

80. 'There is no common market in Europe', *European Affairs*, Summer 1987, p42.

81. The arguments over the European Fighter Aircraft are revealing, not just because GEC and Siemens are on opposite sides in the chase for business worth £2 billion, but also because of the uncharacteristically pro-European stance of the MOD: 'The British argue that if the EFA is equipped with an American radar, it will mean the end of European radar technology.' (J Adams and P Beresford, 'EFA heads for radar storm', *Sunday Times* Business News, 5 March 1989) Indeed, given the centrality of radar to modern air battle, buying American could lead to Europe losing the ability to build fighters altogether.

82. C Partridge, 'Defence watch', 16 February 1989, p6.

83. K Morgan et al, *The GEC-Siemens Bid for Plessey: The Wider European Issues*, 1989.

84. The career of Sir John Cuckney, formerly chairman of Westland helicopters, aptly sums up the dilemmas inherent in cross-border defence deals. During the Westland affair, he stoutly defended the takeover of his firm by Sikorsky, a subsidiary of America's United Technologies. In early 1989, however, he put together a bid—with Plessey and, it is true, America's AT&T and GE—for GEC. This he did through a 'shell' company named Metsun. Leader of the company? France's Thomson-CSF. Although Metsun's £7 billion bid to break up GEC proved abortive, Cuckney's switch from American to European sympathies typifies the turbulent atmosphere among Europe's militarists today.

85. Already, for example, Siemens is worried about the tie-ups GEC has made with GE.

86. E Hintermann, formerly assistant secretary-general of WEU, 'European defence: a role for the WEU', *European Affairs*, Autmun 1988, pp32, 37.

87. '1992: the bad news', *International Management*, September 1988; Euromonitor, *1992: Single Market*, 1988, p46; *Fortune*, op cit.

88. P Cecchini, *The European Challenge: 1992–The Benefits of a Single Market*, Commission of the EC/Wildwood.

89. Department of trade and industry, publicity pack on 1992, 1988. The figures are for the year 1986.

90. While West Germany is, after Japan, the world's second largest car exporter, Britain is, after the USA, the world's largest car importer: at present, it runs a £4 billion deficit in cars, out of a £14.7 billion deficit overall. See M Pemberton, 'The world car industry to the year 2000', *Economist Intelligence Unit*, September 1988, pp52, 54. This survey

covers the years up to 1985.

91. See for example McKinsey, 'Performance and competitive success: strengthening competitiveness in UK electronics', National Economic Development Council, 1988.
92. February 1988.
93. D Brierley, 'American bankers lead 1992 charge', *Sunday Times* Business News, 5 February 1989.
94. Henley, op cit, page x.
95. 'Making money on the sly', the 'black economy' accounts for 10 per cent of Europe's GNP, *Newsweek*, 30 June 1986.
96. Similarly, social security systems within the Twelve differ in level and duration of benefit, methods of finance, and in eligibility: fully harmonising them will, in the words of one bourgeois expert, be 'impossible'. T van Zweeden, 'The "social dimension" in Europe...a continuing problem', *European Affairs*, Spring 1989, p32.
97. R Norton-Taylor, 'EEC plans tighter controls on aliens', *Guardian*, 22 February 1989.
98. P Wilsher, '1992', *Sunday Times Magazine*, 23 October 1988, p19.
99. *Financial Times*, 13 March 1989.
100. 'Don't trust the Germans', *Sunday Telegraph*, 21 May 1989.
101. Labour Research Department, 'The menace of the multinationals', 1975. See also G MacLennan, 'Quit the market—join the world', Communist Party, 1975.
102. 'Labour Party conference report', 1962, p159.
103. Ibid, p165.
104. *Economist*, 19 November 1966; *New York Times*, 9 May 1967.
105. November 1981.
106. 'Britain and Western Europe', *Marxism Today*, May 1982. Until the early eighties the EC was usually referred to as the EEC (European Economic Community).
107. S Holland (ed), *Out of Crisis: A Programme for European Recovery*, 1983.
108. *The Making of the Second Cold War*, 1983.
109. 'Beyond one-nation socialism: an agenda for the European left', *Political Quarterly*, July/September 1988.
110. 'Europe and nation: coming in from the cold', *Marxism Today*, April 1989.
111. '1992 and all that', ibid.
112. 'Eurosupermarket threat to Thatcher', *Guardian*, 28 July 1988.
113. It is striking that many in the left's Brussels fan club are former GLC/Ilea functionaries—including Morrell, Palmer, Robin Murray and Livingstone himself.
114. *Trading Places*, op cit, p192.
115. 'Imperialism in the seventies: unity or rivalry?' *New Left*

Review 69, September/October 1971.

116. Op cit, p305.
117. For details of the left's new enthusiasm for Euro-defence, see the special defence issue of the new intellectual liberal left paper, *Samizdat*, March/April 1989.
118. 'Should an opposition defence policy encourage Thatcherite competition?', ibid, p17.
119. 'West European security and troop withdrawals', *Political Quarterly*, op cit, pp320-321.
120. Op cit, p130.
121. See J Palmer, *Europe Without America? The Crisis in Atlantic Relations*, 1988, p18.
122. *Marxism Today*, op cit.

Review

The myth of 'Thatcherism'

Jon Hann

Andrew Gamble, *The Free Economy and the Strong State: The Politics of Thatcherism,* Macmillan, 1988, pp276, pbk £8.95
Stuart Hall, *The Hard Road to Renewal: Thatcherism and the Crisis of the Left,* Verso, 1988, pp290, pbk £8.95
Kevin Bonnett, Simon Bromley, Bob Jessop and **Tom Ling,** *Thatcherism: A Tale of Two Nations,* Polity, 1988, pp219, pbk £7.95
Peter Jenkins, *Mrs Thatcher's Revolution,* Cape, 1987, pp424, cloth £14.95
Hugo Young, *One of Us,* Macmillan, 1989, pp302, cloth £16.95
Robert Skidelsky (ed), *Thatcherism,* Chatto & Windus, 1989, pp214, cloth £18

The tenth anniversary of Margaret Thatcher's first election victory has provoked a flood of critical appraisals of the Thatcher phenomenon. Gamble, Hall and Bonnett et al are lecturers at various universities. While Gamble provides a synthesis of the radical academic critique of the record of the Thatcher governments, Hall and Bonnett have assembled articles published in various papers and journals in the course of the Thatcher years. Peter Jenkins and Hugo Young, senior political correspondents respectively of the *Independent* and the *Guardian,* provide journalistic accounts from the perspective of a disaffected liberal intelligentsia. Robert Skidelsky has brought together a set of lectures given last year at Warwick University.

One of the most striking common themes in the tenth anniversary discussion is the general acceptance—confirmed in

the titles of these books—of the term 'Thatcherism'. Though historians never speak of 'Chamberlainism', 'Churchillism', 'Macmillanism' or 'Heathism', the present Conservative prime minister has been credited with founding an eponymous school of political theory and practice. The authors reviewed here share the assumption that 'Thatcherism' is a coherent and distinctive ideology.

The journalists are most assiduous in tracing the emergence of 'Thatcherism' through the development, from the earliest stages, of the Thatcher personality. Young attributes great importance to the early years in the Grantham grocer's shop in the thirties, where the young Margaret Hilda acquired 'the inextinguishable merit of having watched the meticulous reckoning of income and expenditure'. Jenkins puts greater emphasis on her formative years in the forties and fifties:

> 'Her crucial political experiences were gained under socialism at home and communism abroad; she was a daughter of the age of austerity and the Cold War.'

However, it was not until the seventies that the future prime minister fused the wisdom of the corner shop with traditional Tory prejudices to form an ideology considered deserving of her personal brand name. Hall sums up the view of the radical academics:

> 'Ideologically, Thatcherism is seen as forging new discursive articulations between the liberal discourses of the "free market" and economic man and the organic conservative themes of tradition, family and nation, respectability, patriarchalism and order.'

Forged in opposition to the governments of Wilson and Callaghan, 'Thatcherism' triumphed in 1979, and it has since gone from strength to strength.

But is Thatcherism really so distinctive? Economic liberalism has been a central theme of Tory ideology ever since the 1830s; respect for law and order, race and nation, family values and deference to authority—these are the values that have been promoted by Conservative politicians for 150 years and more. Even during the post-war years when a cross-party consensus on the need for state intervention in industry and welfare prevailed and there was little public enthusiasm for the brash patriotic prejudices of earlier Tory propagandists, the rhetoric of the free market and the imperial race, and demands for hanging and

flogging, always guaranteed an ovation at party conferences.

In the fifties and sixties Enoch Powell boldly upheld laissez-faire economic policies and appealed to racist sentiment on the issue of immigration. Yet Powell's stand against public expenditure in 1958 led to his resignation as a junior treasury minister and his 'rivers of blood' speech in 1968 led to his exclusion from the Tory leadership. In 1975 Thatcher's support for deeper public spending cuts helped her to displace Heath as party leader and her speech of sympathy for British racists who feared they were being 'swamped' by immigrants helped her to victory in the 1979 general election. What was new in the seventies was not the ideology espoused by the Thatcher clique, but the fact that the old crap suddenly achieved a much wider impact. What had changed was not Tory ideology, but the climate within which it was received—a climate that allowed Thatcher to seize the party leadership and promote traditional Tory policies in a particularly aggressive and uncompromising manner.

What happened in the seventies to allow a revival of the Conservative Party under a dynamic new leadership? What happened in the eighties to ensure the continued ascendancy of this same party under this same leadership? The answers to these questions are not to be found in studies of the Thatcher persona, nor in the influence of Keith Joseph and all the right-wing think-tanks that equipped Thatcher with off-the-peg reactionary theories such as monetarism which she used to dignify her policies. Nor is the answer to be found in the 'Falklands Factor', understood as some deus ex machina which miraculously saved a prime minister sinking in a morass of recession and domestic unpopularity in 1982. Indeed the answer is not to be found in any of the books under review, which all seek to understand 'Thatcherism' by studying Thatcher. The secret of 'Thatcherism' lies in the impact of the 1974-79 Labour governments and in Labour's role in opposition in the eighties.

Labour came to power in 1974 on a wave of industrial militancy provoked by Heath's attempts to overcome the effects of recession through holding down wages and disciplining the unions. At a time of rising unemployment and hyperinflation, workers looked to Labour—equipped with the left's 'alternative economic strategy'—to resolve the crisis through 'a fundamental and irreversible shift in the balance of wealth and power in favour of working people and their families', in the words of Tony Benn, faithfully included in the party's programme. The result was profoundly demoralising. The Labour leadership

used the left's programme to win union acquiescence, first to wage controls and later to public spending cuts; unemployment doubled, living standards dropped. While austerity bit and disillusionment sank in, the left, utterly compromised with the leadership, fell silent.

In the closing years of Labour rule, the Callaghan leadership turned to attack the working class—sending in troops to crush strikes by firefighters, ambulance workers and council workers. Further, the Labour government launched a series of propaganda campaigns which was to have a lasting impact. Threatening anti-union legislation, the Labour leaders created the spectre of 'union power' and whipped up public animosity against public service workers. The Labour leadership responded to an upsurge of racism by emphasising its commitment to tighten already racist immigration controls; when young blacks resisted fascist demonstrations, the government sent in paramilitary police squads. Callaghan personally fronted a campaign to uphold traditional family values—offering his own as a model—against hooliganism and vandalism. When Thatcher's aide Airey Neave was blown up by Irish republicans on the eve of the 1979 election, Callaghan patriotically condemned the incident and loyally promised not to make Ireland an election issue.

The last Labour government not only created a climate of mass unemployment, welfare cuts and despair, it also provided Thatcher with a country well softened up for her reactionary ideological message. All the major themes of what was to become familiar as 'Thatcherism'—anti-union prejudice, racism and chauvinism, law and order—were all popularised by Callaghan and Healey in the years before Thatcher came to power. Labour's feeble and defensive response to the Tory attacks on the unions, on black youth, on the Irish hunger-strikers, on Argentina, followed the lines of its earlier policies. Under Callaghan, Foot and Kinnock, the Labour Party in opposition has ensured that Thatcher has steadily gained in confidence and power.

Just as Thatcher herself was largely a creation of the left, so it was the left too which invented 'Thatcherism'. Hall can justly claim the credit for first popularising the term as early as January 1979 in the essay 'The great moving right show' included in this collection. The left began constructing the myth of Thatcherism before Thatcher's victory, but after it was already clear that the left in the Labour Party had been defeated and discredited. The myth of Thatcherism allowed the left to avoid confronting its own responsibility for the debacle of the

Wilson/Callaghan years. Instead of investigating the inadequacies of the programme of the left that had turned so easily into a weapon for the right, the theorists of Thatcherism discovered an entirely new target for their studies. The problem was not the catastrophic consequences of Labourism for the working class, but the supposed popular appeal of Thatcher and her policies. While the debate about 'Thatcherism' raged over the next decade, the left's disastrous 'alternative economic strategy' was discreetly forgotten.

One advantage of the 'Thatcherism' theory for its proponents is that, far from blaming Labour and the left for the ascendancy of reaction, it allows the radical intelligentsia to blame the working class for voting in the Thatcher government. This also explains the popularity of 'Thatcherism' beyond the left, among readers of the *Independent* and the *Guardian*. The liberal public service professionals who read these papers deeply resent the impact of Conservative government policies in the spheres of education, healthcare, local government, etc, and they yearn for a return to the days of consensus politics and social harmony. They can join our theorists of 'Thatcherism' in snarling bitterly at the prime minister, and join in too in sneering at the '*Sun* readers' who have betrayed radical petit-bourgeois illusions in the virtues of council housing, nationalised industries and shabby council services.

Though opinion surveys have consistently cast doubt on the popularity of Thatcherite values, and electoral studies confirm that Thatcher's success is more dependent on middle class votes than working class enthusiasm, the Thatcherism theorists are convinced that the prime minister stirs deep approval in the hearts of the British proletariat. Again, this preoccupation with the supposed appeal of Thatcherism allows radical academics to avoid asking potentially troublesome questions about the evident *lack* of appeal of Labour, its leadership and policies, right, left and centre. But it is the alienation of substantial sections of the working class from Labour over the past 20 years that is the key to the Thatcher phenomenon. This is why, in conclusion, it is difficult to recommend any of these books: all contain some insights into the Thatcher years, but by taking the myth of 'Thatcherism' at face value, they all miss the central point.



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Review

The poverty of philosophy

Mike Freeman

GA Cohen, *History, Labour and Freedom: Themes from Marx,* Oxford University Press, 1988, pp320, pbk £12.50

'He wants to soar as the man of science above the bourgeoisie and the proletariat; he is merely the petit-bourgeois, continuously tossed back and forward between capital and labour, political economy and communism.' (K Marx, *The Poverty of Philosophy,* Collected Works Vol 6, p178)

Marx's famous criticism of Proudhon and the utopian socialists of the 1840s can legitimately be levelled at Gerry Cohen and today's academic Marxists. In 1978 the Canadian-born Oxford professor published *Karl Marx's Theory of History–a Defence,* a work explained in the preface to his latest book as his 'homage to the milieu [communist/Jewish Montreal] in which I learned the plain Marxism which the book defended'. That debt paid, Cohen feels 'no longer obliged to adjust my thinking to that of Marx' and free to pursue an independent course. The collection of essays published here is the fruits of that work over the past 10 years and the author's collaboration with other prominent figures in the school of 'analytic Marxism'—John Elster, John Roemer, Eric Olin Wright.

Cohen discusses at a uniform level of rarefied abstraction a number of familiar controversies in academic Marxism—forces and relations of production, base and superstructure, being and consciousness, historical inevitability and revolutionary agency,

human nature and social change, value and exploitation, freedom and justice. His concern is to uphold—against the ideologues of reaction and disillusioned radicals alike—the necessity for a fundamental transformation of capitalist society. At the same time he wants to dissociate this project from Marx's conception of the process of historical change through the agency of working class revolution:

'An appreciation of the principal evils of capitalism, which are its injustice, its hostility to the development of the capacities of the individual, and its voracious ravaging of the natural and built environment, does not depend on ambitious theses about the whole of human history. Nor does the claim that it is possible to establish a society without exploitation which is hospitable to human fulfilment require, or perhaps even follow from, those theses.'

In his moralistic critique of capitalism and his preoccupation with the role of an individual abstracted from any social context, Cohen echoes the utopian socialists of the mid-nineteenth century. For Cohen, as for the utopians, there is no objective reason why capitalism should not continue indefinitely. To his own question 'why should capitalism become untenable?' he replies:

'In my view, it is ultimately because people no longer have to labour in the traditional sense that they no longer be made to labour for capitalists.'

But why should 'people' decide that they are no longer prepared to labour for capitalists? The utopian socialists believed that the power of radical ideas could overthrow the capitalist order; in the more pessimistic prognoses of today's academics such an outcome is only one possible result of random personal interactions among atomised individuals in modern society. This perspective explains the popularity among analytic Marxists of sociological approaches, such as game theory, which Cohen considers 'is supremely relevant to certain Marxist concerns'.

Cohen's whole approach of abstracting elements of Marxist theory from the totality and contemplating them in isolation is alien to Marxism. In this realm of pure theory, any resolution is possible; an author can take up a fiercely revolutionary or a cravenly moderate position and debate can rage indefinitely in learned journals. But the academic method leads to fundamental problems, as Cohen candidly admits:

'I do not now believe that historical materialism is false, but I am not sure how to tell whether or not it is true.'

This is a problem which did not exist for Marx. As he put it in the second thesis on Feuerbach, 'the question of whether objective truth can be attributed to human thinking is not a question of theory but is a *practical* question' (Marx, *Theses on Feuerbach*). He continued, emphasising that 'the dispute over the reality or non-reality of thinking which is isolated from practice is a purely *scholastic* question'. Marxists test the adequacy of their theory through their intervention in the world of the class struggle, not by the standards of philosophy in the classroom.

In his polemic against Proudhon Marx distinguished between 'humanitarian' and 'philanthropic' critiques of the capitalist system. He noted that 'the whole theory of [the humanitarian] school rests on interminable distinctions between theory and practice, between principles and results, between idea and application, between content and form, between essence and reality, between law and fact, between the good side and the bad side' (*The Poverty of Philosophy*, p177). The philanthropic school 'carried to perfection' the humanitarian approach, seeking 'to realise theory in so far as it is distinguished from practice and contains no antagonism'. Marx emphasised that 'in theory, it is easy to make an abstraction of the contradictions that are met with at every moment in actual reality'. As theory becomes 'idealised reality', the philanthropists could 'retain the categories which express bourgeois relations without the antagonism which constitutes them and is inseparable from them'. With their lofty discussion of theory in isolation from any consideration of class conflict in any determinate capitalist society, the analytic Marxists are the 'philanthropists' of the 1980s.

Cohen clings to a radical interpretation of academic Marxism. In his 1980 Isaac Deutscher memorial lecture at the LSE, republished here under the title 'Freedom, justice and capitalism' he inveighs against right wingers and reformists alike and condemns the injustice and exploitation of capitalist society. He concludes with rhetorical flourish, quoting the *Communist Manifesto:* 'the theory of the communists may be summed up in the single sentence: Abolition of private property.' But let us remind Cohen how Marx viewed this process of abolition:

'Since *private property*, for instance, is not a simple relation or even an abstract principle, but consists in the totality of the *bourgeois* relations of production...a change in, or even the abolition of these

relations can only follow from a change in these classes and their relationships with each other, and a change in the relationship of classes is an historical change, a product of social activity as a whole, in a word, the product of a specific "historical movement".' (*Moralising Criticism and Critical Morality*, Collected Works Vol 6, p337)

For Marxists the theory of abolishing private property cannot be separated from the project of building a revolutionary working class party capable of achieving this objective. On this central problem of Marxism in the twentieth century Cohen is silent.

Marx's final word on the moralising critics of the 1840s is an apposite rejoinder to Cohen and his ilk: 'the writer may very well serve a movement of history as its mouthpiece, but he cannot of course create it.' (*Moralising Criticism and Critical Morality*, p337)

Review

The Japanese miracle

Joe Hall

Michael Schaller, *The American Occupation of Japan,* Oxford University Press, 1988, pp364, pbk £7.95
Andrew Gordon, *The Evolution of Labour Relations in Japan: Heavy Industry, 1853-1955,* Harvard Council on East Asian Studies, Harvard University Press, 1988, pp524, cloth £19.95
Kasuo Koike, *Understanding Industrial Relations in Modern Japan,* Macmillan, 1988, pp328, pbk £14.95

In 1945 an adviser to the US State-War-Navy Coordinating Committee recommended the 'almost total elimination of the Japanese as a race' (Schaller, p2). Even the liberal US president Franklin D Roosevelt expressed an interest in a scheme to cross-breed the Japanese with 'docile' Pacific islanders. Compulsory eugenics, he considered, might eradicate the 'primitive brains and barbarism of the enemy race' (Schaller, p2). With the dropping of nuclear bombs on Hiroshima and Nagasaki it appeared that the USA was set to impose its final solution on the Japanese people. Yet 40 years later Japan has re-emerged to challenge the USA's supremacy as the world's leading capitalist power.

The secret of Japan's revival has variously been sought in the national character or in the country's cultural traditions of respect for authority, discipline and hard work. The value of some recent publications on Japan is that they attempt to go beyond the superficial character of much of the debate about the Japanese miracle and provide some insights into the international and domestic class relations that are the key to understanding post-war developments.

Michael Schaller emphasises the direct role played by the USA in the reconstruction of Japan as a bulwark of US policy in the Western Pacific at a time when it feared the spread of anti-imperialist revolt throughout the hemisphere. He focuses on the period of American occupation between 1945 and 1950, drawing heavily on US official documents released for the first time under 'freedom of information' rules. These documents reveal that even before the end of the war some influential advisers—such as former president Hoover—were urging the rejuvenation of Japan to prevent the spread of communism in the region. However, it was some time before this approach could become the dominant theme in US policy.

Between 1945 and 1947, US policy, enforced by General Douglas MacArthur, supreme commander for the Allied powers, aimed to reconstitute Japan as a humble American client, shorn of all its pretensions to a regional role. He forced Emperor Hirohito and the Japanese ruling elite to accept a new constitution, which stripped the emperor of any political authority, and established a rudimentary framework of parliamentary democracy. Defying the established Japanese elite, MacArthur pressed ahead, introducing modest land reforms, recognising unions and breaking up the massive industrial conglomerates—the *zaibatsu*—to give the regime a measure of legitimacy.

While MacArthur regarded his role in promoting freedom and democracy in Japan as a stepping stone to the Republican presidential nomination in 1948, a growing body of opinion in Washington favoured a bolder reconstruction of Japanese capitalism. The communist-led national revolution in China in 1949, the war in Korea in 1950 and the threat of nationalist revolt throughout south-east Asia forcefully confirmed the urgency of using Japan's economic potential to consolidate American influence in the region. The wave of Cold War anti-communism which swept the globe in the late forties provided the right ideological climate for a change of US policy in Japan.

At the end of 1947 Washington began a campaign to isolate

MacArthur and to reverse the direction of his reform programme. Led by prominent figures such as Kenneth Royall and George Kennan, the campaign aimed to end the break-up of the *zaibatsu* and the discrimination against those involved in Japan's war machine who were 'often the most successful business leaders in the country' (Schaller, p119). The dollar aid programme was used to stimulate heavy industry and in November 1948 the 'programme for a self-supporting Japanese economy', in effect a Marshall plan for south-east Asia, was launched. In 1949 a ministry of international trade and industry (Miti) was established, with the support the following year of Joseph Dodge's programme to boost domestic industry, especially the *zaibatsu*, and promote low-cost, high-volume exports to Japan's Asian neighbours. The US authorities also insisted on a harsh domestic austerity programme aimed at reducing inflation and suppressing domestic consumption.

The US army department's Andrews-West mission to south-east Asia in January 1950 summed up the new approach to the reconstruction of Japan:

> 'Japan, through the extension of trade, the extension of credit, the supplying of materials and the supplying of knowledge and personnel could assist the improvement of the total economies of south-east and south Asia....The region would become an assured market for Japanese knick-knacks and other products suitable for less developed peoples. Tokyo's influence would promote political stability in the wake of the European exodus and communist advance.' (Schaller, p224)

The Korean War accelerated the re-integration of Japan into the world economy. Special procurements programmes in 1950 and 1952 ensured a steady flow of US orders, technology and cash into the Japanese economy, effectively subsidising the expansion and modernisation of Japanese industry:

> 'Moreover, the bulk of the orders were for non-lethal equipment such as clothing, electronics, transportation vehicles and so on. Unlike weapons these had direct consumer counterparts. Thus the factories, techniques and labour skills required could eventually be utilised in the consumer and export sectors.' (Schaller, p295)

Thus the USA laid the basis of the Japanese economic miracle. It is striking that many of what are often regarded as the 'peculiarly Japanese' features of modern Japan—the rapid take-up of technology, the role of Miti and the *zaibatsu*—are products of

the peculiar conditions that were imposed on Japan during the American occupation.

Andrew Gordon focuses on the second key factor in the Japanese revival—the defeat of the militant labour movement that emerged in the immediate post-war period. Japanese workers suffered appalling pay and working conditions during the war. They were quick to take advantage of the new legal and political framework established under the American occupation to build up industrial and political organisations. By 1946 nearly five million workers were organised in 17 000 unions; both Socialist and Communist parties flourished. Workers used militant and inventive tactics, particularly factory occupations—more than 225 such incidents took place in the first six months of 1946, involving 150 000 workers. In April and May there were mass demonstrations in Tokyo and other cities, demanding larger food rations, pay increases and the resignation of the US-imposed stooge government.

Alarmed at the working class upsurge, the employers and the US authorities stepped up the climate of anti-communist hysteria as a prelude to direct repression. In February 1947 US officials decided that it was time to 'housebreak' the trade union movement and a proposed general strike was prohibited (Gordon, p332). Early in 1948 union activity in the public sector was curtailed by law and the US authorities began to promote scab 'democratic cells' inside the major unions. The anti-union drive culminated in the notorious 'red purge' in 1950, in which some 12 000 workers identified as communists or communist sympathisers were victimised and banned from future trade union activity.

Gordon gives detailed examples of how, between 1948 and 1952, major employers launched internal purges of union militants. Take Toshiba, where independent unions were established in 1946-47. In July 1949 management announced the dismissal of 5000 workers, 20 per cent of the workforce, including most known activists and communists. The company claimed that it had carried an excessive pay roll since 1946 out of 'consideration for workers and their families', but was now forced to cut back under the new terms for US investment (Gordon, p332). In the course of the subsequent strike, the employers sponsored scab cells which became the company union when the strike was defeated in November. A similar pattern of sackings and victimisations took place on the railways (100 000 dismissed), at Nissan (23 per cent sacked) and at Isuzu (26 per cent out). Workers faced not only state repression, but

highly organised gangs of company thugs who broke up union meetings and demonstrations.

The return to wartime levels of exploitation in industry and the destruction of independent trade unionism were key conditions for the subsequent economic miracle.

Though Kasuo Koike fails to acknowledge fully the impact of the post-war defeats on modern industrial relations in Japan, his study challenges the widespread view in the West that cultural and psychological factors explain Japan's economic success. He focuses on three prevalent myths—'permanent employment', 'seniority wages' and company unionism—which are all commonly invoked by Japan's Western admirers and would-be emulators.

Koike shows that Japan's workforce is highly segmented, divided along lines of age, skill, sex, size of workplace, plant or company. Some workers certainly benefited from the high levels of growth in the seventies and many have fared better than workers in the West through the years of recession. These workers, however, are predominantly male, in their twenties and thirties and employed by one of the big conglomerates. The hi-tech character of key sectors of the Japanese economy has allowed traditional distinctions between blue and white-collar workers to become blurred and has given rise to the impression that a stable 'core' workforce has emerged.

Yet, as Koike notes, Japanese firms are no more able to offer 'a job for life' than are companies in other advanced capitalist countries. A recent labour force survey showed that, rather than having a job for life, many Japanese workers could expect to retain a well-paid job till they were around 45, when they could expect to be made redundant or pushed to take early retirement. Negotiating voluntary severance schemes is a major preoccupation of Japanese unions.

Koike also notes significant differences in employment conditions between big firms and the thousands of smaller companies that act mainly as subcontractors to the conglomerates. In the smaller firms, wage rates and working conditions are much worse. As the rate of bankruptcies is high, employment is much more insecure.

In his discussion of company unionism, Koike's sociological approach leads to an exaggeration of the progressive potential of these organisations. He focuses on the collective bargaining institutions within which these unions work, ignoring the class relations that gave rise to them in the first place. But the scope for company unionism depends on the wider balance of class

forces. The defeat of the working class in Japan has given them great scope in containing a relatively low level of workplace conflict. When the Japanese working class reasserts its power in society, it will begin by forging new organisations in the workplace.

Review

Sympathy with the devil

Kenan Malik

Salman Rushdie, *The Satanic Verses,* Penguin/Viking, 1989, pp552, cloth £12.95

'Above all things', writes Salman Rushdie in his first major novel *Midnight's Children*, 'I fear absurdity'. A distaste for the absurd and irrational conventions that govern human life has been at the core of all Rushdie's work.

The Satanic Verses is the third part of an unacknowledged trilogy, following on from *Midnight's Children* and *Shame*. Each deals with different aspects of the struggle of an emerging nation, and an emerging people, to come to terms with modern society. *Midnight's Children* is a fictionalised account of the evolution of India since independence; *Shame* considers the degeneration of Pakistan. Rushdie savages the barbarities of religious, caste and class divisions and ridicules the bigotry, corruption and nepotism that characterise the politics of the subcontinent.

In *The Satanic Verses*, Rushdie acknowledges that such irrationality is at the heart of all societies. The central theme of the novel is that all societies, religious and secular, backward and advanced, need to conjure up their own demons and angels. Only through an appeal to forces outside of society, says Rushdie, can our rulers order human affairs.

The Satanic Verses is an epic, a modern-day version of t*Ramayana* or *Mahabharata*, both of which it draws upo Rushdie abandons conventional narrative form, adopting i stead the traditions of an oral storyteller. He interweaves fanta and narrative, dreams and reality, folklore and literature create a witches' brew.

The novel opens with a hijacked Boeing exploding above t Sussex coast. There are only two survivors. Gibreel Farishta is legendary Indian film star who depicts gods in his movies and revered as one by his fans. Saladin Chamcha has contempt for a things Indian—especially films. He is an Anglophile 'mor loyal-than-the-Queen', so fanatically British that he wears bowler hat even when tumbling from 33 000 feet.

As they fall, Saladin and Gibreel metamorphose. Salad becomes hairy and goat-like, his feet turn to hooves and sprouts horns. Gibreel acquires a halo. The two men becom unwitting (and unwilling) protagonists in the eternal batt between good and evil, the divine and the Satanic. As the tumble through space and time, their paths criss-crossing dream and in history, in myth and in reality, from Arabia Ayrshire, Rushdie spins an extraordinary web of stori which explores the meaning of good and evil in both religiou and secular worlds.

The progress of Saladin and Gibreel through the dark, surre landscape of Vilayet—Britain—acts as the holding frame for th novel. Into this frame Rushdie inserts a number of novellas, eac arising out of Gibreel's dreams, which confront the nature religion. The first tells the story of God's Revelation to th Prophet Mohammed and of how the faith of Submissio conquered the city of Jahilia. The second concerns an imam London (who, as Rushdie would put it, both is and is not th Ayatollah Khomeini exiled in Paris) and his uncompromisin struggle against the ruler of contemporary Jahilia. A third tel of Ayesha, a visionary peasant girl shrouded in butterflies, wh leads an Indian village on an impossible pilgrimage to Mecc Rushdie weaves into this tapestry of tales the threads of oth stories, of love and passion, betrayal and faith, reconciliatio and death. The result is a complex, chaotic, often confusin novel, but whose sheer bravura carries the reader along.

Good and evil, says Rushdie, are not natural aspects of th human condition, but the creation of humanity to satisfy its ow needs and desires. The title of the novel comes from two verse which the Prophet Mohammed removed from the Kora believing them to have been inspired by Satan masquerading a

the Archangel Gabriel. As Rushdie unfolds his story of the Revelations through Gibreel's dreams, we see that the whole of the Koran is the work of Mohammed masquerading as the prophet of God.

Mohammed's scribe—whom Rushdie, with delightful conceit, calls Salman—notices 'how useful and well-timed the angel's revelations used to be, so that when the faithful were disputing Mahound's views on any subject, from the possibility of space travel to the permanence of Hell, the angel would turn up with an answer, and he always supported Mahound'. The archangel 'found himself spouting rules, rules, rules' from 'which sexual positions had received divine sanction' to 'the manner in which a man should be buried, and how a property should be divided'. 'It was as if', says Salman, 'no aspect of human existence was to be left unregulated, free'.

Salman begins wondering 'what manner of God this was that sounded so much like a businessman?':

> 'This was when he had the idea that destroyed his faith, because he recalled that of course Mahound himself had been a businessman, and a damned successful one at that, a person to whom organisation and rules came naturally, so how excessively convenient it was that he should have come up with such a very business-like archangel, who handed down the management decisions of this highly corporate, if non-corporeal, God.'

If religion creates the divine and the Satanic in the image of man, then equally, says Rushdie, secular society creates men in the image of devils and angels. Just as the Archangel Gibreel comes to the aid of Mohammed, so secular angels underpin the rule of capitalist society. And just as every religion needs Satan to justify the existence of God—there is no point in having a saviour unless there is something to be saved from—so every secular society needs its own demons as an 'enemy within'. In Vilayet black people are the demons. Incarcerated in a detention centre for illegal immigrants, Saladin discovers that, like himself, his fellow inmates have been transformed into beasts—water buffaloes, snakes, manticores. How do they do it, he asks one. 'They describe us', comes the reply, 'that's all. They have the power of description and we succumb to the pictures they construct'.

Since good and evil, devils and angels, are human constructions, they are interchangeable and often indistinguishable. Which one you are depends on your viewpoint and, most importantly, the viewpoint of your antagonist. Being British is to

be definitely on the side of the angels. But who is British? Saladin thinks he's more British than the British; but the police who arrest him as an illegal immigrant only see him as a hairy beast with horns, hooves and an outsize prick, the personification of all their worst fears about black people. Mishal and Anahita, two teenage girls, are as 'Westernised' as any of their English friends. They wear 501s, indulge in sex and refer to their parents' homeland as 'Bungleditch'. But to Saladin they are 'alien': 'They weren't British, he wanted to tell them: not *really*, not in any way he could recognise.'

Throughout the novel Saladin and Gibreel betray the roles assigned to them. When Saladin is arrested Gibreel refuses to help him. When the two meet up again in riot-torn east London, Gibreel appears as Azraeel, the most terrible of angels, wreaking fire and destruction. But even as he is hunted down by Gibreel, Saladin risks his life trying to save a family trapped in a burning house.

If the two are indistinguishable, then why is one an angel and the other Satan? Gibreel 'in spite of born-again slogans, new beginnings, metamorphoses, has wished to remain, to a large degree, *continuous*—that is, joined to and arising from his past'. But Saladin has shown a '*willing* reinvention' a '*preferred* revolt against history'. In other words, angels mean constancy while devils rock the boat. In the struggle between 'good' and 'evil', Rushdie clearly has sympathy for the devil.

Rushdie suggests that the 'pictures' society constructs of the oppressed are both the basis of oppression—and a source of defiance. Mohammed adopts the name 'Mahound'—'the devil's synonym'—because those on the outside of society 'chose to wear with pride the names they were given in scorn'. When rumours of Saladin's demonic transformation spread through London, the black community adopts him as a symbol of resistance. 'It's an image white society has rejected for so long that we can really take it.' Mishal, the young Asian girl who has befriended him, tells Saladin, 'You know, occupy it, inhabit it, reclaim it and make it our own'. It's a sharp, if ironic, description of Muslim response to *The Satanic Verses*.

In *The Satanic Verses* Rushdie has created a universe of his own through which Saladin and Gibreel rampage with abandon. Rushdie's stated aim was to allow his protagonists freedom of will. Playing God in your universe may be fun for the author—and Rushdie as narrator self-consciously assumes the role of the divine, at one point even sitting on Gibreel's bed to admonish the errant angel—but it creates havoc for the reader. Rushdie's

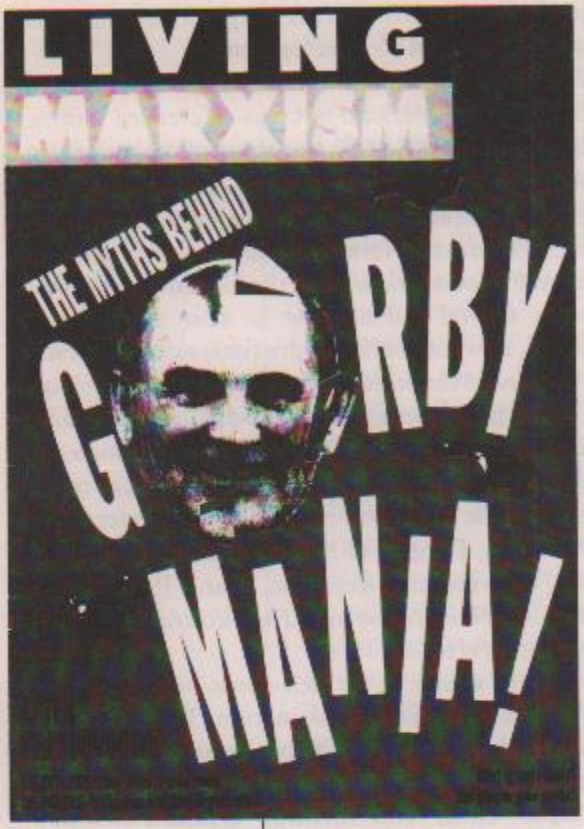
refusal to discipline the wanderings of his imagination makes the novel confusingly arbitrary in its development.

In the absence of a more formal structure, the novel is held together by a bemusing cat's cradle of cross-referenced names, images and allusions. Mount Cone is the name of the mountain where Mohammed receives his revelations; Allie Cone is the mountaineer whom Gibreel loves. Allie Cone's dream is a solo ascent of Everest; in Bombay Gibreel lives at the very top of the Everest Apartments. Hind is the wife of the Grandee of Jahilia and Mohammed's mortal enemy; she is also the wife of Muhammed Sufyan, in whose café Saladin finds refuge. Ayesha is the visionary who leads the pilgrimage from the Indian village of Titlipur; she is also the empress of present-day Jahilia against whom the exiled imam wages war. The imam's henchmen are avatars of those in the service of Mohammed. And so it goes on.

Into his stew Rushdie stirs a stream of literary references. Márquez and Marlowe, Borge and Shakespeare, Ahmed Faiz and WH Hudson, Calvino and Kolatker, Frank Herbert and John Fowles, *The Arabian Nights* and *The Wizard of Oz*—all permeate *The Satanic Verses.*

Too often Rushdie seems to be self-consciously drawing attention to his own erudition and imagination. Too often, too, his determination to be 'rude about them' becomes an end in itself. He wants us to know that he has something to say about every political issue—from 'Mrs Torture's' creation of a new middle class to the Bhopal disaster, from immigration procedures to the three-minute culture. The result is often more clumsy than imaginative. Many of his vignettes of British life—skinheads abusing customers in an Asian café, the Metropolitan Police as a secret witches' coven, a television producer's eulogy for 'Mrs Torture'—are simply embarrassing. The closer Rushdie gets to reality, the less sure his writing becomes.

But what ultimately drives the novel, and makes it such an exhilarating read, is Rushdie's mastery of the art of storytelling. He might lack the poetic fluency of a Márquez, but his exuberant imagination more than makes up for it. Clumsy it may be, even incoherent at times, but the breathless irreverence of *The Satanic Verses* makes it quite bewitching. And in any case, Rushdie is on the side of the devils.



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Review

Gorbachev and the Western left

John Gibson

Ernest Mandel, *Beyond Perestroika: The Future of Gorbachev's USSR,* Verso, 1989, pp216, pbk £10.95

For 40 years a leading figure in the Trotskyist movement, Ernest Mandel turns in his latest book to examine the origins and nature of the current crisis of the Stalinist system in the Soviet Union.

Mandel assembles an impressive body of material and presents it well. He proceeds from an assessment of the scale of the economic crisis to examine the effects of the Gorbachev reforms; he concludes by considering the prospects for the future. The strength of Mandel's analysis is his recognition that Gorbachev's reform programme, far from attempting to achieve a revolution, is in fact designed to prevent one: 'The point of the exercise is to prevent a revolutionary explosion, in other words to prevent a "revolution from below".'

Mandel rightly observes that the crisis facing Soviet society today is more profound than at any time since the late twenties when Stalin launched his drastic industrialisation drive. Economic growth came to a halt in the early eighties and since then there has been, if anything, a decline. As Mandel reveals, Soviet trade more closely resembles that of a third world country than

that of a modern industrial state. More than 60 per cent of Soviet exports are natural resources, while 35 per cent of imports are of items of equipment and transport, more than 20 per cent food products and around 12 per cent industrial consumer goods.

Soviet officials are now openly admitting the extraordinary scale of wasted resources in the economy. Mandel quotes Gorbachev's chief economic adviser, Abel Aganbegyan, as declaring that 'our country produces four and a half times more tractors than the USA in order to produce a smaller amount of vegetables'. The lack of communication between the different enterprises and the breakdown of the transport system—these are the subjects of constant discussion within the bureaucracy.

Mandel's account of the disintegration of the Stalinist system contains much useful information and some valuable insights. It is when he moves from description to analysis that the problems begin. Instead of trying to reveal the underlying processes of the Soviet economy, Mandel seeks to explain its deficiencies by the subjective failings of the bureaucrats themselves:

> 'The contradiction between the private interests of the bureaucracy as consumers and the interests (the possible rationality) of the economic system as a whole expresses itself in the day-to-day behaviour of the bureaucrats, which is the source of increasing waste of human and material resources: false information which makes optimal planning impossible; illegal stockpiling of reserves; massive theft; parallel markets, black markets and moonlighting; generalised corruption and the non-transparency of economic life, etc.'

Mandel regards the Soviet system as a planned economy, where the plans are continually subverted by bureaucrats motivated only by personal greed. Though he might come from a different tradition and draw different conclusions, his 'Trotskyist' analysis of the modern Soviet system is in fact shared by many reform-minded Stalinist bureaucrats. The former Hungarian prime minister Andras Hegedus, for example, recently attacked the 'generalised irresponsibility' of the bureaucracy.

No doubt individual bureaucrats are greedy and corrupt, but the waste, the hoarding of resources and the general inefficiency of the Stalinist system is due to the absence of any real plan, not the subversion of planning by the bureaucracy. In the absence of working class control, planning is a meaningless concept. In the chaos that results in an economy administered by a bureaucratic machine which lacks the active participation of those engaged in production, individual factory managers seek to achieve a degree of self-sufficiency as the only way to guarantee some

control over their activities. If they stockpile tools and raw materials, this is not for their own consumption.

The Soviet economy would have no coherence at all were it not for the central intervention of the bureaucracy, which ensures that certain priorities—defence, heavy industry, energy—receive sufficient resources. Indeed, far from being a parasitic excrescence on a planned economy, the bureaucracy is an indispensable element of a system which lacks any plan or dynamic of its own.

Mandel is hostile to the bureaucracy and he wisely counsels that the working class should not take sides in its internal squabbles. However, he constantly strives to discover some positive potential in the Gorbachev programme, insisting that his policies should be considered individually, on merit. While everyone welcomes the effects of glasnost in opening up political life and allowing scope for opposition forces to organise, it is important to assess the overall impact of Gorbachev's policies. When Mandel does this he emphasises that the 'fundamental socio-political dynamic' unleashed by Gorbachev has been to intensify and stimulate 'the politicisation and the political differentiation (polarisation) of growing layers of Soviet society'. While it is true that Gorbachev's initiatives have had a de-stabilising effect on Soviet society, it is also important to recognise the usefulness of glasnost in providing a framework for regulating and containing conflict.

For Mandel, however, the inevitability of greater turmoil in the Soviet Union opens up the prospect of working class revolution: 'In spite of the intentions of Gorbachev, the effects of glasnost on the masses of the Soviet Union, of Eastern Europe and, later, of Western Europe, far from discouraging revolution, objectively promote it.' Indeed Mandel considers that the process through which events in the Soviet Union today will 'facilitate' world revolution tomorrow is 'not only possible, but despite all appearances to the contrary, is actually inevitable'.

In his heady optimism about the 'objectively revolutionary' potential of the Gorbachev phenomenon, Mandel echoes his earlier judgement of developments in the international Stalinist movement in the seventies. In his influential book *From Stalinism to Eurocommunism*, published in 1978, Mandel argued that the trend towards Eurocommunism in the Western Communist parties opened up the prospect of revolution in the East, because it raised the possibility of alternative 'models of socialism'. He concluded that 'we must regard this aspect of Eurocommunism positively and not negatively'. In fact by 1978

Eurocommunism had already passed its peak and we have yet to witness its positive potential, East or West.

A Marxist assessment of the process of change in the Soviet Union today suggests that the outcome will be a major setback to the class struggle internationally. In the Soviet Union and in Eastern Europe more widely, the Gorbachev phenomenon has served to glorify the capitalist market and bourgeois democracy and to destroy the last vestige of popular credibility for Marxism-Leninism. In the West, the explicit repudiation of the historic validity of working class revolution in the world's first proletarian state has further discredited any anti-capitalist alternative. The strengthening of the forces of capitalist reaction East and West is the inevitable consequence of the Gorbachev phenomenon, at least in the short term.

For 40 years Mandel has been searching for some objective trend or alternative social force to lead the anti-capitalist struggle, so that the left could avoid the hard task of building a revolutionary leadership in the Western working class. It is a measure of the bankruptcy of the radical tradition he represents that he can now discover some positive potential in a man who has, in his own charismatic way, done as much to bury Marxism-Leninism as Stalin.

Review

The Soviet intelligentsia

Eve Anderson

Boris Kagarlitsky, *The Thinking Reed: Intellectuals and the Soviet State from 1917 to the Present,* Verso, 1988, pp384, pbk £9.95

Boris Kagarlitsky is an important figure in the reform movement in the Soviet Union. As a key organiser in the Federation of Socialist Social Clubs (FSOK), part of the recently formed Moscow Popular Front, he campaigned for the radical local candidate, Boris Yeltsin, in the spring elections. Yet only seven years ago, Kagarlitsky was imprisoned for his involvement in the oppositional journal *Left Turn*. It is a measure of the success of glasnost that he is now free to participate in political campaigns and is even interviewed on state radio and television.

His lively book is an important intervention in the glasnost/perestroika debate that is currently gripping not only the Soviet Union, but also the Western left. Kagarlitsky's standpoint is that of the left-wing intellectual. He is opposed to capitalism, but also to the Soviet bureaucrats and their slowness in implementing reforms. He is a champion of democracy and wants to see the working class given a greater say. He is highly critical of traditional Soviet dissidents, dismissing their claims to be the true defenders of democracy and humanitarianism. Kagarlitsky exposes the Stalinist mentality of the right wingers who have been hailed in the West as courageous fighters against 'totalitarianism'. He analyses, perceptively, how they take the bureaucrats' claims that the Soviet Union is socialist at face value, rejecting only the consequences.

This brings us to the key question of the book: which social force is going to lead the struggle for change in the Soviet Union? Kagarlitsky's final conclusion—that the cause of socialist democracy, traditionally upheld by the intelligentsia, has now passed to the working class—is stated as a mere formality. His real orientation is towards the intelligentsia and it is its development that is the main focus of the book. Though he pays lip-service to the masses and to social revolution, he envisages that the reforming zeal of the intelligentsia allied to a progressive section of the bureaucracy (personified by Yeltsin) will gradually bring about democratic socialism. A political strategy that reduces the working class to the role of an enthusiastic spectator of a revolution imposed from above clearly contains dangerous limitations.

In Kagarlitsky's view the peculiar historical development of Russian society made the intelligentsia an inherently progressive force. From the early eighteenth century, when Peter the Great's reforms brought Tsarist Russia into contact with capitalist Europe, intellectuals came to play a prominent role in shaking off backwardness and stimulating Russia's growth into a world power. However, from the start Russian intellectuals influenced by liberal Western ideas came into conflict with the autocratic, semi-feudal Tsarist state. In such a stifling atmosphere, 'any independent action, even if it has no conscious political content, turns out to be an act of rebellion'. As early as December 1825, the newly formed intelligentsia staged an unsuccessful rebellion against the autocracy.

Furthermore, Kagarlitsky argues that it was the intelligentsia that laid much of the groundwork for the revolutions of 1905 and 1917. The honeymoon period after 1917 was sweet but short. With the imposition of 'war communism', most of the educated middle classes were alienated from the new regime, and the sphere of culture became, once again, a battle ground for opposition forces. Ultimately, Kagarlitsky blames the defeat of the Russian Revolution on the Bolsheviks' Red Terror, underestimating the importance of the material backwardness and isolation of the early Soviet state:

> 'Lenin also hoped for revolution in the West (not realising that the Bolsheviks' dictatorial methods scared off the Western proletariat, thus postponing socialism rather than bringing it nearer).'

In fact the working class, especially its advanced sections, has never recoiled from revolutionary violence. Kagarlitsky simply reveals his own middle class prejudices.

Kagarlitsky blames the defeat of proletarian power on the attack on culture and the democratic spirit inherent within it as a result of the terror unleashed by civil war, repression and censorship. Hence, for him, it follows that the recapture of this spirit by the intellectuals who are its living embodiment is crucial to the project of socialist renewal in the Soviet Union today. But by placing democracy on a pedestal Kagarlitsky ends up isolating it from the rest of society and the classes within it. Thus he complains that 'the Bolsheviks did not take into account the indivisibility of democratic principles, the fact that *one cannot restrict the democratic freedom of one class in society without at the same time restricting that of the others*'. This sort of abstract concept of democracy, in the context of a bitter struggle for the very survival of the Soviet state, meant a capitulation to White Terror; the repetition of this hoary prejudice after 70 years places Kagarlitsky firmly in the camp of reaction.

Kagarlitsky argues that the intelligentsia in the modern Soviet Union has been transformed from a section of the middle classes into a proletarian stratum. A process of radicalisation parallel to that which swept petit-bourgeois youth in the West in the sixties has, in his view, transformed the left-wing intelligentsia into 'the vanguard of the socialist movement'. Citing Lenin's *What Is To Be Done?* he equates today's radical intellectuals with the professional revolutionaries of the Bolshevik Party. Kagarlitsky endows the intelligentsia with the revolutionary characteristics of the proletariat:

> 'Once it was in the vanguard of the social movement, the intelligentsia had to speak for society as a whole, for the strata that were not yet ready to put forward their own demands, and this meant that the position of the nineteenth-century Russian intelligentsia and that of the Soviet intellectuals of the Khrushchev era—and to a considerable extent of the Brezhnev era as well—were similar.'

For Marxists only the working class can represent the interests of humanity as a whole. The working class is the 'universal' class because it is only workers who have no stake in the existing system and every interest in overthrowing it. The intelligentsia, on the other hand, plays a marginal role in the major productive life of society and its social role is determined by the balance of forces between the major classes. Indeed Kagarlitsky's own account of events in the Soviet Union in the seventies and eighties confirms the instability of the intelligentsia.

After the suppression of the Prague Spring by Soviet tanks in 1968, the Eastern bloc intelligentsia entered a prolonged cultural

and political crisis. The seventies was the decade of stagnation not only in the Soviet economy, but also in intellectual life, as hopes were dashed and the ideas of 'reform communism' were neglected. Many disillusioned intellectuals turned West to embrace the values of the free market. In the eighties the backlash against economic stagnation and political repression has gathered momentum, especially since Gorbachev came to power. Groups espousing reactionary, nationalistic, anti-Semitic and back-to-Stalin sentiments, such as Pamyat (memory) and Rodina (homeland) are now attracting significant support among Soviet intellectuals.

Kagarlitsky notes that the new generation of left-wing radicals has great difficulty in coming to terms with the problems thrown up by the disintegration of the Stalinist system:

> 'The misfortune of the liberal intelligentsia of the eighties lies in their lack of original ideas and their unwillingness to proceed from mere declarations to more profound analysis of the historical situation that has come about.'

Paralleling this political paralysis is a crisis of 'high' culture. Intellectuals have become preoccupied with reviving films, books and other works which were suppressed in the past. This has stultified new creative developments to the point where newspapers are more interesting than novels.

It is at this juncture that Kagarlitsky introduces the working class, to provide muscle for the projects of the intelligentsia. He recognises that, although the intelligentsia has 'moral superiority over the bureaucracy', it is 'like Pascal's thinking reed, lacking real power to resist the bureaucracy's policy'. However, unlike in the grim Brezhnev years, 'in the eighties it can already rely on the movement of wide sections of the working people and become part of the movement'. Kagarlitsky's personal project is to synthesise progressive aspects of 'low' culture—rock music, ecology groups, youth groups—with 'high' culture, the cream of the left-wing intelligentsia, to push the bureaucracy to speed up the process of reform. The role of the working class as a pressure group on the bureaucracy was clearly revealed in the Yeltsin election campaign.

This approach carries serious dangers. Before the election Kagarlitsky rightly warned the working class that the elections were merely a device to contain them, to ensure their support for glasnost. The bureaucracy was so successful in this strategy that Kagarlitsky himself seems to have been duped. Interviewed afterwards he told ITN news: 'It was an experiment to show

the people that they could do something...affect some part of the system.'

Unfortunately for Kagarlitsky, revolutions do not come from above, they come from the working class. Though he opposes both the right-wing dissidents and the bureaucracy, he has not broken politically with either. Rather than build an independent working class party to overthrow the system, Kagarlitsky works within it, appealing to the intelligentsia (the social base of the dissidents) and to sections of the bureaucracy (like Yeltsin and Gorbachev). In the end all he can offer is a version of the British left's 'Vote Labour without illusions': 'Vote perestroika without illusions'. Despite his subjective hostility to the bureaucrats he is doing valuable work for them in winning working class support for the existing system, while providing a radical cover for the Soviet authorities. As surely as the British left has failed to influence the working class and change society, so surely, Kagarlitsky's approach will fail to overthrow the Soviet bureaucracy.



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