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EDITORIAL

We have been asked to clarify our aims.

If we said that the aim of the C.W.O. was the formation of a Marxist-Leninist Party for the United Kingdom: if we published that as our aim and called for the unity of all those who have that as their aim --what would the situation be?

The situation would be that formally the CWO would have precisely the same aim as numerous other political organisations: it would have the same aim as the CPGB, except for the fact that it claims that it is a Marxist-Leninist Party. Most trotskyist organisations claim that their aim is the formation of a Marxist-Leninist Party, so we would have the same aim as them. And the number of groups in the anit-revisionist movement who give this as their aim must run to about a dozen.

Of course we could say that when we take that as our aim we mean it, while all or most of the others don't. In that case the distinguishing feature of the CWO would be our subjective good intentions as against the subjective bad intentions of the other bodies. Our justification for existing would be our own consciousness of our own subjective virtue: It would be unknowable to all save those on whom grace had descended.

The groups which are now about to declare themselves Parties base themselves, as far as we can discover, precisely on the consciousness of their own subjective virtue. Perhaps, to keep up with the Joneses, we, who are as conscious of our own good intentions as anybody is, should follow suit and take the name of "Communist Party"! What harm would it do? What difference would one "Communist Party" more or less make? Why shouldn't we have as good a name as any other group?

Over the past year a number of groups have declared that it is not enough to be anti-revisionist, that one must also be Marxist-Leninist; or that it is time to stop being anti-revisionist

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and start being Marxist-Leninist. In every case this has been both a justification of opportunism and a foreshadowing of a break with reality and a collapse into total illusion. The queer logic has run: It is not enough to be anti-revisionist, therefore we are a Marxist-Leninist Party.

In the February 1968 issue of Vanguard, written by R. Archbold, the CWO and ICO are abused for using the word "anti-revisionist" too much. R. Archbold, formerly a contributor to "The Communist", accuses the CWO of being against Marxism-Leninism and for anti-revisionism. In fact we have never made a distinction between the two terms --it is Archbold, Bland (Chairman of the MLOB) etc who have done that. But perhaps a distinction needs to be made.

What, in practice (and practice is the source of all theoretical definition) is the difference between the two terms?

It is possible to declare oneself a Marxist-Leninist without exposing, opposing or even acknowledging the existence of modern revisionism. But it is not possible to expose modern revisionism without basing oneself on Marxism-Leninism. To progress in any meaningful Marxist sense from being an "anti-revisionist" to being a "Marxist-Leninist" one must have made an all round analysis of modern revisionism. This has not been done. A number of fundamental questions have not been touched upon: a number of groups (those which make the most extravagant claims for themselves) seem to be unaware even of the existence of those questions. For example the fundamental task of analysing modern revisionism in terms of Marxist political economy has been touched upon (in the UK and Ireland) only by the Irish Communist Organisation. To pass from anti-revisionism to Marxism-Leninism without having analysed revisionism is merely to retreat from reality into illusion. Since the rise of modern revisionism there has been only one way to uphold the Marxist position --to analyse revisionism. In Britain this task has scarcely been begun. In fact, what has the British anti-revisionist movement done beyond recognising that socialism cannot be built under a bourgeois state?

That is a beginning: but it is no more than that. Therefore we remain anti-revisionists as the only way of being Marxists in the present situation.

The urge came on various fragments of the movement in 1967 to declare themselves to be Communist Parties. They had to think of something to do next. Since they rejected the theoretical task, the organisational task was the main one. And since none of them would liquidate itself and join any of the others (and indeed why should they?) nothing remained but for each fragment to declare itself a Communist Party. That is now happening; and, being taken to its logical extreme, is reducing itself to absurdity.

The comrades who make up the CWO reached the conclusion a number of years ago that the theoretical task was primary in Britain.

Practice has outrun theory, theory a long way behind, in the British working class movement. It is lack of theoretical development which is holding back the movement. Theory therefore is primary.

A number of comrades deny that the relation of contradiction exists between theory and practice. Theory simply reflects practice, they say, and both develop together. They declare that the writings of Mao support this view. But in "On Practice" Mao shows that this view is idealist. Practice does not automatically reflect itself in theory. If it did the entire working class would have a Marxist consciousness (and in fact Marx would have been unnecessary). In fact theory and practice do not develop evenly. Theory comes from practice but tends to lag behind it. When theory is lagging behind (as it has been in the British working class movement for a considerable time) the theoretical task is primary and the movement will be held back until the theoretical backwardness is overcome. That is the position of Mao, of Stalin (see Foundations of Leninism), of Lenin (see What is to be Done?) and of Marx (see Letters to Kugelmann).

We have often been told that "there has been ample theoretical discussion since 1963, far too much of it in fact. There is too much theory: what is needed is some practice". In fact there has been hardly any theoretical discussion. There have been numerous monologues, both verbal and written. But, 'unless, when a number of subjectivist monologues cut across each other, that is theoretical discussion) there has been hardly any theoretical discussion or investigation.

The theoretical task is primary. We do not say that because we fancy theorising, but because the fact has forced itself into our heads despite our disinclination for theorising. The fact that it hasn't forced itself into the heads of certain other groups is perhaps accounted for by the fact that the "leaders" are mostly intellectuals, whose heads are already full.

When we arrived at the conclusion that theory was primary we put it to the various leaders (of the 1963 period) and hoped that they would do something about it. After a couple of years it became clear that they wouldn't (being more concerned to get down to the "practical" work of setting up a Party!)

We then attempted to get a theoretical magazine established through an organisation in which a fair cross section of the movement was represented, and gave our active support towards centralising the movement. We failed on both counts, and the movement continued to fragment.

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through an organisation in which a fair cross section of the movement was represented, and gave our active support to every tendency towards centralising the movement. We failed on both counts, and the movement continued to fragment.

We were then faced with a choice between two things: either give up, or begin ourselves to do the work which we thought necessary. Finally we decided to begin this work ourselves. The question of whether we are qualified to do this work is beside the point. If the intellectuals had taken up this work seriously in 1963 it would not have been necessary for us to take up in 1967. But the intellectuals either sought salvation for their own individual intellectual souls through "practice" and paid no attention to the objective needs of the movement; or wasted themselves in petty manoeuvring to become the "first Secretaries" of sham Communist Parties.

Our aim therefore is to work at clearing up the theoretical chaos which exists in the British working class movement, in order to contribute to the development of a real Communist Party in Britain.

L I T E R A T U R E A V A I L A B L E :

STALIN: Economic Problems of Socialism in the USSR
(1952) 3/- post free

Revisionism and Imperialism. (A study of revisionism in
Economics). 9d post free

Mac: Quotations 3/- post free

SUBSCRIPTIONS to "The Communist" cost 4/6 for 6 months.

Also available: Subscriptions to "The Irish Communist"
at 9/- for 6 months.

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ON "STALIN'S ERRORS"

AN OPEN LETTER TO THE LONDON WORKERS COMMITTEE

We would like to make a few critical comments on the article "Notes For a Critical History of the C.P.G.B.", published in the January-February issue of "Workers Broadsheet".

1.

"The mistakes of Stalin, like the mistakes of Lenin, are our mistakes." (Workers Broadsheet. P 17)

They are not. And if we repeat them, then we repeat them in our own right, as actual people. Nobody else's mistakes are our mistakes unless we make them so.

"We cannot assume the credit without also assuming the debts. We cannot take the good apples from the tree and say the bad ones are none of our business."

This is idealist nonsense. "The mistakes of Stalin" (whatever they might be), "like the mistakes of Lenin" (whatever they might be) should not be our mistakes. If we recognise them to be mistakes, we have no kind of excuse for making them our mistakes.

If along with the "good apples" we also take the bad ones, recognising them to be bad ones, we are certainly not Marxists. Marxism has nothing in common with this mystical, moralising acceptance of all. That is the sphere of Buddhism.

2.

"...with the completion of the first five-year plan and the liquidation of the capitalist section of the peasantry through collectivisation, Stalin failed to understand that the class struggle necessarily continues and is therefore reflected in the Party throughout the whole period of the proletarian dictatorship right up to the development of Communism. (See Stalin's speech to the 17th Congress)." (WB P 18)

We have seen Stalin's speech to the 17th Congress, comrades. Furthermore, we have quoted it on numerous occasions during the past couple of years. Stalin's speech to the 17th Congress completely refutes the idea that he took up a Bukharinist position (i. e. dying away of class struggle) after the first Five Year Plan and the liquidation of the kulak class. We will quote from it yet again, and hope that the L.W.C. will see the utter absurdity of its

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allegation. Your advice to "See Stalin's Speech to the 17th Congress" is very good advice. If you had heeded it yourselves we are sure it would have enlightened you very much about the gulf between Stalin's actual position and the position which you attribute to him.

....

"The 17th Conference of our Party declared that one of the fundamental political tasks in connection with the fulfilment of the Second Five Year Plan is 'to overcome the survivals of capitalism in economic life and in the minds of people'. This is an absolutely correct idea. But can we say that we have already overcome all the survivals of capitalism in economic life? No, we cannot say that. Still less can we say that we have overcome the survivals of capitalism in the minds of people...

"It stands to reason that these survivals cannot but create a favourable soil for the revival of the ideology of the defeated anti-Leninist groups in the minds of individual members of our Party. Add to this the not very high theoretical level of the majority of the members of our Party, the inadequate ideological work of the Party organs, and the fact that our Party workers are overburdened with purely practical work, which deprives them of the opportunity of augmenting their theoretical knowledge, and you will understand the origin of the confusion on a number of problems of Leninism that exists in the minds of individual Party members, a confusion which...helps to revive the survivals of the ideology of the defeated anti-Leninist groups...

Take, for example, the problem of building a classless Socialist society. The 17th Party Conference declared that we are heading for the formation of a classless Socialist society. It goes without saying that a classless society cannot come of itself, spontaneously, as it were. It has to be achieved and built by the efforts of the working people, by the strengthening of the organs of the dictatorship of the proletariat, by intensifying the class struggle, by abolishing classes, by eliminating the remnants of the capitalist classes, and in battles with enemies both internal and external.

The point is clear, one would think.

And yet, who does not know that the promulgation of this clear and elementary thesis of Leninism has given rise to not a little confusion and to unhealthy sentiments among a section of Party members? ...they began to reason in this way: If it is a classless society, then we can relax the class struggle, we can relax the dictatorship of the proletariat, and get rid of the state altogether, since it is fated to die out soon. They dropped into a state of moon-calf ecstasy, in the expectation that soon there will be no classes, and therefore no cares or worries, and therefore we can lay down our arms and

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retire --to sleep and to wait for the advent of classless society...

As you can see, remnants of the ideology of the defeated anti-Leninist groups can be revived, and have not lost their tenacity by far". (Stalin. Report to the 17th Congress of the CPSU(B), Part 3. 1934)

How does that tally with your statement that "Stalin failed to understand that the class struggle necessarily continues", in his Report to the 17th Congress?

We will give two short quotes from later periods to indicate that a Bukharinist outlook was not adopted as the line of the CPSU during Stalin's lifetime. The first is from a pamphlet ("On Communist Education") by Kalinin, published in 1940:

"True, our class struggle has assumed forms different from those of the class struggle beyond the bounds of the USSR. I would say it has reached a higher level; its positive results are more effective. But, of course, it is also considerably more complex."

The second is from the letter of the C.C. of the C.P.S.U. to the CC of the C.P. of Yugoslavia, dated May 4th 1948:

"Nobody could deny the profound nature of the social transformation in the USSR... Nevertheless the All-Union C.P. (Bolshevik) never deduced from these facts that the class struggle had weakened in our country or that there does not exist a danger of capitalist elements growing in strength."

3.

"This failure to understand the inevitability of class struggle under socialist conditions, that is under proletarian dictatorship, led Stalin to treat differences within the Party as if they were contradictions not among the people requiring to be resolved, but between the people and imperialist agents requiring suppression. Thus the standard phrase when a Party member was arraigned was that Citizen So-and-So (no longer Comrade) was an enemy of the people and he was then treated as such." (WB P18)

We have demonstrated time and again over the past year and more that there was no "failure to understand the inevitability of class struggle under socialist conditions" on the part of Stalin. (This has also been demonstrated in "Forum" and "The Irish Communist" and "The Communist".) These statements are either right or wrong. But the L.W.C. simply ignores them and repeats the uncritical, unhistorical nonsense that has been circulated by such opportunist bodies as "The Marxist" and the ACMLU/MLOB.

8.

Stalin, you write, was led by this alleged error into treating "differences within the Party as if they were contradictions not among the people requiring to be resolved, but between the people and imperialist agents requiring suppression". Which representatives of the people were treated as imperialist agents, you do not say. Was it Zinoviev, or Trotsky, or Bukharin, or Tukachevsky? When you make such allegations you need to be specific and concrete, comrades. What is needed is a clarification of real, actual history. But all that you have produced is vague, uncritical, subjectivist generalising.

If you think that certain political tendencies were treated as being agencies of imperialism, which in fact were revolutionary and belonged to the ranks of the people, you should demonstrate this. You have not even mentioned which political tendencies you have in mind.

We do not disagree that a critical investigation of the history of the past half century of the international communist movement is necessary. We have been stressing the need for such an investigation for a number of years. On the other hand we are well acquainted with the approach which says "It is necessary to be critical", and then launches into a subjectivist, uncritical tirade against Stalin (or Marx, or Mao --there appears however to be a tacit agreement among most such "Marxists" that Lenin should be ignored as much as possible, and for the rest be treated as a kind of fairy godmother). Such an approach has nothing in common with the critical, historical outlook of Marxism. And it is precisely such an approach that the L.W.C. has adopted with regard to Stalin.

4.

"A Marxist-Leninist should note that, whatever the errors of the C.P.S.U. leadership before 1956, the errors of the alternative leaderships of the 1920s would certainly have been incomparably worse." (WB P17)

So Stalin was the best of a bad lot, was he!

5.

"At the end of his life Stalin began to realise that socialism in the Soviet Union was in danger from revisionism. In 1952 he published his "Economic Problems of Socialism", which is still for us a valuable analysis but does not yet deal fully with the question of contradictions within Socialist society, still less propose any practical steps to deal with them." WB P20)

We would suggest, comrades, that Stalin's "Economic Problems" restored Marxist political economy at a time when it was in danger of being swamped with subjectivism and sloganising. It clarified the tasks of the science of political economy in the period of

socialism. It identified in its embryonic stage the political economy of modern revisionism and refuted it theoretically.

It has its limitations, you say. Very true. "Capital" too has its limitations. When you come to think of it, what theoretical work is there which has not its limitations?

We would suggest, comrades, that if the LWC had learned all that "Economic Problems" has to teach it about political economy it would not be particularly concerned about the limitations of that work. "Economic Problems" provides the theoretical key to an analysis of modern revisionism in terms of political economy (which remains the fundamental social science).

The anti-revisionist movement in Britain has made virtually no analysis of the economic theories of revisionism (and is, therefore, not in a position to carry out an exposure of those economic theories --unless a subjectivist dismissal of them, accompanied by a few superficial slogans, is called an exposure). The LWC, in particular, has made no contribution in this direction. Its "critical" comments on Economic Problems are, therefore, the most uncritical of all its uncritical remarks.

6.

"In the absence of mass pressure for a more popular democratic and socialist policy against the constant pressure of the bourgeois elements, led ideologically by the right wing of the party, Stalin and the revolutionary wing of the party fell back on "administrative methods". Instead of mass pressure as their main defence against bourgeois pressure they used and developed a police force. This inevitably led to mistakes as acknowledged by Stalin in his speech to the 17th Congress. Mao Tse-tung had criticised such methods..." (WB P19)

"In the absence of mass pressure...Stalin...fell back on "administrative methods". Instead of mass pressure...they used and developed a police force." It would be hard to imagine a statement more divorced from historical reality. Both Lenin and Stalin dealt very clearly with this question in terms of the realities of the class struggle at the stage reached in Russia in the 1920s. The LWC would have done well to acquaint itself with these writings before making statements like that quoted above.

Here we can make only a few comments. "In the absence of" in the first sentence becomes "Instead of" in the second. It is clear that this verbal confusion covers up an "absence of" (occurs "instead of") concrete thinking about a concrete situation. Do you mean that since no other **methods** were possible in the circumstances Stalin had to "fall back on 'administrative methods'"? Or do you mean that Stalin because of his own limitations (and not because of the limitations of the situation) used administrative methods: that he chose administrative methods instead of the method of

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mass struggle, even though it would have been possible to use the method of mass struggle?

Confusion on such a point is inexcusable on the part of Marxists.

If the first was the case it was a matter of a revolutionary leadership being forced by the limits of the situation to fall back on administrative methods. If the second was the case it was a matter of the leadership failing to see the great revolutionary forces which existed, and instead of unleashing them, using administrative methods. In this case the leadership ceased to be revolutionary and became an obstacle holding back the development of the revolution.

In the first case it is a matter of a revolutionary leadership having to make use of bureaucratic forces while working to develop the political level of the masses and so bring about a situation in which these bureaucratic forces can be supplanted. In the second case it is a matter of the leadership becoming part of the bureaucratic forces which are trying to hold back the politically developed masses. There is all the difference in the world between the two.

And that is the difference between "In the absence of" and "Instead of".

So far we have only commented on the contradictory nature of your allegation: on the fact that it confuses two entirely different situations. Now we come to the question of the historical accuracy of the statement that "Instead of mass pressure...they used...a police force."

This statement is not the product of historical investigation. It is entirely subjectivist in nature, and is the product of a bureaucratic outlook.

During the period when Stalin was the leader of the CPSU three major attempts to carry the party into opportunism were made by sections of the Party leadership: by the trotskyists, the Zinovievites (in alliance with the trotskyists) and the Bukharinites (in alliance with the last two). All three were defeated. The powerful class of capitalist farmers was overthrown in the countryside, and agriculture was collectivised. A modern heavy industry was built up from scratch in ten years. The most powerful capitalist army the world had ever seen was smashed.

Only a bureaucrat could believe that a "police force" could have been mainly responsible for these happenings.

The trotskyists have been claiming that the kulaks were overthrown by the secret police, that the poor peasants were dragooned into the collective farms by the secret police and that the enormous industrial achievement was brought about because every industrial worker was stimulated to greater efforts by the shadow of a secret policeman.

If that was so then it is clear that to talk about "revolutionary masses" in connection with the Soviet masses of the 1930s is to engage in empty phrase-mongering. If that was so, the Soviet masses were mere puppets manipulated by the secret police. And if that was so, the secret police must be regarded as one of the most powerful and vigorous social forces in present day society.

That it was not so is shown by historical investigation. That it could not have been so is clear to anybody who keeps his eyes open and thinks a bit. And if it were so it would be better for us to give up the idea that Marxism-Leninism is a product of scientific analysis of modern society.

The achievements of Soviet Russia in the 1930s and 1940s were the achievements of the Soviet masses guided by a revolutionary leader-ship. Police activities, which were necessary then, as in Lenin's time, played a very minor role.

7.

"Mao Tse-tung had criticised such methods", you write.
When? Where?

During the past few years various Stalin-critics, when they found themselves unable to justify their uncritical attacks on Stalin in the face of concrete historical argument, have referred to the authority of Mao to justify their attacks. We have searched through all of Mao's published writings but we have not been able to find where he criticises Stalin. On the other hand we have found many clear, unequivocal statements about Stalin, such as the following made in 1953 (after which time even Stalin, presumably, could have committed no further "errors"):

"Joseph V. Stalin, the greatest genius of the present age, the great teacher of the world Communist movement, the comrade-in arms of the immortal Lenin, has departed from the world. Cde. Stalin's contribution to our era through his activities as regards both theory and practice is beyond estimation. Cde. Stalin is representative of this new era of ours..."

"Cde. Stalin made overall, epoch-making developments in the theories of Marxism-Leninism and impelled Marxism forward to a new stage..."

"All the writings of Cde. Stalin are immortal Marxist documents. His works, The Foundations of Leninism, the History of the CPSU(B), and his last great work, the Economic Problems of Socialism in the USSR, are an encyclopedia of Marxism-Leninism, the summation of the experience of the world Communist movement in the past 10⁰ years."

"Long live the theories of Marx, Engels, Lenin and Stalin!
Eternal glory to the heroic name of Stalin!"

"As to the 20th Congress of the CPSU, we find ourselves still in general agreement with the assessment made at the time by the Chinese C.P....published under the title of "On the Historical Experience of the Dictatorship of the Proletariat" (WB P17)

"On the Historical Experience" begins:

"The 20th Congress of the CPSU summed up the fresh experience gained both in international relations and domestic construction. It took a series of momentous decisions on the steadfast implementation of Lenin's policy in regard to the possibility of peaceful coexistence..., on the development of Soviet democracy, on the thorough observance of the party's principle of collective leadership, on the criticism of shortcomings within the Party, and on the sixth Five-Year Plan... The Congress very sharply exposed the prevalence of the cult of the individual which, for a long time in Soviet life, had given rise to many errors in work and had led to ill consequences. This courageous self-criticism of its past errors by the CPSU demonstrated the high level of principle in inner-Party life and the great vitality of Marxism-Leninism." (P3)

That is the assessment of the 20th Congress made in "On the Historical Experience", with which the LWC now declares its "general agreement". The document shows no consciousness of the real nature of the Congress.

For a number of years after 1956 there was a lapse between practice and theory in the international communist movement. The usurpation of political power by the Soviet revisionists took place in the period immediately following the death of Stalin. Consciousness of this fact did not develop until a number of years later. (The general truth that consciousness develops from material conditions, and that there is therefore a gap between material change and the reflection of that change in consciousness, did not cease to apply in this instance). For a number of years therefore there was theoretical confusion regarding fundamental matters in the international communist movement.

(The political economy of modern revisionism made its definite public appearance in 1956, especially in Poland. And it is a fact that in 1956 the sole theoretical exposure of the political economy of modern revisionism was Stalin's "Economic Problems")

The C.P.C. soon took decisive steps to dispel this theoretical confusion, and produced clear analyses of the nature of modern revisionism. It did not do this through the analysis of "Stalin's errors", but by building on the work which had been begun so thoroughly by Stalin in the last year of his life.

"On the Historical Experience", with which the LWC now, in 1968, declares its general agreement, was undoubtedly a product of the period of theoretical confusion. Its allegations against Stalin have not been substantiated with concrete historical proofs. We do not think that they can be substantiated: that they are in accordance with historical fact. In our view the statement which Mao made about Stalin after his death was a sober statement of historical fact -not a rhetorical flight of fancy or a "Mao error".

....

There are other aspects of your "Notes For a Critical History" which, for reasons of space and shortage of resources, we cannot comment on at present. But we cannot let your method of making casual remarks about the "mistakes of Lenin", the "mistakes of Stalin" etc. pass without comment. You make these remarks without even specifying what mistakes you have in mind (not to mention demonstrating that they were mistakes.)

Now, since every man makes mistakes, it is certain that Lenin and Stalin (and Marx) made mistakes, and that Mao made mistakes, so it cannot be said that there were no "mistakes of Lenin". But casual remarks about the "mistakes of Lenin" is futile. If, in the work of scientific analysis, you discover unscientific elements in Lenin's work, and you wish to free Marxism from these unscientific elements, then you should explain clearly what these unscientific elements are, and why they are unscientific. You should do this clearly and thoroughly. You should do it, as Lenin explained in the Introduction to "Materialism and Empirio-Criticism", with "precision and thoroughness". That is how "orthodox Marxists" (Lenin's phrase) behave. When Marxists make casual remarks of a general nature about the "mistakes" of the founders and developers of the Marxist science they make themselves absurd: and we have noticed that the Marxism of such Marxists tends towards mere pragmatism.

It is now clearly the duty of the LWC to settle accounts with "precision and thoroughness" on this matter. Either provide actual historical proof of your allegations concerning Stalin, or else retract them. The method of making vague, jibing pseudo-criticisms is not the Marxist method. No matter how much you may support Mao in words, so long as you continue with this method you will remain alien to the spirit of fearless and thorough Marxist criticism that has been revived in the Communist movement under Mao's influence.

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Y U G O S L A V I A - p a r t t h r e e

Revisionism in Economics

INTRODUCTION

The "reforms in the Yugoslav economy fall into three main periods. From 1948 to 1953 the first changes from centralised planning to some decentralized planning were made. These changes left the main structure of centralized planning intact. Together with the changes in the administration of the economy went the first steps towards "workers control". At this time the workers councils were consultative and dealt with improving efficiency in the factory.

The second stage from the mid-fifties to the mid-sixties was one of increasing decentralization. The plan becomes even less important as a factor in controlling the economy. Instead the government decides on the main possibilities and priorities and uses indirect means to get them implemented. The market is partially freed, and things such as interest rates, taxation and investment funds are used by the state to influence the economy. Enterprises have more autonomy than before. Yugoslavia integrates more closely with the world capitalist economy, joins the International Monetary Fund and the General Agreement for Tarriffs and Trade.

In the third stage, from the 1965 reform continuing into the present, the plan, even as the weak capitalist thing that it was up to this date, is abolished. The market becomes a free one (at least as free as a market can be in the present stage of the crisis of capitalism), enterprises are freed from many restrictions, e.g. in conducting trade directly with capitalist firms in the rest of the world, and in exporting capital. The entry of foreign capital into Yugoslavia is allowed. The only remaining restrictions are those facing any capitalist country: the balance of payments situation. Efficiency in competing with world imperialist industry is made the criterion for the development and survival of industry.

THE FIRST REFORMS

Cooperation with imperialism

The first "reform" of the Yugoslav economy started in December 1948 when a trade agreement was signed with the U.K. on terms favourable to Titoite Yugoslavia. In that month also the U.S. released 64 million dollars of reserves entrusted to its keeping by the Royal Yugoslav Government at the beginning of the war, and frozen while Yugoslavia seemed to be taking the socialist path (17 million dollars of this was deducted as compensation for US property nationalised.) These two seemingly insignificant events mark publicly Titoite Yugoslavia's reconciliation with imperialism. Tito's end of the bargain was fulfilled within a couple of months, when he ended his aid to the Greek communist liberation movement. In August 1949 he closed the Yugoslav frontier to the resistance fighters ensuring their quick defeat. In December 1949, the Yugoslav

ultra-pure socialist revolution was granted an £18 million medium term credit from the U.K., and loans from U.S. banks. As Kardelj (Foreign minister) declared at the 1949 Parliamentary Budget Debate:

"with a view to furthering the construction of socialism, the Yugoslav Government has contracted a loan of 25 million dollars from the Import-Export Bank in Washington... The International Bank has in principle approved a loan of 25 million dollars for capital equipment..."

The Deputy Finance Minister at this debate explained that economic relations with the USSR enslaved Yugoslavia, while economic relations with the US did not threaten her independence!

"Workers' Control": class character.

In 1949 also the first steps towards "Workers' Control" were taken with the election of Workers Councils in a consultative capacity in enterprises. In 1950 the management of most enterprises was handed over to the workers councils who now shared management of the enterprise with the director. The directors of enterprises were mostly ex-owners and party officials at this time.

In December 1950, when "socialist" Yugoslavia was threatened with famine the US Congress voted a 70 million dollar emergency grant to save it. 1950 also saw the start of the imperialist attack on North Korea, which thanks to Yugoslavia's seat on the UN security council, was carried out in the name of the United Nations. (Yugoslavia, the only 'socialist' country on the security council because of a boycott, did not exercise her veto.) Thus, "workers' control", far from antagonising imperialism and causing a rift between it and Yugoslavia, was merely part of the reactionary international economic policies corresponding with Yugoslavia's reactionary foreign policy.

"Workers' control" in the Titoite sense has never been thoroughly analysed in the English movement (except for a little pamphlet by the Fabians which recommends it for use in the British capitalist economy.) The concept of "workers control" is always coming up but never clarified. Bourgeois economists recommend handing some control over production to the workers in the hope of improving the incentive of the workers in production and thus raising their output.

The most important thing to remember about "workers control" is that it is like nationalisation: that is, it is not true to say that the more of it you have the nearer to socialism you are. Like nationalisation the class nature of "workers control" depends on the class nature of the state which is implementing it. An enterprise or a country does not become socialist simply because a form of "workers control" is introduced.

The fact that De Gaulle, West German heavy industry, the British Steel industry and Algeria after its liberation from France all

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find it more profitable to introduce "representatives of the workers" onto the management (in varying degrees) shows quite conclusively that "workers control" is not necessarily socialist.

In the Soviet Union there was a brief period of "workers control" after the socialist revolution. This was a temporary measure pending the actual expropriation of the capitalist class. The workers elected committees to supervise production and supervise the management and prevent sabotage etc. by the capitalists. Lenin described the situation as follows:

"We did not decree socialism immediately in all our industries, since socialism can take shape and consolidate itself only when the working class has learnt how to rule, and when the authority of the working class masses has been definitely established. Without that, socialism is but a pious wish. We therefore introduced workers' control, knowing that it was an inconsistent and incomplete measure..." (The anniversary of the Revolution. Lenin. Nov. 1918)

Thus in the Soviet Union "workers control" was a temporary stopgap until the workers' state could organise "workers' management of industry on a national scale."

In Titoite Yugoslavia "workers control" was not introduced at such a time. In fact it was introduced after industry had been nationalised and centrally organised. It was introduced at the same time as revisionism was bringing Yugoslavia back into the Imperialist fold. It was introduced for two reasons:

1. To hide the fact from the workers that while they had a certain superficial say in the running of the enterprises they did not own them.
2. To improve productivity.

What "workers control" in the Titoite sense involves is NOT the fulfilment of the plan by the enterprise under the control of the workers. It does NOT involve the workers electing a council to supervise the running of the factory, and to implement the targets allocated by a plan. What Titoite "workers control" means is the abolishing of a plan in the sense of a blue-print for industrial and agricultural activity.

For the Titoite and modern revisionists a planned economy is a "Stalinist", "bureaucratic" economy. Titoite "workers control" means that each factory decides what it will produce, where it will obtain the raw materials, and to whom it will sell the products and at what price. But how is the enterprise going to be guided in these decisions, if not by a plan?

The factory will be guided in the same way as all capitalist factories are: by a free market. The market will dictate the things it is most profitable to produce. The market will find the raw

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materials and labour and other means of production, and the market will find the buyers. Thus we have in the words of the Titoite modern revisionists:

"the beginning of the decline of the state"

that is, the decline of the remaining vestiges of production for use by the society by means of a plan, and the development of production for the market, of "socialist commodity production", of capitalist production.

Over a century ago the bourgeois economist, John Stuart Mill, saw the possibility of capitalism taking on the form of "workers control". In "Principles of Political Economy" he saw the possibility of capitalist production being carried on under the form of an "association of labourers...collectively owning the capital with which they carry on their operations, and working under managers elected and removable by themselves". A modern bourgeois commentator remarks that Mills' "recommendation that workers acquire their own factories at once retains competition and removes the unwholesome suspicion and malingering which now characterise life in the factory." (T. Lekachmann. Varieties of Economics. Vol. 2 P 26) And the economic propagandists of the Irish national bourgeoisie were well acquainted with the theoretical essence of Titoite "workers control" capitalism in 1920.

"Workers' control", plan and market.

The Titoites describe "workers control" as follows:

"The producers in the frame of their working organisation, are entitled to independent planning, independent disposing of the realized revenue of the organisation, after settling social accounts with the community". (Yugoslavia: Economic and Social Development. Belgrade)

"As an independent economic unit, every enterprise has at its disposal the fixed assets and the working capital; it alone is responsible for the programme of production and expansion of its capacities, for the purchase of the necessary raw materials and for the sale of its products, for the employment of new labour; the enterprise itself obtains credit from the banks and carries out other transactions." (ibid)

With the change in the nature of the plan and the development of the market as the controlling force in the economy, the stimulus to increased production is provided by the market. For now other enterprises in the same field are not fellow-socialist enterprises but competitors out to grab your share of the market and the profits for themselves. Competition and fear of bankruptcy together with the prospect of increased profits become the motive force, as in traditional capitalist society:

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"The enterprise is stimulated in every respect to run its business and use its available means of production rationally as this will help both the enterprise and its producers to secure a more favourable economic position. On the other hand, the producers are liable to failure if they do not run the enterprise's business properly... Personal earnings depend on the results achieved in the respective enterprises on the basis of criteria set by the staff itself..." (ibid)

Between 1950 and 1952 the "workers councils" were allowed to decide their own incomes. However in 1954 it was found necessary to set a wage beyond which wages could only go if the enterprise showed profits.

Up to 1950 there was "centralised planning" and centrally determined targets". However this system

"left little scope for economic organisations to operate independently... (and it) hampered the initiative of the producers and a more rapid economic and social development."

Centralised planning "was gradually replaced by a new system of transacting business and planning". (ibid)

The transition from a position where factories and enterprises were allocated the funds necessary to implement the targets set for them by the state plan, to a position where each enterprise keeps and disposes of a large part of its surplus as it wishes has taken place gradually, and is still taking place (although it has already gone further than in some of the capitalist countries (that is the orthodox capitalist countries which do not pretend to be socialist), where the capitalist state controls nearly as much investment as private companies).

"Up to 1953 the workers councils had hardly any capital for investment. They had no turn-over funds, but were credited by the bank. In reality there was a form of administrative intervention, because the state could influence the amount of production and other economic aspects." (Workers Self-Management in Factories: Romac and Franic. Belgrade.)

At that time the workers councils were chiefly concerned with improving the use of the factors of production, ensuring better "exploitation of machines, work discipline, economy in use of raw materials" etc. "It should be mentioned that during the first couple of years the workers councils did not trouble much about investments, markets and the like." (ibid)

However, gradually the enterprises became more and more capitalistic. The workers councils adopted

"production and financial plans: they decide on the amount of production, variety of goods, price policy etc... In addition to their annual plans, they also adopt prospective plans for their enterprise, even for terms up to 20 years." (ibid)

In 1953 the enterprises were left with 37% of the social product,

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the other 63% going to the funds of the federation, republics and other regional units. By 1959 the enterprises controlled 47% of the social product, while 53% went to the state.

THE SECOND REFORMS

The structure about to be described applies from 1953 to about 1965 when there was another major bout of "reforms", which brought the Yugoslav economy even nearer to a traditional capitalism market economy.

Distribution of "Surplus Value"

One of the claims of the Yugoslav revisionists is that the workers by distributing the income of the enterprise they are working in have control over the "surplus value" they produce. However when this claim is analysed in the concrete conditions of Yugoslavia, it is found that what the workers are allowed to "distribute" to themselves is a wage which is very low in comparison to both Yugoslavia's potential wealth and the wages of workers in other capitalist countries of a similar level of development. In fact the Yugoslav workers are paid the cost of production of their labour power and no more.

"factories and other means of production are social property. Society is therefore interested in the preservation of these means, and in their most rational and economic utilization."
(Workers Self-Management in Factories. Belgrade)

This "principle" is a subtle misrepresentation of what Marxism actually holds about greater productivity under socialism. What Marx actually said is that as the working class owns the means of production collectively, it is naturally interested in making the best possible use of them. Under capitalism "society" (i.e. the capitalist class as a whole) is interested in the most "rational and economic" use of means of production, but the working class is indifferent. Only the owners of means of production are interested in efficiency. In Yugoslavia, the main means of production are owned by the state. However, as we saw in Part Two, the state is a "state of the whole people" (a form of state that never has and never will exist), it is a capitalist state. Therefore to say that "society" is interested in the "rational and economic utilization" of the means of production, although intended to sound like an application of Marxism to Yugoslavia, is nothing more nor less than a statement of aim applicable to all capitalist classes.

The Nature of the Plan.

The Yugoslav modern revisionists describe the plan as follows:

"The plan anticipates the general volume of material production and its principle structure, on the grounds of the last year's production, cognisance of economic potentials, labour power, and its productivity, the planned scope of investments,

the extent of foreign trade, etc., and taking into consideration the desired results. This "anticipation" is in fact a fairly realistic calculation because the plan fixes the methods of carrying out the programme." (Workers Self Management in Factories. Belgrade)

"Connections between the general objectives laid down in the plan and the free initiative of direct producers, that is organs of management, is mainly established by economic measures, through the financial and credit mechanism and through foreign trade and currency regime... (Yugoslavia: Economic & Social Development. Belgrade)

Thus we have a plan which estimates the general nature of the forthcoming production and then tailors it slightly by controlling the supply of money etc. It is in exactly this way that the state in the traditional capitalist countries exerts control over the economy. The example of the 1961 Plan for the allocation of investment funds is given:

"the 1961 Social Plan of Yugoslavia...anticipates investments of 314 billion dinars in industries and mining, 161 billion in transport etc. It runs contests for credits. Loans are granted to those enterprises or communes which meet two conditions: they must prove that their project is economical, and that they have the funds for the partial financing of the project. The same is done by the investment funds of republics, districts and communes. Large projects are most frequently financed from two or more funds. Through this system every dinar from the General Investment Fund, spent for a precisely fixed purpose is joined by another dinar from the decentralised funds, thus directing the latter towards the planned objects." (Workers Self Management in Factories. Belgrade. My emphasis.- A.C.)

Thus that part of the funds held before new investment every year at various territorial levels are allocated by competitive tender, just as under capitalism. Not the needs of the working class as a whole, or the poor peasants determine the new investment, as in a socialist society, but the dictates of market competition. The most profitable projects ^{are won by} the most efficient and modern enterprises ^{who} make the most profits.

The Plan and the banks.

An emigre Yugoslav economist is very happy with this "social plan", which he describes as follows:

"In their state-capitalist system, the Yugoslav communists develop their enterprises officially on the basis of a planned economy, but in reality on the basis of a relatively free market. Their economic plans are thus fulfilled to the extent that enterprises succeed in achieving their targets under market conditions."

(Review. 1961. Topalovic:)

"The Social Plan lays down the broad outlines of how much money shall be devoted to the various fields of the economy, such as industry, agriculture, and foreign trade. Within these limits the National Bank draws up its credit plan, or 'credit balance'. It is the bank of banks, and distributes its dinars not directly to the enterprises, but the commercial banks dealing directly with industry, agriculture and foreign trade. These banks allow credits to communal banks and enterprises.

"The banks charge for their loans, and pay each other 5% to 6% interest. The interest belongs to the banks or, more accurately speaking to the state.

"The most important credit institution in the new system is the communal bank. The commune is a basic political and economic unit, comprising a whole area. All enterprises in this area deposit their funds with the communal bank and use the services of the communal bank for their business transactions. The industrial, agricultural and foreign trade banks grant credits to enterprises mainly through the agency of the communal bank. Thus the communal bank gains an insight into the whole financial situation of an enterprise, and it is often in the position to decide whether a loan should be given to an enterprise and how large it should be. All enterprises in the territory of the commune are represented in the management of the communal bank as are also the commune's political authorities.

"The communal banks and the commercial banks have to deposit their reserves with the National Bank, which can ensure that they adhere to the framework of the Social Plan by restricting or facilitating their credit...

"The reform of 1961 put economic enterprises in Yugoslavia on to the same relationship with their banks as exists between firms and the banks which give them credit in capitalist countries. The management of an enterprise is free to conduct its business, and to use its savings and credits, provided that it follows the economic plan and acts according to sound business principles. If the state or the bank finds out that this is not so, the enterprise has to cease doing business. There is no other source of credit to which it can turn."

(Review. 1961. Topalovic.)

The plan and other indirect controls

Other methods of exerting control over the enterprises are also indirect: interest rates, turnover taxes and depreciation. Interest rates were levied as a kind of hiring price on all the means of production in the enterprises. It was

"6% on the social means of production (both fixed and turnover capital). This instrument compels the workers' collective to use resources carefully and economically and to invest them

economically". (They also provide funds for the state)
(Workers Self Management in Factories. Belgrade)

Thus in order to compel the enterprises to be more efficient their capital is all taxed. This is a capitalist way of ensuring that equipment etc. won't be bought unless it will raise profits considerably, and that once bought it won't be left partially idle. (The socialist way of ensuring this is to develop the class consciousness of the workers.) Another instrument is the Turnover Tax and Contribution from the Mines. These

"regulaise, to the highest possible extent, business conditions ...". The turnover tax brings "into the social funds the part of the enterprise income which results from the specific market situation or a certain price policy"; the Contribution from the Mines "is an instrument with the object of eliminating the effects of especially favourable natural conditions". Both contributions "also direct workers' collectives to search for sources of higher income in more productive and economical business, instead of in speculations on the market."
(Workers Self-Management in Factories. Belgrade)

In other words, the Contribution from the Mines is a kind of differential rent, while the Turnover Tax is a kind of capital gains tax. Both being very essential taxes in a "socialist" society! The money set aside from the yearly income of an enterprise for Depreciation of Capital remains in the enterprise as a fund for buying new capital equipment. The amount of depreciation is fixed by law to enable "the reproduction of the value of the social property, which in no way can be destroyed or 'eaten away'." (ibid)

The Workers.

In 1961 the basic unit in an enterprise was made the 'working group' or 'economic unit' as opposed to the Workers' Council, which remained but not as the basic unit. This involved more decentralisation, and encouraged the fragmentation of the working class not only into rival enterprises, but also into rival groups within enterprises. Instead of having all the workers, regardless of particular occupation being elective to one council, the "working group" covers one activity in the enterprise; for example, administration, transportation, sales organisation, warehouse, cleaners etc. These "working groups" calculate between them what the wages will be in the following manner: the sales price of the articles produced by the enterprise is taken and from it are deducted the costs of the enterprise e.g. taxes, depreciation, interest on loans, etc. Then the percentage of what each "working group" has contributed to the value of the product is calculated and allocated to the various groups. Thus the division of labour under ordinary market capitalism is emphasised and given an organisational form under Yugoslav capitalism. Marx explained that the division of labour has to be eliminated in order to achieve communism. Yugoslavia however, is going to achieve socialism by institutionalising the division of labour!

Not only is rivalry created between different strata of the working class, but also between different workers within each stratum. For once the allocation of "working group's" total wage-share has taken place, the working groups has to divide the money amongst itself, according "to the skill and effort of each individual".

Furthermore, members of each working group can nominate their own supervisors etc. and ask for them to be replaced. But the most important of the "working group's" powers is that of hiring and firing workers. If it needs more workers, it applies to the central pool for them, if it has too many, it can send them back. 'Inefficient' workers can be sent back to the pool in this way. As the wages of the 'working group' depend on making do with as little labour as possible, there is a considerable pressure to get rid of the weaker sections of the working class; for instance, factory inspectors had to intervene in cases of illegal dismissals of pregnant women as follows:

<u>Year</u>	<u>No. of Cases</u>
1955	28,646
1956	27,533
1957	20,251

Each working group draws up its own scheme of percentages and work points for dividing the total earnings of the group amongst its members. Some working groups even have their own accountants, and keep funds for various purposes, such as further training of its members and building flats for them.

If a working group doesn't finish its allocation of work on time, and another group has to work overtime to help it out, the group has to bear the loss.

Allocation of Enterprise profits.

The working groups are given about 110% of the enterprise's profits to divide amongst themselves in bonuses. This works out on average to about 1,250 dinars a month, or about one months wages (15,000 dinars) in a year. More important than the allocation of profits to the worker is the family allowance system. A worker with two children get about one-third of his monthly wages from the state in this form. Of course this enables the enterprise to keep the basic wages down (just as the Poor Law in England in the 19th century).

The total effect of this system is to encourage the enterprises to behave in a primitive capitalist manner towards its workers, and also attempts to encourage rivalry and antagonism amongst the workers themselves. Another effect of this system is to make the "working groups" fear and resist technical improvements and automation because these cause their redundancy

Yugoslavia joins the IMF.

Between 1948 and 1960 alone, the Yugoslav economy was continually being rescued off the rocks by its kind masters. Total aid in this period amounted to:

US military aid	724,000,000 dollars
Western economic aid	1,200,000,000 "

In 1961 Tito appealed again, this time for help in reforming the Yugoslav economy in order to become eligible for the General Agreement on Tariffs and Trade.

The International Monetary Fund agreed to help and various commissions analysed the intricacies of the Yugoslavia's economic system. The IMF's purpose was to recommend reforms that would integrate Yugoslavia even more firmly into the Western European economies. The following terms were agreed to:

US Export-Import Bank would grant a loan of	£ 50 mil.
US Mutual Security Programme would grant a loan of	£ 25 "
US Development Loan Fund would grant a loan of	£ 25 "
TOTAL CONTRIBUTION	
	<u>£100 "</u>
IMF offers various national currencies worth	£ 75 "
European Countries	<u>£100 "</u>
T O T A L	<u>£275 "</u>

In return Yugoslavia agreed to:

- an exchange rate of 750 dinars to the dollar (a devaluation)
- gradually achieve convertibility in her currency
- abolish export subsidies and some import controls
- to establish a standard customs tariff

This 'reform' led inevitably to the new bout of reforms which started in 1965, 1966 and 1967 and which still continue, bringing various individual sectors 'up to date' with traditional market capitalism. Of course the only effect of the 'aid', which was to a great extent in the form of loans, was to impose an enormous burden of interest and debt repayment on the shoulders of the Yugoslav workers. The Titoites of course were saved from economic collapse and the threat of socialist revolution.

Crisis following 1961 reform

The 1961 'reform' was followed by another severe economic crisis. Inflation which had been a chronic part of the Yugoslav economy now became severe, the issue of money increasing at least twice as fast as the growth of the total social product. Between January 1964 and January 1965 money wages rose by 42% while the cost of living rose by 72%. Unemployment had become very heavy. At the beginning of 1965 19% of the entire working force were unable to find work within the country. About 39% of those who couldn't find work within the country migrated to Western Europe to work under an official government scheme. *(See over)

Large stocks of unsaleable goods cluttered up the market. The foreign debt of the Yugoslav state now amounted to \$1,000 million, and grave balance of payments deficits prevented repayments. In June 1965 there was a devaluation which brought the dinar down to 1,000 to the US dollar (this was later followed by another devaluation bringing the dinar down to 1,250 dinars to the dollar. Devaluation of course reduces the standard of living of the working class and the rest of the people.)

Various reasons are put forward for this severe crisis: a heavy industry which whilst capable of producing means of production, produced these at prices which could not compete in price or modern design with the means of production made in the advanced monopoly capitalist countries. This in turn put the rest of Yugoslav light industry at a disadvantage in competing with Western light industry. A socialist country producing goods for use would seal itself off from the capitalist world market and ignore the standards of efficiency current there, which are based on monopoly capitalism and imperialist exploitation. As revisionist Yugoslavia had decided to throw in her lot with imperialism, it had to change its economic base. Its heavy industry, necessary in its 'national' capitalist period was now an embarrassment.

Following Trotsky's economic theory, they decided to integrate themselves with "the international division of labour"; that is, having found the attempt to build up an all-round economic capitalist development incompatible with integration with imperialism, they decided to develop just the few fields for which Yugoslavia has especial natural advantages and export from these fields, whilst importing the rest of their requirements.

THE THIRD REFORMS: 1965, 1966 etc

The 1965 economic reforms were directed specifically to this end of becoming part of the "international division of labour", of developing a couple of specialised fields where Yugoslavia would be able to compete with imperialism. The Federal Secretary for Finance outlined the reforms as follows:

1. The achievement of normal conditions for the development of the power industry, raw material production and services, the prices of which had been kept abnormally low;
2. a thorough modernization of the machinery industry which, while hitherto considered 'the basic industry', had in fact now become simply a 'processing industry';
3. an end to inflation, thus establishing a uniform yardstick for determining the value of goods;
4. the introduction of a realistic exchange rate for the dinar;

* Some of the Yugoslav workers used the comparatively large sums earned abroad to set themselves up in small businesses when they got back home. Private business employing up to 5 workers are allowed. Fields popular are: catering, tourism, repairs to electrical, cars etc.

5. a reduction of investment to a realistic volume, together with a change in structure;
6. a reduction in government expenditure;
7. a concentration of investment decisions in the hands of enterprises;
8. stabilisation of the market through the accumulation of material and foreign exchange reserves and through imports."

Thus here we have an entire blue-print for ending an attempt at all-round capitalist economic development in favour of integration into the "international division of labour", i.e. of becoming a neo-colony. Heavy industry is no longer to be considered "the basic industry", with an end to the channelling of investment into it. All industry having to stand on its own two feet in competition with imperialism. Finally, a further decentralisation of spending. This means that investment is now overwhelmingly in the hands of the individual enterprises whose control will be not just competition with other enterprises in the same field on the home market, but also competition with goods imported from abroad. Of course this will mean that 'inefficient' producers are driven off the market resulting in further unemployment. In fact in 1966 unemployment increased by 3% (a 'favourable' development!)

In 1966 the government abolished the annual economic plans and replaced them by economic analyses worked out by the Federal Institute of Economic Planning. (The longer term 'planning' remains.) These analyses are like the analyses produced by the Western institutes independent from the state. In 1966 also credit was made much more difficult to obtain for individual enterprises. As in a credit squeeze in the UK this will have the effect of driving less efficient enterprises out of business. The short term interest rate was raised from 8% to 10%. It has been estimated that about one-third of Yugoslav enterprises will be driven out of business if the government has the courage to maintain the restrictions on credit.

Tito's new 'principles'.

In December 1966 hero-Tito, "Marxist-Leninist" leader of "socialist" Yugoslavia explained the policy quite brutally:

The dinar "should be invested where it would bring the highest profit". There should be

"free movement of capital", resources should not be pumped from profitable to unprofitable enterprises, because

"High efficiency enterprises no longer wish to supply resources for the maintenance of those which are unprofitable."

"Subsidies and protectionist measures are out, they are contrary to reform." (Review. London. 1967)

These 'principles' are so blatantly capitalist that it is a waste of time to explain them. They represent the wildest dreams of

Enoch Powell. They are far beyond what the modern social-democratic wing of capitalism such as Keynes, Wilson etc. would demand. Trade is not longer a state monopoly and 60% of imports are free.

It will be no surprise to learn that in April 1967 the Yugoslav economy was thrown open to investments from foreign capital and Yugoslav enterprises are now allowed to export capital. Only a capital market is lacking and no doubt this will soon develop (the smaller and medium capitalist countries often do not have much of a local capital market; the international division of labour operates here too).

In 1966 the banking system was further 'reformed', on the principle of "freedom of action" and "competition in the domestic and foreign markets" (Financial Times. 4.5.68). A part of the 'reform' was the refounding of the banks, with industrial enterprises putting up the money.

"To be a founder is much the same as being a shareholder in a Western bank. Like shareholders, the founders are the ultimate managers of a bank. They receive shares in the bank's profit...amounting generally to about a 10% return on their capital." (ibid)

"Socialist" agriculture

We have not dealt with agriculture. Suffice it to say that since decollectivisation was carried out in 1953 the dominant form of land possession has been individual private ownership. Arable land is held as follows: 11.2 million hectares being in private possession and 3.8 million hectares being socially owned. There are various cooperatives. Peasants may employ labour and so may cooperatives. In 1958 hero-Tito said

"private ownership of a plot of land in our country does not mean today what this ownership meant in its classical form, or even a few years ago." (The Yugoslav Road. Tito)

It's socialist private ownership now of course!

In the 'reform' of 1965 agriculture was put in a more favoured position as far as the prices received were concerned. At the moment the primitive nature of much of Yugoslavia's agriculture is out of keeping with the industrial sector.

Any Marxist with only a small knowledge of Marxist economics who has made any sort of a study of the Yugoslav economy must be thoroughly convinced that the Yugoslav economic system is one of market capitalism.

What are we to say of those 'Marxist' intellectuals and leaders who claim and spread the idea that the Yugoslav economic system is a socialist one? Yet this is the position of every revisionist Communist Party in the world and most of the trotskyist groups.

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(Next month we will see the relationship of the CPGB and other revisionist C.P.s to Yugoslavia over the years; also Yugoslavia's foreign policy from 1950 onwards is examined.

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