Wayne Price
The nature of the ‘communist’ states
2006

Retrieved on 2020-05-25 from
https://www.anarkismo.net/article/3311,
http://www.anarkismo.net/article/2925,
https://www.anarkismo.net/article/3063, and
http://www.anarkismo.net/newswire.php?story_id=3304

usa.anarchistlibraries.net

The nature of the ‘communist’ states

Wayne Price

2006

Written for www.Anarkismo.net

Contents

participates, democratically deciding and planning social and economic life, at all levels and in all ways.

References

Albert, Michael (2006). Realizing Hope; Life Beyond Capitalism. London/NY: Zed Books.

Castoriadis, Cornelius (1988). Political and Social Writings; Vol. I, 1946—1955. (David Ames Curtis, trans. and ed.). Minneapolis: University of Minnesota Press.

Cliff, Tony (1970). Russia; A Marxist Analysis. London: International Socialism.

Daum, Walter (1990). The Life and Death of Stalinism; A Resurrection of Marxist Theory. NY: Socialist Voice Publishing.

Dunayevskaya, Raya (2000). Marxism and Freedom; From 1776 until Today. NY: Humanity Books.

Engels, Frederick (1954). Anti-Duhring; Herr Eugen Duhring's Revolution in Science. Moscow: Foreign Languages Publishing House.

Hobson, Christopher Z., & Tabor, Ronald D. (1988). Trotskyism and the Dilemma of Socialism. NY/Westport CN: Greenwood Press.

James, C.L.R. (1998). "The USSR is a Fascist State Capitalism." The Fate of the Russian Revolution; Lost Texts of Critical Marxism, Vol. I. (Sean Matgamna, ed.) Pp. 319—324. London: Phoenix Press.

Kropotkin, Peter (1975). The Essential Kropotkin (Emile Capouya & Keitha Tompkins, eds.). NY: Liveright.

Mattick, Paul (1969). Marx and Keynes; The Limits of the Mixed Economy. Boston: Extending Horizons Books/Porter Sargent Publisher.

Shachtman, Max (1962). The Bureaucratic Revolution; The Rise of the Stalinist State. NY: The Donald Press.

the old bureaucracy morphed into the new bourgeoisie, going from one capitalist form to another. There were popular upheavals, but topdown maneuverings managed to avoid a workers' revolution. The internal competitive tensions within the bureaucracy permitted it to transform itself peacefully into another variety of capitalist rule. (For the workers there were both gains—expanded freedoms—and losses—shredding of the social services.) This was even clearer in China, where there still exists the old bureaucracy, the Communist Party's dictatorship, the Marxist-Leninist ideology, the "People's Army," and a great deal of nationalized industry. Yet the state has plainly adopted traditional capitalism and eagerly participates in the world capitalist economy.

Political Implications of State Capitalism: Libertarian Socialism

Collectivized property is necessary—is essential—but is not sufficient, if socialism is to mean the emancipation of the working class and all oppressed. Instead, the revolutionary workers must COMPLETELY ABOLISH THE CAPITAL-LABOR RELATIONSHIP. There must be an end to order-givers and order-takers, to those who live well while others do the work, to those who manage and those who do the physical labor. This means doing away with the state, an institution over and above the rest of society. The same goes for the utopia (in the bad sense) of a centralized planned economy which won't need a state (or so we are told by Engels and Marx) because it will be the "*management of things and not of people*," as if these could be distinguished in practice. The program of state socialism—even if phrased in a revolutionary manner (as did Engels and Marx)—would invariably produce state capitalism in reality. Instead, all the tasks of a classless society must be carried out through the self-management of all the working people, in which everyone

The most important reason for studying the nature of the Soviet Union and similar states is the light it sheds on what we mean by anti-capitalism and socialism.. Whether we regard these states as socialist determines what we think is the alternative to capitalism. There are a great many radicals who are attracted to the model of the old Soviet Union or of Maoist China, who are impressed by Cuba today or by the Nepalese Maoists. Conversely, the establishments of Western capitalism have been glad to agree that the Soviet Union, China, Cuba, etc. are/were "socialist" and "communist." They say, capitalism may have faults, but this is the only "anti-capitalist" alternative which ever was or ever could be.

These three essays published on Anarkismo over the last three months by Wayne Price look at the true nature of these states.

What Do We Mean By Anti-Capitalism?

Many activists call themselves "anti-capitalist." But this is a negative; what should we be for? Since anti-capitalists wish to find an alternative to the current system, it is necessary to examine the nature of societies which claim to have once replaced capitalism, namely the former Soviet Union and similar nations. There is a large left literature on this topic. Many radicals have sought to analyze the countries ruled by Communist (Marxist-Leninist) Parties, countries which called themselves "socialist" and which many of us on the far-left called "Stalinist." However, to a lot of radicals today this area of theory seems old, being about a country far away which no longer exists. From 1989 to 1992 the Soviet Union and the Stalinist governments of Eastern Europe dissolved, in a combination of popular revolt and maneuvering by sections of the ruling bureaucracy. Therefore, many conclude that it is no longer relevant to study the nature of these states.

I strongly disagree with this attitude of uninterest. For one thing, Communist Party-ruled regimes continue to play a significant role in the world. The great nation of China affects today's world economy, politics, and military balance. There are still a number of small Asian countries with Communist Party governments. This includes North Korea, whose nuclear armament affects international tensions. The Cuban government continues to play a major role in Latin American affairs, particularly in alliance with the Venezuelan regime of Hugo Chavez. The Marxist-Leninist FARC maintains a state within a

collectivist bureaucracy (or "coordinator class," as per the Pareconists). They correctly note its roots in the class of salaried professional managers under traditional capitalism. As I have demonstrated in this and the previous part, Marx and Engels had foreseen this as part of the development of capitalism. As Engels said, "*All the social functions of the capitalist are now performed by salaried employees.*" But these remain the social functions of capitalism! Under traditional capitalism, this bureaucratic middle layer is a part of the system. It is created under corporate/monopoly capitalism in order to serve capitalism, to help pump surplus labor out of the workers. The bourgeoisie would not hire it otherwise. The managers are the higher servants of the bourgeoisie and yearn to join it. The upper layers usually do, being rewarded with stock options, insider knowledge, and such.

However, there is a radical section of the professional bureaucracy which dreams of replacing the bourgeoisie altogether. This is what they did in the Soviet Union and similar countries. Anarchists and certain Marxists had discussed the bureaucrats' role in the Soviet Union. Rather than using stock ownership, they divided up the surplus wealth by official position, but they remained a capitalist class for all that. They served as the agents of capital accumulation through the exploitation of the workers. In Engels' terms, they managed "*the modern state, a capitalist machine, the state of the capitalists, the ideal personification of the total national capital.*" As a class they are themselves what Marx called the bourgeoisie, "*the personification of capital.*"

Whether the Soviet Union, etc. were capitalist or noncapitalist is a question which has been settled by history. After 1989, the Soviet Union and its satellites changed over to traditional capitalism. Had this been the transfer of power from one class to an alien class (from the workers or the third-system new class to the bourgeoisie), then we should have expected a terrible upheaval, a revolution or counterrevolution. Instead,

for by credits (money) in the central banks. Therefore, not only were consumer goods and labor power commodities, but means of production were also commodities, bought and sold among firms. Also, collective farms were not state farms but were legally cooperatives. They produced food for the market (this is aside from the permitted private plots which produced a disproportionate share of food). That was the legal market. Additionally the whole system was tied together by a vast system of black and gray markets, of illegal and semi-legal trading. Individuals did extra work, factories made deals with each other through special expediters, there was organized crime, and the wheels were greased throughout the society by off-the-books trading. The bureaucratic management would have collapsed without this very real wheeling and dealing, that is, market (capitalist) relations. (This can be studied in detail in any book on the Soviet Union's economy. For Marxist analyses, see Hobson & Tabor, 1988, and Daum, 1990. Daum feels that "state capitalism" gives a false impression that there was a centralized single capital; he prefers "statified capitalism.")

At this point I could give a more detailed critique of various theories of state capitalism, but I lack the space. What is significant is that most of the "state capitalist" theorists have some version of libertarian socialism—either socialist-anarchism or autonomist Marxism. But Cliff (1970), of the International Socialist Tendency, still advocated a "workers' state," a nationalized and centralized economy, a "vanguard party," and other elements of the Leninist and Trotskyist tradition—and the same is true of Daum (1990) of the League for the Revolutionary Party. Regardless of intentions, these concepts reflect the capital-labor relationship: the relationship between order-givers and order-obeyers, between exploiters and exploited, between mental and manual labor.

The third-system/new-class theorists reject "state capitalism" because the Soviet Union-type of system is ruled by a

state in Columbia. This has been a growing target of U.S. intervention. And many radicals are attracted to the Maoist rebellion in Nepal, which has a chance of coming to power. Finally, to understand the world, it is necessary to understand what is going on in the successor states to the Soviet Union, such as Russia, Ukraine, Kazakhstan, etc., along with the new Eastern European states. This cannot be done without understanding their very recent history, the system they lived under until a few years ago.

To me, however, the most important reason for studying the nature of the Soviet Union and similar states is the light it sheds on what we mean by ANTI-CAPITALISM and by SOCIALISM. Whether we regard these states as socialist determines what we think is the alternative to capitalism. There are a great many radicals who are attracted to the model of the old Soviet Union or of Maoist China, who are impressed by Cuba today or by the Nepalese Maoists. They would like to create a world in which all countries are more-or-less like Cuba, including North America and Europe. They described the Soviet Union and Cuba as "really existing socialism." That is, if you want socialism, this is the socialism which really existed, whatever you would have liked it to be, so anti-capitalists better accept it.

Conversely, the establishments of Western capitalism have been glad to agree that the Soviet Union, China, Cuba, etc. are/were "socialist" and "communist." They say, capitalism may have faults, but this is the only "anti-capitalist" alternative which ever was or ever could be. These ugly, totalitarian, Stalinist states are the only socialism which could ever exist. So everyone must accept capitalism, they declare.

(I call these regimes "Stalinist." This does not deny that Lenin and Trotsky laid the basis for Stalin's totalitarianism. Nor do I deny that there were important changes in these countries after Stalin's death. But I believe that this system became consolidated under Stalin's rule, when the last remnants of the Russian revolution were destroyed, tens of millions of work-

ers and peasants were exterminated, and the new bureaucratic ruling class was solidified. Russian totalitarianism became the program of all Communist Parties, such as the Chinese. So Stalinism is an appropriate label.)

Among radicals, particularly among anarchists, there are tendencies which reject the labels of socialist, of communist, and of the left. For them it is not a problem that the Soviet Union's system is identified with socialism. They agree with this identification. I will not go further into these tendencies right now, except to point out that they reject not just state socialism but the whole of the socialist project.

Historically anarchists considered themselves to be a part of the left—the extreme left of the left, that is, the most oppositional of those in opposition to capitalism and the state. They considered themselves as an extreme part of the socialist movement. In his famous article on "Anarchism" for the Encyclopedia Britannica, Kropotkin wrote of "…the anarchists, in common with all socialists, of whom they constitute the left wing…consider the wage-system and capitalist production altogether as an obstacle to progress." (1975, p. 109)

The tendency with which I identify is revolutionary, class-struggle, pro-organizational, anarchism. By "anti-capitalism" we mean libertarian socialism and authentic communism. We advocate replacing capitalism with a cooperative network of self-managing producer and consumer associations and communes, which will produce goods for use, not for profit. It will be democratically planned from the bottom up. Society will be coordinated through these associations and communes, in a federation of workplace and community councils. The police and military will be replaced by a popular militia, so long as it is needed.

"In place of the old bourgeois society, with its classes and class antagonisms, we shall have an association, in which the free development of each is the condition for the free development of all." These are the stated goals of the Communist

world market and borrowed international loans. When urging Mexican businesspeople to invest in Cuba, in 1988, Fidel Castro told them, "*We are capitalists, but state capitalists. We are not private capitalists.*" (quoted in Daum, 1990, p. 232)

Besides trade, the Soviet Union always had to build up military forces to defend the wealth of its rulers from other nations' rulers. While intercontinental nuclear missiles were not traded among the major powers, they were "compared," both in firepower and in cheapness. In short, there were international competitive pressures on the "firm" of the Soviet Union to produce as much as possible, to exploit its workers as much as possible, and to accumulate as rapidly as possible—all capitalist processes. (These points were emphasized by Cliff, 1970. The weakness of his theory is that he only looked at such international pressures and therefore denied internal sources of competition which drove the internal market and the law of value. This makes his theory essentially a third system/new class analysis, with its concomitant weaknesses, as discussed in Part 2.)

Despite its monolithic appearance, the Soviet Union had a great deal of internal competition for scarce resources. Factories competed with factories, enterprises with enterprises, regions with regions, and ministries with ministries. The central plan, such as it was, was developed under the competing pressures of different agencies, each seeking as many resources as possible and as low production goals as possible. Once developed, the plan was more a wish list than the controlling guide to the national economy. The plan of the Soviet Union was never, ever, fulfilled—not once! Torn by internal conflicts, and needing to hold down the workers, the ruling bureaucracy could not integrate the economy in a harmonious fashion. Lacking workers' democracy, it was incapable of truly planning the economy.

The competitive aspects of the economy were officially built in. Firms made legally binding contracts with each other for raw materials and productive machines, which were paid

them in money. Then they went to the shops to buy consumer commodities—commodities which workers had produced. These consumer goods were commodities being sold on a market. The laboring ability which the workers sold to the bosses was also a commodity. Labor power was sold at its value, its worth in maintaining and reproducing the workers and their families. But the workers worked for longer hours than was necessary merely to reproduce the value of their wages. The worth of the commodities produced in the extra hours they worked was the surplus value, the basis of profit. The workers produced a greater value than they themselves were, which is to say they were exploited in the capitalist manner.

The operation of such markets, whether in consumer goods or in labor, are quite distorted compared to some model of a perfectly unhindered free-market of classical capitalism. But markets are also distorted under the monopoly capitalist conditions of today's Western capitalism (what the bourgeois economists call "imperfect competition"). Markets were also distorted under the conditions of totalitarian Nazi Germany, where labor was intensely regulated and the government was integrated with big business—and yet there remained a stockholding, profit-making, bourgeoisie. Markets would be even more distorted under the model of state capitalism as developed by Engels. Buying and selling continues—distorted markets are still markets.

Advocates of noncapitalist analyses of the Communist Party-run countries claim that these countries are devoid of competition. They are supposedly run by "central planning" and therefore cannot be capitalist, it is argued. But even if this were true, the Soviet Union or Cuba would be just one firm in a capitalist world market. Under Stalin, it is true, the Soviet Union made an effort to be as self-sufficient as possible. But even then there was always some international trade; it could not be totally cut off. At other times, these regimes bought and sold much on the

Manifesto of Marx and Engels. (1955, p. 32) They are the original goals of the socialist project, reflected both in the humanistic, libertarian tendency within Marxism and in revolutionary anarchism. Did the Stalinist regimes meet these goals? Were they even going in that direction? If not, what does it mean to call them "socialist?" These are questions I will discuss in this 3-part series.

The Three Theories About Stalinism

On the left, theories about the nature of the Soviet Union can be grouped into three trends.

One (to be considered in this part) is that it was a form of socialism, or tending toward socialism, or a "post-capitalist" society. Trotsky regarded the Soviet Union under Stalin as a "degenerated workers' state." After World War II his orthodox followers called the new Stalinist states, "deformed workers' states" (since they could not be "degenerated" without having had actual workers' revolutions; but most of these theorists regard Cuba as a "healthy workers' state"). In any case, these theories regard the Stalinist system as better (more "progressive") than capitalism .

A second group of theories regards Stalinism as a new, third, type of class society. It is, they claim, not socialism and not capitalism. The bureaucracy was a new ruling class which managed a nationalized, collectivized, economy. It exploited the workers in some fashion. This system is not better than capitalism and possibly is worse. Such a theory (called "bureaucratic collectivism") was developed by some dissident Trotskyists. A version has been developed by the theorists of "Parecon."

A third group of theories regards the system as a variant of capitalism, despite its apparent differences from traditional capitalism. Usually this is called "state capitalism." The concept is rooted in the work of Marx and Engels. It has mostly been de-

veloped by dissident Trotskyists but anarchists have also used it. In my opinion this is the best analysis of this system.

I will discuss the new-type-of-class-society theories in Part 2 of this series, next month. State capitalism will be reviewed in Part 3 of the series.

Was the Soviet Union "Socialist"?

Whether to call the Soviet Union "socialist" may be a matter of definition. If people wish to define "socialism" as government-owned industry—which may be what most mean by "socialism"—then the Stalinist countries were indeed socialist. I cannot prove that a definition is "wrong." However, the Marxism which the system's supporters claim to follow describes socialism in a different way (at least Marx's Marxism does). It insists on a class analysis of each society. In the very same section of the Communist Manifesto which was quoted above, Marx and Engels declared, "…The first step in the revolution by the working class is to raise the proletariat to the position of ruling class, to establish democracy…the state, i.e…the proletariat organized as the ruling class…When in the course of development, class distinctions have disappeared…the public power will lose its political character." (1955, pp. 31–32)

That is, to Marx, the working class and its allies (peasants, women, etc.) would take over society and establish true democracy, a "state" which is nothing but the self-organized working class. It will proceed (rapidly or slowly) to end all class distinctions and the state. (Libertarian Marxists believe that Marx became even more anti-statist after the Paris Commune.) I am not discussing here the validity of libertarian (autonomist) Marxism, just pointing to its overlap with class-struggle anarchism in the socialist project.

The classical Marxists who wrote about state capitalism, beginning with Marx and Engels, did not expect traditional capitalism to actually evolve into a stable form of state capitalism. There were too many conflicts and contradictions within capitalism to overcome. But what happened in the Soviet Union was that a working class revolution overthrew a weak bourgeoisie. The workers were unable to go ahead to socialism—due to the poverty of the country, the failure of the revolution to spread, and the authoritarianism of the Bolsheviks. Yet the bourgeoisie was too weak to restore its traditional rule. Instead the Bolshevik state became the nucleus of a new, statified, capitalism. This became a model for a few other countries, such as China, where the national bourgeoisie was too weak to hold on but the working class was not strong enough to establish workers' and peasants' self-management. After decades, the internal conflicts of state capitalism became too great. It fell apart and restored the old capitalism.

In What Ways Was the Soviet Union Capitalist?

Contrary to Shachtman, the Soviet Union, Eastern European states, China, other Asian states, and Cuba, did show the essential "characteristics of capitalism." To begin with, they were commodity-producing economies. All noncapitalist societies produced useful goods for consumption (of the tribesmembers, or the serfs and lords, or the slaves and masters, or—someday—of the freely associated producers under socialism). Only capitalism produces commodities for sale. This includes the most important commodity, the ability of the workers to work, by hand and brain: the commodity labor-power. In the Soviet Union, the workers were not simply given food and clothes, as were slaves, or soldiers, or prisoners. Management paid them for their labor time—paid

workers to ruling status is what characterized these economies as different. " (2006, p. 158)

However, whatever their differences among themselves, theorists of the Soviet Union as capitalist did not deny that the Communist Party-ruled economies were nationalized and collectivized. They were aware that the ruling class was a collective bureaucracy and not a stockholding bourgeoisie. This is why Cliff made a point of calling the Soviet Union "bureaucratic state capitalism," not just "state capitalism," and why Castoriadis called his theory "bureaucratic capitalism." They insisted that what most mattered was that the capital-labor relationship existed in the Stalinist states. The relation between the workers and the bosses remained the same in essentials. The workers were exploited by the ste, not private corporations, but the state was, in Engels' terms, "*the ideal personification of the total national capital…the national capitalist*."

The old Soviet Union may be examined from one of two class perspectives. From a ruling class perspective, the differences between the shareholding bourgeoisie and the collectivist bureaucracy are all-important. The bourgeoisie does not care, after all, whether its wealth and power are taken away by the workers or by totalitarian bureaucrats. Either way, it loses its wealth. So it hates both alternatives and regards them as essentially the same: "socialism." This is also the viewpoint of those who regard the Soviet Union as non-capitalist: either "socialist" or a "workers' state" or a new class society. It is a fundamentally bourgeois viewpoint.

From a working class viewpoint, however, what matters is the relation of the workers to the boss class—the method of their exploitation. If this method is the same—if, as Engels said, "*the capitalist relation is not done away with*"—then the system is the same. How the rulers divide up the surplus value among themselves, after pumping it out of the workers, is a secondary question. It is only a state capitalist theory which starts from this proletarian perspective.

It is obvious that countries of the Soviet Union's type do not meet these class criteria. There was (is) a bureaucracy of bosses on top, who ran everything and made the decisions. The state was the bureaucracy "organized as the ruling class." In a planned economy, they did the planning. The workers were on the bottom, taking orders, doing what they were told, and resisting where they could—just as under capitalism. There was a vast system of police repression. Only one party was allowed; all others, even socialist parties, were outlawed. No opposition caucuses were permitted within the single party either. Organizing for other views, such as anarchism, was rewarded by jail, labor camps, mental hospitals, or death. Independent unions and strikes were banned. Therefore the working population had no choices and no way to control their "leaders."

Supporters of the Stalinist system knew this, of course. They could hardly deny that the Soviet Union then and Cuba today are single-party dictatorships. They could only argue that these were benevolent dictatorships, good for the workers. They could point to real or imagined low-level workplace assemblies, for example (in which the workers could decide how to carry out their part of plans which had been made elsewhere, by others). Criticisms of the one-party dictatorships usually were answered by changing the topic, by pointing out that, after all, the U.S., with its two parties, is really a dictatorship of the big capitalists (true, but irrelevant to criticisms of Stalinism).

In fact, these supposedly benevolent dictatorships were enforced through massive terror. 20 million workers and peasants may have been murdered under Stalin's rule, to solidify the bureaucracy. Millions more died under Mao, in the Great Leap Forward and the Cultural Revolution. In Cambodia/Kampuchea, Pol Pot exterminated a fourth of the population. Many thousands have risked their lives fleeing from Vietnam, North Korea, Tibet, and Cuba. Even the less violent regimes, such as

Cuba's, are backed by enormous police forces and have a large number of political prisoners.

Clearly, in none of these states is the proletariat in the position of the ruling class, on the road to abolishing all class distinctions and the state. The most repressive regimes on earth, with states similar in structure to Nazi Germany's, disguise themselves as the embodiment of the most advanced, liberating, socialist ideals! This is disgusting, although not without its logic. What is especially disgusting is that so many radicals let them get away with it, either by supporting these states or by rejecting the ideals of socialism. (To what extent Marxism led to such tyranny, i.e. what are the authoritarian aspects within Marxism, is another discussion.)

Also astonishing is the number of well-meaning radicals who are impressed with the Maoists of Nepal. The 60s and 70s have come and gone. We have seen this movie before. We know—or should know—how it comes out. We know what happens when movements with Marxist-Leninist (Stalinist) or radical nationalist leaders take power. The result is never the democratic rule of the working population.

Defense of Stalinism

The apologists argue that these societies were good for the working class, and therefore the workers did rule them, even if they didn't. These supporters point out that the Soviet Union had full employment, guaranteed housing, and universal health care. This is compared to the unemployment and increased misery of the Russian people today. A similar argument is made about China, which once had the "iron rice bowl," guaranteeing work and food for all Chinese. This has been abandoned by the current leadership (although the leadership remains a Communist Party, proclaims Marxism-Leninism as its ideology, and maintains a great deal of nationalized

Soviet Union and similar states. This included the work of the anti-statist, anti-Leninist, Council Communists (Mattick, 1969). Most of the theorists of state capitalism were dissident Trotskyists. They rejected Trotsky's belief that Stalinist Russia remained a "workers' state" so long as it kept nationalized property. These included the "Johnson-Forest Tendency" of C.L.R. James (1998) and Raya Dunayevskaya (2000); Tony Cliff (1970), a theorist of the British Socialist Workers Party and the U.S. International Socialist Organization; and Cornelius Castoriadis (1988) of the Socialisme ou Barbarie group in France. In the U.S.A., the Revolutionary Socialist League, of which I was a member, evolved from dissident Trotskyism to anarchism, meanwhile developing a theory of state capitalism (Hobson & Tabor, 1988). So did a split-off from us which wished to remain Trotskyist (Walter Daum, 1990).

Other socialists disagreed, even those who accepted that the Communist Party-managed states were not workers' or socialist states but had an exploitative ruling class. Max Shachtman, theorist of "bureaucratic collectivism," wrote, "*…The Stalinist social system is not capitalist and does not show any of the classic, traditional, distinctive characteristics of capitalism… There are…many embarrassments in conceiving of a capitalist state where all capitalists are in cemeteries or in emigration…Nowhere can an authentic capitalist class, or any section of it, be found to support or welcome Stalinism, a coolness which makes good social sense from its point of view since it is obvious…that Stalinism comes to power by destroying the capitalist state and the capitalist class.*" (1962, pp. 23—24).

Similarly, Michael Albert, a founding theorist of "participatory economics" ("Parecon"), rejects "state capitalism" as a description of these societies, in favor of "coordinatorism." It would be a mistake, he claims, "*to say that the old Soviet economy was capitalist despite there being no private ownership of the means of production…The absence of owners and the elevation of central planners, local managers, and other empowered*

capitalistic nature of the productive forces… The modern state… is essentially a capitalist machine, the state of the capitalists, the ideal personification of the total national capital. The more it proceeds to the taking over the productive forces, the more does it actually become the national capitalist, the more citizens does it exploit. The capitalist relation is not done away with. It is rather brought to a head." (Engels, 1954, pp. 384—386)

Both Kropotkin and Engels believed that nationalization of industry by the existing capitalist state (reformist state socialism) was not socialism but state capitalism. However, Engels believed that nationalization by a new, workers,' state (revolutionary state socialism) would lead to classless, stateless, communism. "*The proletariat seizes political power and turns the means of production in the first instance into state property. But, in doing this, it abolishes itself as proletariat, abolishes all class distinctions and class antagonisms, abolishes also the state as state.*" (Engels, 1954, p. 388)

Kropotkin also wanted stateless communism but he did not believe in the possibility of a workers' state. He thought that centralized, statified, property—even if created by a workers' revolution—would lead only to state capitalism. Instead of the state, he proposed that the workers take power through "*…the organization in every township or commune of the local groups of producers and consumers, as also the regional, and eventually the international, federations of these groups.*" (1975, p. 110) This program has historically been called "libertarian socialism"—meaning antiauthoritarian or self-managed socialism, anarchist or close to anarchism.

The Theory of State Capitalism

From the beginning of the Soviet Union, anarchists accused the Bolsheviks of creating state capitalism. But it was Marxists who developed state capitalism as a theory to apply to the

property—which makes it all confusing). Similar points are made about the health care and medical coverage of Cuba. Much of this is true—even if the Soviet Union's jobs, health care, and housing were pretty low-quality in practice.

Every ruling class makes a de facto DEAL with its working population: If you let us rule, without rebellion, we will grant you some benefits and rights, to make life livable for you. In the U.S.A., for example, the top bourgeoisie gets to have wealth beyond the dreams of the emperors and pharaohs of old. They get to run society in their interest. In return, they had provided most U.S. workers (whites, anyway) with a fairly high standard of living, one better than their parents had, and with a moderate degree of political democracy and freedom. In this period, this deal has been dissolving, with a lowering of the standard of living and a decrease in freedom. A rise in discontent and rebelliousness may be predicted.

In the Communist-run countries, the deal was that workers got full employment, housing, health care, education, etc. This was not as good as in the Scandinavian social democracies (under private capitalism), but still decent, considering their low level of productivity. In return, the bureaucracy got to have unlimited power and great riches for the upper crust (which lived far, far, better than the bottom workers). This does not mean that the workers ran the Soviet Union or run Cuba, any more than the workers run the U.S. or the Scandinavian countries. It was a class deal.

With the collapse of the Soviet Union and the Eastern European states, the workers had hoped that they would get the same deal as in Scandinavia or at least Western Europe: Germany or France, say. Instead, they were treated as if they lived in Africa or the poorer parts of Asia. The old bureaucrats turned bourgeoisie got very rich but the workers and farmers got very few benefits to replace those they had lost. Mostly they got an increase in political freedom (and not so much of that), which is good but cannot be eaten. Naturally many look back to the

old deal with longing; at least there were jobs and food. But this does not prove that the Soviet Union had ever been anything but an exploitative, class-divided, totalitarian state. Nor can all the education or medical coverage in Cuba, as valuable as that is, make the state a workers' democracy or Castro other than a dictator.

Class deals are not enough. The problem is that our standards are so low. Much more than decent schooling for children and good medical coverage is needed on a world scale if the human race is to avoid destruction by nuclear war or ecological catastrophe. What is needed is the vision which was demanded by the Utopian socialists, the original Marxists, and the anarchists. Nothing less will do.

Workers' Rule Must be Democratic

Trotskyists and others point out that capitalism may be managed by a bourgeois-democratic state but that it also has functioned under various forms of dictatorship, such as monarchy, police states, or fascism. Similarly, they argue, working class rule (beginning socialism) may be through proletarian democracy, such as the Paris Commune or the original soviets, but it also may function under a dictatorship. Stalin, Mao, Kim Il Sung, and Castro all are supposed to have ruled "workers' states," not as good as the Commune system, no doubt, but still maintaining working class power, however indirectly. So they argue.

However, the analogy between capitalism and working class rule does not hold. Capitalists rule the workers primarily through the market. What they need from a state is protection of the market, enforcing of contracts, repression of the workers, and some regulation and economic intervention to keep the market on a steady course. This is best done through a capitalist democracy, but it is not a big problem if these tasks

State Capitalism vs. Libertarian Socialism

Kropotkin and Engels on State Capitalism

As early as 1910, Peter Kropotkin declared, "*The anarchists consider... that to hand over to the state all the main sources of economic life—the land, the mines, the railways, banking, insurance, and so on—as also the management of all the main branches of industry, in addition to all the functions already accumulated in its hands (education, ... defense of the territory, etc.) would mean to create a new instrument of tyranny. State capitalism would only increase the powers of bureaucracy and capitalism.*" (1975, pp. 109–110) The program of state socialism would in practice produce state capitalism.

Karl Marx's comrade Friedrich Engels predicted the growth of giant corporations, trusts, and capitalist monopolies, which would plan ever larger sections of the economy. The tasks of the bourgeoisie will be increasingly carried out by hired bureaucrats. "*All the social functions of the capitalist are now performed by salaried employees. The capitalist has no further social function than that of pocketing dividends...*" (1954, pp. 385–386; the whole of Anti-Duhring had been gone over by Marx; this section was included in Engels' pamphlet Socialism: Utopian and Scientific.) These trends culminate in state capitalism, wrote Engels:

"*The official representative of capitalist society—the state—will ultimately have to undertake the direction of production... But the transformation...into state ownership does not do away with the*

Draper, Hal (1978). Karl Marx's Theory of Revolution; Vol. II The Politics of Social Classes. New York: Monthly Review.
Draper, Hal (1992). Socialism from Below. (E. Haberkern, Ed.). NJ: Humanities Press.
Drucker, Peter (1999). Max Shachtman and His Left. New York: Humanity Books.
Fernbach, David (1974). Introduction. Karl Marx, Political Writings, Vol. III; The First International and After. (Pp. 9–72). New York: Vintage Books/Random House.
Hahnel, Robin (2005). Economic Justice and Democracy; From Competition to Cooperation. New York: Routledge.
Marx, Karl (1974). Political Writings, Vol. I; The Revolutions of 1848. (David Ferbach, Ed.). New York: Vintage Books/Random House.
Price, Wayne (2000, Aug.) Anarchism as Extreme Democracy. The Utopian. Vol. 1. www.utopianmag.com
Price, Wayne (2002, Nov.), Socialism from Above or Below: "The Two Souls of Socialism" Revisited. The Utopian. Vol. 3. www.utopianmag.com
Price, Wayne (2005). Parecon and the Nature of Reformism. www.anarkismo.net
Price, Wayne (2006). Confronting the Question of Power. www.anarkismo.net
Shachtman, Max (1962). The Bureaucratic Revolution; The Rise of the Stalinist State. New York: Donald Press.
Shachtman, Max (1965). Introduction to the 1965 Edition. The New Course by Leon Trotsky and The Struggle for the New Course by Max Shachtman. (Pp. 1—6). Ann Arbor: University of Michigan Press.
Wetzel, Tom (2003). Participatory Economics and the Self-Emancipation of the Working Class. www.zmag.org

are carried out by some form of dictatorship. Neither Nazi Germany nor Pinochet's Chile lowered capitalist profits—quite the contrary.

Unlike the capitalists (or other ruling classes, such as feudal lords or slaveholders), today's workers do not own private property in the means of production. Modern workers cooperate in the process of production, at the workplace and in society as a whole. If the workers are to manage industry, they must do so cooperatively and collectively. Unlike the capitalists, they cannot rely on any automatic processes, such as the "invisible hand" of the market. They must make conscious decisions about how the economy (and everything else) is to be managed. They must engage in democratic planning, a matter of deliberate, conscious, collective, decision-making. If the working class and oppressed people are to rule, and develop a classless, oppressionless, society, it must be done through the most radical, thoroughgoing, participatory, democracy. This cannot be done through any kind of elite rule, let alone dictatorship, whether by one person or by a vanguard party. The Bolsheviks never understood this, and modern Leninists do not understand this now.

There is the same problem with Trotsky's analogy between Stalin's "workers' state" and a bureaucratized, gangster-dominated, labor union. Both, he argued, are workers' institutions, dominated by undemocratic forces, internal agents of capitalism. Like a bad union, the Stalinist state should be defended against the capitalists and capitalist states, while workers struggle to take it back. This analogy also does not hold. Even a bureaucratized union may still provide some protection for the workers against the bosses. But the Stalinist states directly exploit and oppress the workers. They are analogous to capitalist bosses, not to unions.

The Soviet Union and its descendants are not workers' states, nor post-capitalist, nor socialist, nor tending toward socialism. They are totalitarian states with a bureaucratic ruling class and

an exploited working class. They are no alternative to capitalism. Anti-capitalism must include the most democratic self-management, in the tradition of libertarian socialism, or it must fail.

References

Kropotkin, Peter (1975). The essential Kropotkin. (E. Capouya & K. Tompkins, eds.). NY: Liveright.

Marx, Karl, & Engels, Friedrich (1955). The communist manifesto. (Samuel Beer, ed.). Northbrook, IL: AHM Publishing Corp.

an excuse to abandon socialism in practice. Hal Draper broke with Shachtman to the left, but still followed a left-reformist practice. His tendency, in the U.S., ended up as today's centrist (semi-reformist) International Socialist Organization and Solidarity. Similarly, of the Parecon theorists, Robin Hahnel has advocated a reformist program. (Hahnel, 2005; Price, 2005) Michael Albert (2006) advocates "non-reformist reforms," but does not advocate an eventual revolution. I do not say that advocates of a new bureaucratic ruling class theory must, inevitably, become reformists or worse. There is no such one-to-one correspondence between this theory and people's political programs. But I think that this theory gives a shove in that direction. This set of views, then, provides significant insights but contains significant weaknesses.

References

Albert, Michael (2003). Parecon; Life After Capitalism. New York: Verso.

Albert, Michael (2006). Realizing Hope; Life Beyond Capitalism. London/New York: Zed Books.

Albert, Michael, & Hahnel, Robin (1991). Looking Forward; Participatory Economics for the Twenty First Century. Boston: South End Press.

Bakunin, Michael (1980). Bakunin on Anarchism. (Sam Dolgoff, Ed. & Trans.). Montreal: Black Rose Books.

Castoriadis, Cornelius (1988). Political and Social Writings, Vol. 1, 1946–1955. (David Ames Curtis, Ed. & Trans.). Minneapolis: University of Minnesota Press.

Daum, Walter (1990). The Life and Death of Stalinism; A Resurrection of Marxist Theory. New York: Socialist Voice Publishing Co.

typically proletarian methods: strikes, go-slows, mass organizing, independent unions, and revolutionary workers' councils. A theorist of state capitalism points out, "*…Any relationship of exploitation requires two specific classes. A propertyless class that sells its labor power can only be exploited by a class that buys that labor power, a class of capitalists—those who embody capital.*" (Daum, 1990, p. 18)

What would be the internal dynamic of alleged noncapitalist economies? There is supposedly no capital/labor relationship, no internal market, no law of value…presumably the only internal drive is the desire of the ruling class for increased personal consumption. The only source of economic dynamics would seem to be external pressure, mostly military—just as under feudalism. Stalin's Russia should have stagnated from the very beginning, instead of building an industrial society through rapid accumulation (even granted its eventual stagnation).

If this system lacks an internal dynamic, then we should expect it to last much longer than capitalism (which turned out not to be true). Unlike capitalism, presumably it does not have an internal contradiction which would lead to its overthrow by the proletariat. And it requires a monolithic dictatorship, totalitarianism, due to the collectivism within its ruling class. Once the prison door is shut on the workers, it is shut for good. Capitalism, at least, is able to have a limited (bourgeois) democracy and limited freedoms. Therefore, logically, bureaucratic collectivism (or coordinatorism, or whatever) should be regarded as worse, more reactionary, than capitalism. Revolutions run the risk of replacing "democratic" capitalism with such a reactionary post-capitalist system. Therefore, reasonably, it would be better to avoid revolution altogether.

Over time, this is what Shachtman concluded. Eventually he and his followers became out and out supporters of Western imperialism, supporting the U.S. invasion of Cuba and the war in Vietnam. (Drucker, 1999) His emphasis on the importance of democracy became support for capitalist democracy,

The Bureaucratic Ruling Class vs. Democratic Self-Management

Bakunin and Marx

If any one person could be called the founder of the international anarchist movement, it was Michael Bakunin. While agreeing with much of Marx's analysis, he criticized Marx's program, because Bakunin feared that it would lead to the rise of a new ruling class. This class would be created out of the better-off workers and middle class intellectuals. They would claim to represent the workers and oppressed, but would become new rulers.

He warned that "*…the upper layer, the aristocracy of labor…this semibourgeois layer of workers would, if the Marxists had their way, constitute their fourth governing class…Former workers, who, as soon as they become the rulers of the representatives of the people, will cease to be workers and will look down at the plain working masses from the governing heights of the state.*" (Bakunin, 1980, pp. 294 & 331) Referring to Marx's claim to "scientific socialism," Bakunin also opposed the domination of scientific-minded intellectuals, "*…the rule of the new society by socialist savants—is the worst of all despotic governments.*" (ibid, p. 295)

The Marxist David Fernbach admits that Bakunin had a point. "*Bakunin's…warning of the dangers involved in the proletarian seizure of political power raise questions that Marx*

did not solve altogether satisfactorily…Bakunin, for all his errors, was conscious in advance of the revolution…that there is a real problem of bureaucracy in the post-revolutionary period…" (Fernbach, 1974, pp. 51–52)

Karl Marx did not foresee the danger of a new, bureaucratic, ruling class. However , contrary to the theorists of "Parecon" (Albert, 2006), he did predict the increase of bureaucratic middle layers under capitalism. He expected the decline of independent professionals and small businesspeople, but he predicted the rise of a wide range of middle level officials in business and the state. This was part of his prediction of the increased concentration and centralization of capital, an important aspect of his theory. (He predicted the semi-monopoly capitalism of today's imperialist-globalized epoch.) These officials, he claimed, combine useful labor such as scientific and technical work, as well as the necessary work of coordination, with the coercive domination required for capitalist exploitation.

Marx and Engels' Communist Manifesto said of the workers, "*As privates of the industrial army, they are placed under the command of a perfect hierarchy of officers and sergeants.*"

(Marx, 1974, p. 74) In Capital, Marx noted that the industrial capitalist, "*…can easily shift this burden [of management] to the shoulders of a superintendent…Stock companies in general… have a tendency to separate this labor of management as a function more and more from the ownership of capital…*" (Vol. III, quoted in Shachtman, 1962, p. 49) Throughout his writings there are references to the need of the capitalists for managers, overseers, and salaried professionals to run their factories, keep the workers in line, and deal with various other aspects of business. (See "The Alleged Theory of the Disappearance of the Middle Classes" in Draper, 1978, pp. 613–627.) Politically, Marx and Engels often wrote about the rise of the semiautonomous state, especially the executive branch, with its hordes of officials (they called this "Bonapartism").

essential in the revolutionary process and the emergence of such a movement will prefigure and foreshadow that change. The only way that we can ensure that a society which is self-managing emerges…is if the main movements that are working for change have a self-managing character and practice, so that people have developed the equalitarian and democratic practices and habits required for society itself to be self-managed." (2003)

Weaknesses of the Theory

Third-system theories (such as those of Shachtman or Albert and Hahnel) are correct in presenting the collectivized bureaucracy (or whatever they want to call it) as a new ruling class, distinct from the stock-owning bourgeoisie. But I believe that they are wrong to hold that these societies are a brand new, noncapitalist, system.

The problem is that they start from an essentially sociological analysis of the ruling bureaucracy instead of analyzing the relations between the classes in the process of production. Had they done so, they would have had to demonstrate that the workers in the Soviet Union related differently to their bosses than do the workers in the U.S. and other obviously capitalist countries—which would be difficult to do. Also, they take too seriously the claim that these Communist Party-ruled nations were run through central planning. Instead they should have analyzed how these economies really ran. (These points will be discussed further in Part 3.)

To Marx (and I accept his view), the working class (proletariat) under capitalism is defined by its part in the conflictual capital/labor relationship, which is what drives the whole system. If there is no capital in these countries, then the working class is not a proletariat. Shachtman meant to be quite literal, in the first passage I quote from him above, when he called these workers "state slaves." Yet these workers have struggled using

sident Trotskyism to libertarian socialism. He described the Soviet Union as "bureaucratic capitalism," which really was a new-class, third-system, theory. From his analysis of the bureaucratic ruling class of the Soviet Union, he drew more radical conclusions than Shachtman. It was not enough to have a democratic representative system. It was necessary, he said, to completely destroy the distinction between the order-givers and order-takers (what Marx refers to as the division between mental and manual labor)—in production as well as in every other aspect of daily life . This includes, not a democratic state, but the end of the state.

"*...A socialist revolution cannot stop at barring the bosses and 'private' property from the means of production; it also has to get rid of the bureaucracy...it has to abolish the division between directors and executants...This is nothing other than workers' management of production, namely the complete exercise of power over production and over the entirety of social activities by autonomous organs of workers' collectives...Self-management... implies...quite particularly the abolition of a State apparatus separated from society...*" (Castoriadis, 1988, p. 10)

Similarly, Albert and Hahnel believe that the rise of the "coordinator class" to power can be avoided. They advocate an economy planned from the bottom up through rounds of negotiations among democratic workers' and consumers' councils ("participatory economics"). They propose to reorganize and redesign existing jobs into "balanced job complexes." In these, the more tedious and physically demanding aspects of labor will be integrated with more satisfying and self-determining aspects. The distinction between directors and order-takers will be abolished. "*Parecon...is anarchist economics...*" (Albert, 2006, p. 178)

The implication for todays' movements was drawn by Tom Wetzel, "*This means that a movement run by and for workers, that is characterized by the properties of internal self-management espoused by participatory economics, will be*

The Theory of Bureaucratic Collectivism

In the 1930s, a number of theories were developed about Stalin's Soviet Union as a new class society. These were mostly worked out by dissident Trotskyists. They rejected Trotsky's concept that the Soviet Union was still a "workers' state," even if badly degenerated, supposedly because it maintained a nationalized economy. The most important was the theory of "bureaucratic collectivism" as thought out by Max Shachtman and the group around him, such as Joseph Carter and Hal Draper (the "Shachtmanites").

Shachtman wrote: "Where the bourgeoisie is no longer capable of maintaining (or, as in the case of Russia, of restoring) its social order, and the proletariat is not yet able to inaugurate its own, a social interregnum is established by a new ruling class which buries the moribund capitalism and crushes the unborn socialism in the egg. The new ruling class is the Stalinist bureaucracy. Its social order, hostile both to capitalism and socialism, is bureaucratic or totalitarian collectivism. The bourgeoisie is wiped out altogether and the working classes are reduced to state slaves." (1962, p. 29)

This new order was not capitalist, he argued, because there was no bourgeoisie, that is, no class owning stocks and bonds, also no internal market and no labor market. The capitalists hated the Soviet Union and correctly saw it as their class enemy. (These arguments will be refuted in Part 3, on the theory of state capitalism.) However, he agreed, "Stalinism," as an exploitative class society, was closer to capitalism than to socialism. Faced with the "danger" of a workers' revolution, the Communist Parties would always bloc with the capitalists against the workers. This is what they have done throughout Western Europe.

The system was not socialist, nor tending toward socialism, nor a "workers' state." It was true that the state owned the economy, Shachtman said. But who "owned" the state? That

is, what class controlled the state and thereby had the use and benefits of its economy? In terms of "property forms" (legality), everyone was equal because no one owned the means of production. But in terms of "property relations" (reality) the various social sections related differently to the state, to industry, and to each other. One grouping, the bureaucracy, ruled and the others obeyed. One group got most of the benefits of the economy while others were exploited. The top officials lived enormously better than the poor workers and peasants at the bottom. It is true that the rulers could not give property to their children, but their children "inherited" places in the officialdom through education, training, and family contacts.

Shachtman and his comrades declared that the proletariat cannot rule indirectly, through some other social grouping. As I have already pointed out, the bourgeoisie enriches itself through the market, through its ownership of property. This continues whether the state is a bourgeois democracy, a monarchy, a military dictatorship, or fascism. But the modern working class is propertyless; it has no stocks, no slaves, no parcels of land. It rules collectively, and democratically, or not at all. While collectivized property forms (nationalization, to Shachtman) were necessary for socialism, they were not sufficient. To move towards socialism, it is necessary for the workers and oppressed to make a revolution, smash the state, seize power, and (I would say) establish a self-managed society. (Price, 2006)

To the end of his days, Trotsky had believed that the Soviet Union's bureaucracy was very temporary and brittle. Unless overthrown by a workers' revolution, he expected it to soon reinstate (private) capitalism. He was sure this would happen by the end of World War II, at the latest. Shachtman said that Trotsky never understood the nature of the collective bureaucracy. It did not wish to give up its rule to a bourgeoisie. It was quite capable of strengthening its power and increasing its wealth by expanding nationalized industry.

exceptions into the norm (a point which was argued by Rosa Luxemburg at the time). In any case, by 1921 Lenin and Trotsky had established a police state, which outlawed all other parties, opposition caucuses within the one legal party, and independent labor unions. They had created the juridical framework for totalitarianism. There is no socialism without democracy.

This is an excellent insight. Some anarchists say they oppose "democracy," often because of the term's use to rationalize capitalist rule, and sometimes out of fear of a tyranny of the majority. But I have argued that socialist-anarchism is best thought of as the most extreme, most radical, participatory, form of democracy. (Price, 2000) This is the view of many anarchists, such as Chomsky, Goodman, and Bookchin; most anarchists who oppose the term "democracy" advocate "self-management," which is the same thing.

A Limited View of Democracy

But the Shachtmanites' conception of democracy was limited due to their Trotskyist (and Leninist and Marxist) heritage. Consistent with their tradition, they conceived of socialism as a centralized, state-owned, economy, managed through a central plan. They insisted that a socialist economy must be mainly run by elected representatives at the top. They also believed in local organizing, labor unions with the right to strike, opposition parties and caucuses, a free press, etc. But they had no conception of the importance of decentralization and direct democracy. Draper wrote, "*The great problem of our age is the achievement of democratic control from below over the vast powers of modern social authority. Anarchism…rejects this goal." (1992, p. 13) True enough; anarchism aims to break up those "vast powers" and to overthrow "modern social authority.*"

This may be contrasted with the views of Cornelius Castoriadis, of Socialisme ou Barbarie, which developed from dis-

Political Implications of the Theory

To the Shachtmanites, the main political implication of their theory was the importance of democratic revolution, the complete merger of radical democracy and working class socialism. Shachtman wrote, "*...the all-around and aggressive championing of the struggle for democracy is the only safeguard against the encroaching social decay and the only road to socialism.*" (1962, p. 27). In an essay on free speech, Draper wrote from the point of view of those "*...who are fighting for a socialist democracy. Our aim, by its very nature, requires the mobilization of conscious masses. Without such conscious masses, our goal is impossible. Therefore we need the fullest democracy...We, because of the nature of our goals, have no fear of the unlimited unleashing of democratic initiatives and drives...Revolutionary socialists...want to push to the limit all the presuppositions and practices of the fullest democratic involvement of the greatest mass of people. To the limit: that is, all the way.*" (1992, pp. 170 & 172)

Shachtman and Draper continued to support the Russian October revolution (as I do, from an anarchist perspective). But they came to criticize Lenin and Trotsky for establishing a one-party state. They believed that the Leninists should have permitted opposition socialist parties to compete for power in democratic soviets. "*The Bolsheviks...gave no sign of realizing that a legal monopoly for one political party was incompatible with democratic rights (the right of choice in the first place) for the people or even for the working class...and that the denial of democratic rights to those outside the party could be enforced only by the denial, sooner or later, of the same rights to the members of that very party itself.*" (Shachtman, 1965, p. 3)

No doubt, Draper wrote, there had to be repression and violations of democratic standards in the course of a bitter civil war and resistance to foreign invasions. Even so, the error of the Leninists, he believed, was to turn these apparently-necessary

Contrary to Trotsky's predictions, in 1929 Stalin led the bureaucracy in a war against the peasants, forcibly collectivizing millions. He abandoned the free market program of the NEP in favor of a massive state industrialization campaign, includng slave labor camps. After World War II, he expanded the statified totalitarian system into a third of Europe. The nationalized economic system lasted for about 60 years. Finally it did break up, and the bureaucracy did transform the system into a traditional capitalism. This leads to a criticism of Shachtman's theory of bureaucratic collectivism (he did not expect this to happen) but it does not support Trotsky's expectations.

Was Fascism a New Class Society?

Some thinkers believed that bureaucratic collectivism existed not only in the Soviet Union but also in Nazi Germany and perhaps even (incipiently) in the U.S. New Deal. This was argued by Dwight Macdonald, a member of Shachtman's party who was to eventually become an anarchist. To Shachtman, this ignored the key difference between the nationalized-collectivized economy of Stalinist Russia and all societies which maintained capitalist private property. It was based on a comparison of Nazi Germany with a (mostly mythical) image of free-market, democratic, capitalism instead of on a class analysis of what was actually happening under fascism. (Also, the fascists used anti-capitalist rhetoric when campaigning for power—Nazi being short for National Socialism, and Italian Fascism claiming to be for "corporatism." But this should not be taken seriously as anyone's practical program—as the Italian and German capitalists knew when they backed their fascists.)

"*Fascism... was called to power deliberately by the big bourgeoisie in order to preserve its social rule, the system of private property...The system of private ownership of socially-operated*

property remains basically intact. After being in power in Italy for over 18 years, and in Germany for almost 8, Fascism has yet to nationalize property, to say nothing of expropriating the bourgeoisie…It controls, it restricts, it regulates, it plunders—but with all that it maintains, and even strengthens, the capitalist profit system, leaves the bourgeoisie intact as the class owning property. It assures the profits of the owning class…" (Shachtman, 1962, pp. 53–54)

Of course the German bourgeoisie paid a price in buying up Hitler's gangsters, giving them bribes and seats on their boards of directors. The rich paid taxes to maintain the police state (to hold down the workers for bigger profits) and the military apparatus (to wage imperialist war in the interests of big business). The proof came after World War II. When the Nazi bureaucracy was removed, German capitalism appeared alive and healthy and ready to go on doing business.

Rule of the Middle Classes

Marxist-Leninism ("Stalinism") became a worldwide movement. In a number of countries its leaders came to power and established imitations of the Soviet Union: Eastern Europe, China, North Korea, Indochina, and Cuba. Shachtman wrote, "*The elements of the new ruling class are created under capitalism. They are part of that vast social melange we know as the middle classes…intellectuals, skilled, semiskilled, and unskilled; individuals from the liberal professions; officials and employees of all sorts, including those from the swollen but impoverished governmental apparatus; and above all else, labor bureaucrats…*" (1962, pp. 29–30)

Under the right conditions, such "middle class" forces can be assimilated into a revolutionary working class movement. Under other conditions they can be part of a fascist movement. But they have an organic attraction toward Soviet Union-type

systems. Intellectuals are easily attracted to the vision of a society in which "brains" rule (what Bakunin had called the despotism of "socialist savants"). The workers and peasants are seen by them as potential weapons in their hands to overthrow the current rulers. "*In Stalinism they find a movement able to appeal to the masses for the struggle against capitalism, but yet one which does not demand of them—as the socialist movement does—the abandonment of the ideology which is common to all oppressor classes, namely: command is the privilege of superiors, obedience the lot of inferiors, and the mass must be ruled by kindly masters for its own good.*" (Shachtman, 1962, p. 30) This is the main theme of Hal Draper's essay on The Two Souls of Socialism: "socialism-from-above" versus "socialism-from-below." (1992, pp. 2–33; Price, 2002)

Michael Albert and Robin Hahnel, authors of the program of "Parecon" ("participatory economics") have also developed their own new-class, third-system, theory of Soviet Union-type societies (Albert, 2003, 2006; Albert & Hahnel,1991). Besides the bourgeoisie and the proletariat, they correctly say, capitalism generates a layer of managers, engineers, planners, lawyers, and other professionals, which they label the "coordinator class." This class is capable of replacing the bourgeoisie as a new ruling class, using either markets or central planning to manage the economy. They call this "coordinatorism." This theory has virtues (discussed below) but also has a weakness in its lack of consideration of earlier bureaucratic collectivist and state capitalist theories.

Such authoritarian middle layer tendencies also lead to liberalism, social democratic reformism, and even elitist varieties of anarchism. But many middle class radicals today are still attracted by modern Stalinisms, such as Castroism, Nepalese Maoism, and/or the Colombian FARC, as well as by statist-reformist nationalism, such as that of Hugo Chavez of Venezuela.