A Commune in Chiapas?

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- USSR part 4: Towards a theory of the deformation of value
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There is no adequate English equivalent to the German word *Aufheben*. In German it can mean 'to pick up', 'to raise', 'to keep', 'to preserve', but also 'to end', 'to abolish', 'to annul'. Hegel exploited this duality of meaning to describe the dialectical process whereby a higher form of thought or being supersedes a lower form, while at the same time 'preserving' its 'moments of truth'. The proletariat's revolutionary negation of capitalism, communism, is an instance of this dialectical movement of supersession, as is the theoretical expression of this movement in the method of critique developed by Marx.

**Editorial**

A Commune in Chiapas?
Mexico and the Zapatista Rebellion
Since the occupations of January 1994, many have projected their hopes onto this 'exotic' struggle against 'neo-liberalism'. We examine the nature of the Zapatista uprising by moving beyond the bluster of the EZLN communiques, on which so many base their analysis. Not proletarian, yet not entirely peasant, the Zapatistas' political ideas are riven with contradictions. We reject the academics' argument of Zapatismo's centrality as *the* new revolutionary subject, just as we reject the assertions of the 'ultra-left' that because the Zapatistas do not have a communist programme they are simply complicit with capital. We see the Zapatistas as a moment in the struggle to replace the reified community of capital with the real human community. Their battle for land against the rancheros and latifundistas reminds us of capital's (permanent) transitions rather than its apparent permanence.

What was the USSR? Towards a theory of the deformation of value under state capitalism: Part IV
In the final part of our series, we present a value-analysis to show how the USSR was, as the Trotskyists argue, a transitional form; but, against the Trotskyists and following Bordiga, our analysis shows that it was in transition to capitalism. The forced transition to capitalism in the USSR meant that the circuit of productive capital subordinated the circuits of money and commodity capital. Capital therefore did not find its most adequate expression in the expansion of value through the purely *quantitative* and *universal* form of money but rather in the expansion of value through the *qualitative* and *particular* forms of use-values. The dislocation between the capitalist nature of production and its appearance as a society based on commodity-exchange entailed the deformation of value and the defective content of use-values. This dislocation both provided the basis for the persistence of the distinctly non-capitalist features of the USSR and led to the ultimate decline and disintegration of the USSR.

**Intakes**

Gilles Dauvé's *Critique of the Situationist International* is one of the more important texts on the Situationists. We reprint below an update to the text which is due to be published in Greek by TPTG.
At the time of writing, it would seem that we have entered a time warp: a fuel crisis characterised by pickets, blockades and 'panic' buying, topped off with union revolts at the Labour Party Conference. At the same time we have seen street fighting in Prague - the third time in the last 12 months that an international economic summit has been disrupted by the burgeoning world-wide 'anti-capitalist movement'. Following on from the events of Seattle last November, where it appears the critique of capitalism was put back on the agenda, it seems very reminiscent of the 1970s. But are we really seeing the 'green shoots' of a resurgence of class struggle, similar to that of thirty years ago?

The last time lorry drivers seized control of the distribution of vital supplies was in the 'winter of discontent' in 1979. At that time they were part of a nation-wide strike wave of public sector workers who were openly challenging the attempts of the then Old Labour government to impose wage restraint. Since then most of these lorry drivers have become self-employed. Of course the imposition of self-employed status onto lorry drivers amounted to little more than the shifting of economic risks from the employers to the drivers. Capital no longer imposes itself on the driver in the form of the boss but in that of the finance company. In real terms the position of the owner drivers was little different from what it was when they worked for a wage. So, while many of the participants in the oil blockades were nominally self-employed, they could be considered as little more than proletarians.

However, the movement demanding lower fuel prices was clearly dominated by the large road hauliers and farmers, and this was reflected in the content of their demands. It was a petty-bourgeoisie movement in which lorry drivers clearly identified themselves as small

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1 For a good immediate response to this event, see Golder's 'Seattle: The first US riot against "Globalization"' in Undercurrent (www.snpc.co.uk/undercurrent) and Organise!
businessmen united in the need to cut costs and taxes.

What was striking about the fuel blockades was the comparatively small number of people involved. How was it that a couple of thousand protesters could bring the entire economy of Britain to a standstill in less than a week? The answer of course is that the protesters enjoyed the barely disguised collusion of the major oil companies and the indifference of the police. Small businessmen felt safe in breaking the law; the oil companies colluded in pickets and blockades; the police put weight on the right to protest; and all this was openly condoned by the tabloids and the Tory Party. All this serves to demonstrate that, at present, there is no working class movement that is capable of posing a serious threat to the established order, and which would force the bourgeoisie to find unity and discipline against such a threat.

Meanwhile, however, thousands have participated in militant mass actions against ‘capitalism’. While the shutting down of the WTO, and the premature closure of a meeting of the IMF and World Bank, are no mean achievements, the ‘anti-capitalist’ movement is ultimately limited by the fact that it is not yet rooted in everyday struggle. While tens of thousands of demonstrators could be mobilised from many different parts of the world to disrupt the deliberations of leading capitalists and politicians, little is done to oppose the daily exploitation and alienation of capitalism.

This weakness is reflected in the dominant ideas within the movement. While many parts of the movement have gone as far as adopting explicit ‘anti-capitalist’ positions, and while the ‘movement’ is prepared to directly confront capital and the state, such opposition is still not articulated in class terms. Instead, the ‘movement’ is dominated by middle-class pluralism (justice, freedom, equality, fairness…) according to which the diverse ‘people’ of the planet are pitted against ‘global capitalism’. The way the more radical elements of the movement distinguish themselves from the more liberal wing is through its forms of action – such as a readiness to attack the cops. But this emphasis on direct action as such only expresses in a more militant form the shared ideological mish-mash. The moralism of the middle class liberal’s activism is simply replicated in the extremist violence of the ‘autonomen’ molotovving the cops on behalf of the ‘poor and dispossessed masses of the third world’. For both liberal and militant elements, capitalism is seen as something external to their everyday lives, which they try to do something about. In the same way the foremost organising group, People’s Global Action, can declare itself against capital without specifying what capital is nor anything about the class that can abolish it. But capitalism is a mode of production based on the self-expansion of alienated labour through its subsumption as wage labour. Therefore capital is not a thing out there, but a social relation that conditions all of life. While resistance to capital reflects human needs, the essential role of class and of the proletariat cannot be avoided in the movement to overthrow this mode of production.

Following the Zapatistas’ land occupations and the subsequent Encuentros, 1994 became ‘year zero’ for some in the direct action movement. The iconic quality of the Zapatistas for the ‘anti capitalist’ movement(s) is revealing. The successful presentation of the Zapatista struggle has been as a ‘new improved anti capitalism’ no longer posing unpleasant issues of class. Indeed, they have opted for a bourgeois language of ‘liberty, democracy and justice’ – terms which have been in fact also part of traditional leftism since 1789! In our article in this issue on the Zapatistas we demonstrate that while there is indeed novelty to the uprising, it is the class position of the Zapatistas that is central to understanding the strengths and limitations of the struggle.

At the level of ideas, the stuff that Marcos has come out with has hardly had more resonance with proletarians than have the actions of the ‘anti-capitalist’ movement. However, if at first the incongruence between the present series of ‘direct actions’ and a proletarian resurgence is striking, it is possible that a more subterranean connection is at work. Just as the upsurge of the late 60s and 70s was prefigured to some extent by movements in intermediate strata, the present ‘anti-capitalist’ movement could be a reaction, first at the level of middle class subjects that will be followed by a return of the repressed real threat to capital, that is, the proletariat.
A Commune in Chiapas?

Mexico and the Zapatista Rebellion

We have not previously felt moved to comment on the Zapatista uprising, not because we have had no interest, but because we distrusted the way in which so many were quick to project their hopes onto this 'exotic' struggle. Everyone from anarchists to Marxist-Leninists, indigenous people's freaks to social democrats, primitivists to 'Third World' developmentalists - all seemed able to see what they wanted in the struggle in Chiapas. Subcommandante Marcos, the shrewd EZLN (Ejercito Zapatista de Nacional Liberacion) spokesman, maximised the attractiveness and impact of the Zapatistas on progressive opinion by maintaining a conscious ambiguity around their politics. For us, however, his demagogic appeals to 'liberty! justice! democracy!' were something with which we had little affinity. It was apparent that making sense of the uprising would require an understanding of what the Indians were doing on the ground, distinct both from the way their spokespeople chose to portray the struggle, and from the way in which this representation was taken up to fulfil the needs of political actors in very different situations.

Two currents have attempted to go beyond the cheerleading for the Zapatistas to provide a more theoretical grasp of this movement. 'Autonomist Marxism', now largely based in academia, has embraced the Chiapas revolt, seeing it as central to a new recomposition of the world working class. On the other hand a much more critical response can be found in a number of 'ultra left' inspired articles. As both tendencies favour autonomous class struggle and oppose traditional leftist ideas, why such different conclusions on the rebellion?

On one level we can see it as a matter of a different theoretical approach. While the autonomists focus on the movement of struggle, thinking in terms of a generalisation of Zapatismo, the 'ultra left' look more to the content of Zapatista politics - their programme - the limits of which they identify in the democratic and nationalist framework into which the Indians' struggle has been projected. At the same time, while the autonomists wish to move with the mood of solidarity and inspiration the uprising has created, the 'ultra left' are disturbed by the way that identification with the EZLN is functioning, which has similarities to the role of anti-imperialist and Third Worldist ideology in the past. Support for existing struggle can become an ideological identification which represses criticism. However, criticism of struggle does not have to lead to an ideological turn against it.

Our interest in the struggle in Mexico is how it expresses the universal movement towards the supersession of the capitalist mode of production. One needs to avoid acting as judge of every manifestation of this universal movement, dismissing those manifestations which don't measure up, while at the same time avoiding uncritical prostration before such expressions. The real movement must always be open, self-critical, prepared to identify limits to its present practice, and to overcome them. Here it is understood that communism 'is not an ideal to which reality must accommodate itself.' Our task is to understand, and to be consciously part of something which already truly exists - the real movement that seeks to abolish the existing conditions.

Introduction: The Mexican context

In past issues of Aufheben we have examined the retreat by the international bourgeoisie from the use of social democracy as a form of mediating class struggle, and asked whether it may reappear from future class struggle. So far we have focused our attention on Europe and North America. The retreat from social democracy is not confined to these areas, however. Class struggle in Mexico has been distorted for decades by a particularly durable strain of social democracy, personified by the Partido Revolucionario Institucional, the Party of the Institutional Revolution (PRI).

Social democracy is everywhere in retreat in Mexico. But the recent nine-month strike by students of the Autonomous University of Mexico (UNAM) over tuition fees and the electricity workers' successful campaign against privatisation of the power grid are both indications of a new climate of resistance to the waves of economic rationalisation. Marching together in Mexico City demanding the release of political prisoners, they have formulated the beginnings of an alternative to so-called 'neoliberalism' - an alternative, it must

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1 Here we use this term as a convenient if problematic label for a political area, an area with which we have affinity. As we said in Aufheben 6 ft. 2 p. 36 those who leftists dismiss as 'ultra-left' would argue it is simply that they are communist and their opponents are not. However as communism is not a particular interpretation of the world held by some people, but a real social movement we will not go down the path of attaching the approval-label 'communist' or 'revolutionary' to the small set of individuals and groups with whom one considers oneself in close enough theoretical agreement.

2 For an interesting discussion of the differences between autonomist and (left-)communist or situationist approaches, see the Introductions to Technoskeptic and the Bordiga Archive at Agonstionism, www.geocities.com/CapitolHill/Lobby/3909/.

3 Opponents of 'neoliberalism' or 'globalisation' all too often identify capitalism with rampant multinationals and US-dominated trade organisations. Tending to complain about the subordination of the national economy and the undermining of democratic institutions, they end up appealing to the state to tame the economy - failing to recognise that those same democratic states consciously participated in the creation of the structures of the global economy. Opposing 'neoliberalism' can easily lead back into supporting social democracy. Neoliberal ideology itself, as aggressively expounded by
be said, that as yet appears unable to move beyond the crushing weight of social democracy that is the heritage of the Mexican working class.

If anything in the recent history of class struggle in this gigantic country is able to look practically beyond social democracy, to the possibility of the constitution of human community over the reified community of capital, it is the struggle of the Zapatista Indians of Chiapas.

A brief chronology

The Zapatistas first came to the attention of Mexico, and the world, when they occupied the Chiapan towns of San Cristobal de las Casas, Las Margaritas, Altamirano and Ocosingo on January 1st 1994, the day the North American Free Trade Agreement (NAFTA) was due to begin operation. After destroying civil records and reading out their proclamation of revolt from the balcony of the Town Hall, the EZLN laid siege to the nearby military base of Rancho Nuevo, capturing weapons and releasing prisoners from the region’s jails. The Mexican army responded savagely. The Zapatista army was dislodged relatively easily from the towns (although there was quite a fight in Ocosingo) and air force bombers followed the retreating indigenous soldiers back into the highlands, Los Altos. January 10th saw a half-million strong demonstration for peace in Mexico City.

Within days the President, Carlos Salinas, unnerved by the sympathetic attention the Indians were receiving and the jitters of the stock market, which had lost 6.2% of its value since the uprising had begun, called a halt to the bombings and summary executions. February and March saw peace negotiations take place in San Cristobal, at which time the popular image of the rebel Indian dressed in black, wearing a ski-mask and toting a gun became an archetype. This period also saw the beginning of the Mexican media’s love affair with Subcommandante Marcos, the apparent spokesman of the EZLN.

Despite visible headway, the differences between the ladino (European blood) politicians and the indigenous peasant were irreconcilable. The PRI wished to limit the negotiations, and therefore the uprising itself, to the status of a ‘local difficulty.’ The Indians wanted to intervene politically on a much broader scale. Once the negotiations had ended, the EZLN representatives took the proposals back to the village

the bourgeoisies of Britain, America and latterly Mexico, is an expression of the increased global mobility of finance capital, which was utilised to outflank the class struggles of the 1970s and has been used since in capitalist’s attempts to avoid areas of working class strength.

4 The best source of day-to-day news of the ongoing situation is the Chiapas95 website, at http://www.eco.utexas.edu:80/Homepages/Faculty/Cleaver/chiapas95 .html. The Irish Mexico Support Group, which has a continuous presence in the Zapatista village of ‘Díez de Abril, also has an excellent website at http://flag.blackened.net/revolt/mexico.html. We would encourage any readers who have the time and money to visit Chiapas themselves. Chiapaslink have made several trips and can give good advice: they can be contacted at PO Box 79, 82 Colston Street, Bristol BS1 5BB, UK.

assemblies of the Zapatista heartlands where, after three months of discussion, they were massively rejected. A return to war, however, was little more than suicide.

To overcome this bind, the Zapatistas decided to call a National Democratic Convention (CND) in their jungle base of the Lacandon. Coming weeks before the Presidential election, which is held every six years in Mexico, the CND would be an opportunity to bring all the anti-PRI elements of ‘civil society’ together to discuss strategy. But if the Convention was a success in terms of the numbers attending, and therefore a timely morale-booster for the besieged Indians, nothing concrete came of it. Defined only by their hatred of the PRI, these disparate groups could agree on nothing: the inspiration they took from the struggle of the Indians did not translate into a common political project. With the routine re-election of the PRI candidate, Ernesto Zedillo, later that month, the EZLN went into crisis and stayed quiet at the national level for a number of months.

Throughout 1994-95 though, the Indians of eastern Chiapas were seizing more and more land (over 1,500 properties representing more than 90,000 hectares were taken in the period up to June 1995), evicting landowners and organising their new villages into autonomous municipalities. Protected from the violence of the landowner’s private armies, the Guardias Blancas (White Guards) and other assorted goons by the implied threat of EZLN guns, these municipalities, of which there are currently thirty-two, were growing ever larger and threatened to encroach upon the vital oil fields of north-east Chiapas. Meanwhile the army tightened its cordon, building new roads and bases.

December 1994 saw the EZLN break through the blockade and surround the Mexican army, before disappearing into the countryside. In Mexico City, investment flooded out of the stock market after Zedillo was forced to devalue the peso dramatically, an action as traditional for the PRI as their routine polling victories. In February 1995 the army launched a new offensive with much destruction of villages and crops. Demonstrations were immediate in Mexico City. Now the slogan was not ‘Peace in Chiapas’ but ‘We are all Zapatistas’. Once again the army quickly called off their bludgeoning.

Later that year new peace talks began in the Zapatista town of San Andres Larrainzar. The PRI would discuss only indigenous issues, and refused to countenance any Zapatista criticism of Mexico’s new neoliberal economics. Although an Accord on Indigenous Rights and Cultures was signed, which the Zapatistas still view as a great victory, the PRI has since refused to implement it anywhere. This Accord was intended to be the first of five, but it was by now clear that the PRI were using the peace talks to buy time in which to further militarise eastern Chiapas. The EZLN cancelled the discussions.

July 1996, with the peace process still ostensibly going forward, saw the ‘First Intercontinental Gathering for Humanity and against Neoliberalism’ (Encuentro). Four thousand delegates from many different countries attended this
inaugural conference in the Lacandon jungle. Two have been held since, in Spain and Brazil. Summer '96 also saw the appearance of a new guerrilla group, the Ejercito Popular Revolucionario (EPR) which attacked the army in its home state of Guerrero. The EZLN refused to develop links with the EPR, accusing them of reproducing a particular type of vanguard model of armed struggle which is sometimes called *foquismo* in Latin America. The last couple of years has, however, seen a split in the EPR, from which the EPR-I (EPR-Indigenous) has emerged. This group has based itself on the Zapatista model and some links have been developed with the EZLN. However, recently the structure of the EPR-I has been affected by the capture and imprisonment of some of its leaders by the state.

Unable to reach any accommodation with the PRI yet unable to restart their war, the EZLN continue to find themselves at an impasse. The creation of the FZLN (*Frente Zapatista de Nacional Liberacion*) during 1996 was an attempt to provide a political forum outside Chiapas for 'civil society'. Set up by the Zapatistas, they themselves have refused to join, claiming that they might dominate proceedings. Subsequently the FZLN has been riven by the ideological ambitions of the Mexico City left, and is commonly considered a failure.

Since then the Zapatistas have fallen back upon nationwide publicity drives. These have the dual role of keeping their struggle and the militarisation of eastern Chiapas in the public eye, while simultaneously building solidarity networks as they reach out across Mexico. September 1997 saw 1,111 Zapatistas, one from each autonomous village, march from Chiapas to Mexico City, picking up supporters along the way. March 1999 saw *La Consulta*; 5000 male and female Zapatistas visited every municipality in Mexico in order to hold a ballot on indigenous rights and the military build-up in Chiapas.

Despite the blockade, the Mexican army is unable to break the power of the autonomous municipalities. This is partly because the measures needed to achieve this would result in eastern Chiapas becoming a charnel house, and the PRI has been unwilling to court that sort of international attention. The army for their part are reluctant. The generals know their troops come largely from Mexico's urban slums and have no real quarrel with the Zapatistas. A prolonged and vicious attack could quickly bring insubordination and mutiny into the picture. Indeed, according to one officer who has since fled to the US, around a hundred Mexican soldiers deserted in the opening weeks of the Chiapas war. Instead, the army have taken to training paramilitaries, for which they afterwards claim no responsibility. The group Mascara Rojo (Red Mask) carried out the Acteal massacre of December 1997, the single worst atrocity yet in this struggle, in which 45 EZLN sympathisers, including women and children, were gunned down. Naturally the PRI then use such moments to justify sending yet more troops into the area - in order to 'control the paramilitaries'. Even so, the army has occasionally been let off the leash: April to June 1998 saw attacks on the autonomous municipalities of Flores Magon, Tierra y Libertad and San Juan de Libertad. As a result of these and other incursions, the number of refugees in Chiapas is now over 20,000.

1999 saw better prospects. In September hundreds of UNAM strikers travelled to Chiapas for meetings with the EZ. Desperate to stop the two sides meeting, the army and police pulled out all the stops on the dirt roads leading to the autonomous communities, though a few got through. The UNAM occupation in Mexico City was smashed by an enormous dawn raid in February 2000 and hundreds of students incarcerated on ludicrous terrorism charges. The UNAM strike, the largest student movement since 1968, could have all sorts of effects on Mexico's class struggle. No doubt some students will be recuperated by the state but further contestation seems inevitable for many. The independent electricity workers union has also sent delegations to eastern Chiapas. In their fight against privatisation of the electricity grid they have formed a National Forum which has been joined by over two hundred independent union sections and other social organisations. The electricistas appear to have won their battle, though the threat has been lifted partly because privatisation remains unpopular and 2000 is an election year. Rationalisation in the electricity industry could easily be
resurrected by the bourgeoisie in 2001 or 2002. The soil in which these struggles are rooted is still fertile. As the Zapatista supporters in San Cristobal say ‘Nobody in Mexico knows what will happen next.’

The present article is an attempt to analyse the nature of the Zapatista uprising by moving beyond the blur of the EZLN communiques, on which so many base their analysis of the EZLN. First however, we must examine the roots of the modern state - the Mexican Revolution.

Part 1: The Roots of the Modern State

The Revolution is the touchstone of Mexican politics. The period saw the Mexican state begin its transformation from an oligarchical-landowners’ government to the one-party corporatist model which survived for so long. The Revolution is also crucial to understanding the peculiar social base from which the Mexican state is constructed, with its formal recuperation of worker and peasant organisations, and its need to regularly embark upon sprees of revolutionary rhetoric. The revolution was driven forward by the peasants’ attack on the latifundias, or large estates, the dominant mode of accumulation in Mexico at the time. Despite subsequent industrialization, the latifundias have persisted - even grown - and have remained a locus of class struggle ever since, most recently in Chiapas. To grasp the importance of land struggles in Mexico we need to understand how the latifundias operate, and how they plug into the cycles of national accumulation.6

The latifundias

The Porfiriato, the administration of Porfirio Diaz, ruled Mexico from 1876 to 1910. Its social base was the latifundistas, the large landowners, and it was their class interests that were transmitted through the government. The rapid industrialisation that Mexico was undergoing at the turn of the twentieth century was confined to tiny areas of the country, and the industrial bourgeoisie as a class were too weak to make much political headway in the Porfiriato. The large estates originated from the fallout of the Reform War, which had ended in 1867. The victorious Liberal wing of the oligarchy intended to create a limited system of small landholdings that would be constructed mainly from confiscated Church property and the expropriated communal land of Indians. But almost as soon as these smallholdings came into existence they were aggressively acquired by a new breed of landowner (the latifundista), the smallholder generally being unable to exist solely on his land. These smallholders became either poorly-paid day-labourers (i.e. seasonally employed) or debt-peons, little more than slaves. In the southern and central areas of Mexico, the latifundistas further expanded their property by violently evicting peasants (campesinos) from their ejidos (communal production units). This process produced continual class conflict in the countryside. The expansion of the latifundia property-form penetrated the countryside only to the extent that the local populace could be suppressed. Faced with widespread resistance, the landowners organised the Guardias Blancas (White Guards, usually campesinos-turned-bandit, in turn recruited back to the Side of Order). The fact that these brutal paramilitary groups have been a constant part of rural life ever since indicates that the peasants have never admitted defeat in the land war, and the landowners know it.

The latifundias, which were usually centred on a lavish, European-style hacienda, were the wellspring of surplus extraction in the economy. Sugar, coffee, cotton, India rubber: exports abroad, as well as serving the needs of the internal market, these were the sources of wealth for the landowning classes. And if the international trade cycle contracted, the latifundia could easily withdraw into limited, or even subsistence, production. The cost of the reproduction of labour fell always on the villages outside the property and never on the hacienda. While the elasticity of this form of accumulation accounts for its longevity, it was in many ways backward. The commodification of labour-power and money relations had spread to an extent throughout the agricultural sector, but were by no means universal. On many haciendas the landowners paid their workers in produce, or forced them to purchase from an employer’s shop. Via this payment in kind campesinos usually ended up in debt, which tended to rise at a greater rate than the peasant was able to pay it off. As a result of this dependency, the campesino became a peon, tied forever to the hacienda. The fact that debts were passed on from father to son only helped to preserve this distorted form of value extraction. If a campesino attempted to escape, the Guardias Blancas would follow.

Zapatismo and the Ayala Plan

By 1911, revolt was breaking out in the north and centre of Mexico, triggered by the corruption of the Porfiriato and the violence of the landowners. In the countryside, the peasant uprising took the form of land seizures. It is the scale of the attack on the latifundias that is the defining characteristic of the Mexican Revolution. With the absence of fully-developed wage-relations, exploitation was more immediate: the campesinos were able to personally identify their class enemies and exact violent revenge. The Zapatista movement was the highpoint of these years. The campesinos of Morelos and Puebla constructed not only a revolutionary army, they also produced, in the Ayala Plan, a coherent political programme that asserted their needs against those of capital. The Ayala Plan spelled out in detail the Zapatista programme of land redistribution: broadly, expropriation of private land for public utility, dispossessed individuals and communities, with a guarantee of protection for small landholdings. The Plan was both a codification of what was already happening and a fillip

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6 Much of this section has been taken from The Mexican Revolution (London, 1983) by the orthodox Marxist Adolfo Gilly. Gilly’s line is of course that the working class would have chosen the right side in the revolution had they been mature enough to develop a Leninist party in 1915. But the book’s strength, aside from its empirical data, is the emphasis on the uncompromising nature of the peasant war. It is influential, having been reprinted twenty-seven times in Latin America since 1971.
to further land takeovers. Landlords, Mexican and foreign, were fleeing in their thousands.

With the landowners chased out of Morelos, the Zapatistas attempted to place limits on the future possibility of petty-bourgeois accumulation. One example is the proposal for agricultural banks, a confused attempt, but an attempt nevertheless, to temper the power of money in favour of social needs. Of course, had the land redistribution project been allowed to thrive with the continuation of money relations as a whole, a new generation of landowners would eventually have developed from the ranks of the revolutionary peasants. In the Ayala Plan we find a communist tendency towards communal land; at the same time a very uncommunist tolerance of small farmers, perfectly in keeping with what Teodor Shanin calls the 'different world' of the peasantry, and which we shall examine later.

The end of the Morelos Commune

If the Zapatistas had, at least in the short term, resolved the contradiction of their class position by favouring the communal over the incipient bourgeois, the shared land rather than private property, they were unable to resolve a further contradiction, and one which led ultimately to the smashing of their stronghold, the Morelos Commune, by the reconstituted power of the state. While the revolutionary campesino was (almost literally) everywhere, they were unable as a class to move beyond their localist perspective. The Ayala Plan was the most sophisticated attempt to intervene on a national level - yet it talked about the land and nothing else. Unlike the revolutionary proletariat, separated forever from the means of production, they did not see the need to transcend their class, and with it all classes. The revolutionary working class needs to talk about everything in its attempts to generalise its struggles; the peasantry believes it needs only to talk about the land. The campesinos of this period had struggled around their needs, had largely succeeded, and now found themselves unable to develop further.

The revolutionary peasants who in December 1914 occupied Mexico City were undoubtedly one of the highest expressions of class struggle in the world at that time. The workers of Europe were drowning in their own blood and the Russian Revolution was still three years away. By contrast, the whole of Mexico was at the peasants' feet. The national power of the bourgeoisie was smashed and its survivors had retreated to the eastern port of Veracruz. Yet it was at precisely this moment that the traditional peasant deference, which is rooted in the contradictory nature of peasant existence and the cultural baggage that accompanies it, asserted itself. Refusing a political solution from within themselves, and trusting that military strength alone would prevail, they inadvertently left the door open to a weak but reconstituting state power. This inability to find a wider social perspective is at least something the present day Zapatistas, with all their limitations, have been obliged to overcome, while many of their campesino brothers and sisters in the west of Chiapas are still unable to make the jump from atomised deference to communal organisation.
Aufheben

The preamble to the Ayala Plan had ruled out any compromises with the bourgeois leader Madero and other ‘dictatorial associates.’ Yet the Zapatistas were chronically unable to see beyond their own backyard. This blindness to the threat of the state was the highest contradiction of the exemplary peasant movement of the Mexican Revolution.

The working class

Individually, many miners, railwaymen and textile workers joined the peasant Northern Division, which had entered into a *de facto* alliance with the Zapatista Southern Liberation Army. As a class, however, and despite a huge strike wave in 1906, they remained quiet until 1915.

The peasant armies which had occupied Mexico City had failed to inspire working class support, or indeed relate to them in any way. As a result, in exchange for union concessions from the revolutionary bourgeoisie, the reformist federation of unions, the *Casa del Obrero Mundial* (COM) agreed to form ‘Red Battalions’ to fight the Northern Division and the Zapatistas. Although this decision did not go unopposed - the electricians’ union refused to abide by the pact - the Red Battalions fought alongside what were known as the Constitutionalist armies throughout 1915. Yet only a year later the working class was paying the price for this complicity. The new bourgeoisie, having beaten off the threat from the peasants, no longer needed the unions. COM headquarters was stormed by troops and unionists across the country arrested. The following year, 1916, the first general strike in Mexican history was crushed. Despite this, however, the power of the organised working class remained formidable.

The 1917 Constitution

Just like the Revolution, the 1917 Constitution is a vital touchstone in Mexican life, a document that came into existence as a result of prolonged struggle, and is still held in high regard today by many sections of the working class and peasantry. The bourgeoisie clearly intended the new set of state rules to be a signal that the years of chaos and civil war were over and a new cycle of accumulation could begin.

Knowing the erosion of the gains of the Revolution would only be tolerated to a degree by the peasants and the working class, the new bourgeoisie *institutionalised itself as the revolutionary party-state*, marginalising competing currents within its own class by mobilising popular opinion. It is the evolution of this party-state that accounts for the lack of parliamentary democracy in Mexico, and explains the concentration of power in the hands of one man, the President. Despite many knocks this specific formation of the bourgeoisie has survived - just - the twentieth century.

In the advanced capitalist countries, the illusion of alternatives through democracy is at the centre of the reproduction and expansion of the capitalist mode of production. Democracy mediates between competing interests within the ruling class, while at the same time countering tendencies towards corruption in the relation between state and capital. In Mexico, there is a hole where this mediation might exist - a hole that is instead plugged by the extraordinary way in which workers’ and peasants’ organisations have been formally co-opted by the state.

Part 2: The Changing Face of the Institutional Revolution

Radical social democracy to the rescue

It was not until 1931 that labour’s representatives were fully incorporated into the state. This acceptance of the working class as the working class, as a potentially antagonistic class who must be brought into the fold to neutralise their revolutionary impulses, is the basis of the social democracy the Mexican bourgeoisie utilised for decades. (As late as 1988, President Salinas could still trumpet the ‘indestructible pact between the Revolutionary government and the working class.’)

With its proximity to, and integration with, US capital, Mexico was profoundly affected by the Wall Street Crash. By 1934 the bourgeoisie had comprehensively failed to restore stable class relations for the accumulation of capital. Exacerbated by the Depression and the militant recomposition of both the peasantry and the proletariat, revolutionary change from below was once more on the agenda. If American capital-in-general was now reluctantly going along with the New Deal, the solution to the crisis in Mexico had to be far more radical. Most individual Mexican capitals recognised the objectively higher level of class struggle. The nightmare of 1914 haunted them more than ever. As such the Mexican ruling class’s radical solution to the crisis opened up the possibility of fostering a movement that would not go home when it was told to, that could develop in its own direction and rupture forever the fabric of bourgeois society.

This radicalised form of social democracy came through the conduit of Lazaro Cardenas, President from 1934-40. His first and most important task was to sign a pact with the new CGOCM (Confederation of Workers and Peasants). By 1935 half of all Mexico’s organised workers were in CGOCM and strikes were going through the roof. Cardenas immediately recognised the right to strike, poured money into CGOCM patronage and shifted the sympathy of the state’s labour relations boards away from the employer and towards the working class as represented by the unions. In 1936 CGOCM was renamed the CTM (Confederation of Mexican Workers) and recognised as the official national labour movement. The highpoint of the radical social democratic project came in 1938, with Cardenas’s nationalisation of the largely US-owned oil industry. Cardenas manipulated the enthusiasm for this measure to generate a spirit of ‘national unity’, which he then used to crush the insurgent workers’ movement.

It was not only the cities the radical party-state had to attend to in order to prevent social revolution breaking out. The countryside had ignited and sustained the Revolution, and could do so again. Cardenas’s solution was a massive redistribution of land the like of which social democracy in Mexico has not been compelled to repeat. Naturally only the worst land was parcelled out - the property and interests of the
haciendados left intact. While the Cardenas reforms appeared impressive, they not only preserved social relations in the rural areas, they bolstered and expanded commodity relations by creating a new class of small landowners. For the vast majority a small patch was unsustainable and seasonal wage-labour unavoidable. The ultimate result of the land reforms was marginalisation for the many, a new network of small competitive farming for some, and the consolidation of the lumbering latifundias.

In fact Cardenas had mobilised the working class in part to discipline those recalcitrant sections of the bourgeoisie who needed to be saved from themselves. After 1940 the bourgeoisie as a whole accepted the necessity of state intervention. Even more crucially, any revolutionary movement from below could be mediated through the now-reliable CTM or the new CNC (National Campesino Confederation). As part of the party-state, these organisations could deliver certain concessions, defuse proletarian and peasant anger through nationalist channels and turn a blind eye to repression if it was needed. The state had solved the crisis it had been mired in since the fall of the Porfiriato, and it has followed the same model until very recently: one party guaranteeing social democracy (peace between the officially-recognised antagonistic classes). Unlike the west, it has not needed the shield of formal bourgeois democracy to do so.

The Economy after 1940

The American Fordist model of accumulation, whereby increased productivity pays for higher wages, which in turn boosts demand, could not be followed in Mexico. The native bourgeoisie was too weak to innovate and had always relied on America for heavy industrial investment. The agricultural sector still lagged far behind that of America. While US capital may not consciously have wanted to keep Mexico underdeveloped, it saw it generally as fit only for natural resource and labour-power exploitation.

Mexico did, though, industrialise rapidly after 1940. The model was state-led capitalism with its own Mexican peculiarities. Investment in infrastructure was the province of the state. Petroleum, rail and communications sectors were all under state control, and the state generally carried out economic development which the private sector thought too risky. The resources of the state were augmented by huge foreign investment. Mexico has always been a natural first stop for America's foreign-bound surplus value; now it flooded over the border as a result of the post-war boom.

By the 1960s, Mexico had been enjoying its economic ‘miracle’ for some time. GDP had risen on average 6-7% annually. Profit flowed into state coffers, paying for an unofficial welfare state of sorts. However social inequality was reaching new extremes. By 1969 the proportion of national income going to the poorest half of the population was only 15%. In rural areas, as agricultural mechanisation increased and productive land was concentrated, the number of un- or underemployed was going up. Some, seeking to refuse proletarianisation, moved away from the agricultural heartlands and attempted to chip out a living from barely cultivatable land - this being the option many Chiapan Indians took; many moved to the cities to join the reserve army and effectively kept factory and workshop wages down; some became migrant workers following the harvests through Morelos, Oaxaca, San Luis Potosi and Veracruz. Still others crossed the border into the US.

In the towns and cities even the organised industrial proletariat suffered from low wages. While they were relatively well off compared to those in small workshops or the unemployed, struggling to survive in any way that they could, their wages were a fraction of their US counterparts'. Their union organisation militated for higher wages, yet this was offset by the absolute corruption of the charros (union bureaucrats), who would often swipe their members' dues. More than anything being in a strong union meant a guarantee of a job, a buttress against unemployment.

However, for the 'pillars of society', those sections of the population incorporated into the party-state, the costs of the reproduction of labour were paid, after a fashion - by the 'PRI welfare state'. It is difficult to quantify, but the far-reaching web of the PRI guaranteed an existence for those sections of society it needed to perpetuate itself. Whether it be official (wage rises) or unofficial (backhanders, protection or the elimination of a rival), it all had to be paid for. The corruption of the PRI welfare state has certainly retarded the efficiency of Mexican industry, prompting many members of the bourgeoisie to defect to the PAN (National Action Party), the pro-business Catholic party set up in the 1930s to oppose the Cardenist reforms.

The 1959 Movements

1958-59 saw a sustained offensive by the proletariat over both wage levels and the control of union charros. It is difficult to know to what extent working class self-activity was mediated; certainly the railwayman's, electricians' and teachers' strikes were led by the Communist Party, and all the ideological drag of Stalinism was present. Dissident Marxist leaders were also prominent, but presumably their beliefs were variations on a theme. However, the fact that the Communist Party was proscribed from 1946 to 1977 meant that following them led to an immediate challenge to the law of the land: the 1959 movements led frequently to violent confrontation with the state.

Capital also reacted to 1959. Wary of the working class's proven power over the railways, much investment now shifted into air freight and automobile production to begin a new round of accumulation - and struggle.

Mexico's '68

8 Until 1964 the bracero programme allowed Mexicans to enter the United States for seasonal agricultural work. Once there they were invariably treated as slaves and unwittingly kept the American worker's wages down. The border has long served as a safety-valve for the discontent of Mexico's proletarians and peasants, a valve that both US and Mexican bourgeoisie are more than happy to keep open, whatever their rhetoric.

9 The best account of this in English we can find is in Chapter 20 of Mexico, Biography of Power by Enrique Krauze (HarperCollins 1998).
By the late 60s the inability of the PRI to reform and
democratise itself was apparent to many sections of society,
and was a major contributing factor to the student revolt of
1968. These students were bent on giving cardiac therapy to
the cadaver of the Revolution - determined to rejuvenate
the egalitarianism of the 1917 Constitution. The movement, in its
concentrated phase of July - October became radicalised
through its many violent confrontations with the state. Their
numbers were swollen by pissed-off proletarians angry at the
spectacle and expenditure of the imminent Olympic Games.
Ten days before the Games were due to open, around five
hundred students were killed and 2,500 wounded in the
Tlatelolco massacre. The army attack, which has been marked
every year since by demonstrations, finally blew the lid off the
PRI's claims to revolutionary legitimacy. It also damaged the
party-state in more concrete ways: traditionally unconcerned
about using clubs and bullets against workers and peasants, the
PRI now found itself shooting down middle class students - its
the natural constituency for reproduction.

Many students, though, were brought back 'within
budget' after a time in prison. Those who had moved beyond a
critique of the PRI to a wider critique of capitalism were
forced out of Mexico City to towns and cities that carried less
personal risk. For those being actively pursued by the state,
this meant disappearing into Mexico's vast hinterlands. There
is a direct lineage from the Tlatelolco massacre to the many
guerrilla groups that appeared in the rural margins in the early
1970s. Tainted by the militarist ideology of Che or Mao, these
were all smashed with the help of the CIA by 1975.

The early 1970s - economic crisis

And there was a new problem. The economic boom stemming
from the industrialisation process and the PRI employment
protection racket, which had partly offset the traditional role of
the reserve army, meant the nationalised industries were
severely overmanned and inefficient, and run by an entrenched
working class accustomed to relatively high wages.

They say that when America sneezes, Mexico catches a
cold. Now mired in its own crisis of accumulation, America in
the early 1970s was taking Mexico down with it. As capital
increasingly freed itself from national boundaries,
transforming itself into highly mobile finance capital,
investment flooded away from the industrial heartlands of both
North America and Mexico to the Pacific Rim economies.

The recession gave the bourgeoisie less scope for
conceding the above-inflation wage rises that had headed off
trouble in the past. As a result the negotiating position of the
charros was considerably weakened. With the ideals - and
repression - of the student movement fresh, the working class,
particularly from 1973, began a series of strikes, go-slows and
demonstrations. Just like 1959, their demands were over wages
and the removal of corrupt union leaders: a struggle for
autonomy that raised the possibility of going beyond the trade
union form as such. The movement organised new unions
outside the CTM and formed currents of resistance within it.10

The fact that the workers had often to physically fight the
charros and their goons, who sometimes used the tools of
disappearance and assassination, meant that the CTM could
easily and visibly be identified as the enemy. While few
workers seem to have used this as an opportunity from which
to develop a critique of wage-labour, there can be no doubt
that the mid '70s strike movement increased both the self-
confidence of the Mexican working class, and the sense of
their being an antagonistic class, the opposition to, and
negation of, the bourgeoisie.

The movement reached its height in 1976. The radical
electricians' union, who had brought together new unions,
urban squatter groups, and peasant organisations to form the
'National Front of Labour, Peasant and Popular Insurgency',
now called a national strike. The administration responded by
sending the army to occupy every electrical installation in
Mexico. This was only the most visible of the many acts of
repression which pushed the new labour militancy into defeat.

The state also responded with massive social spending.
Foreign investment, however, was flooding out of Mexico.
Moreover, state expenditure on unproductive industries staffed
by rebellious workers was never going to solve the crisis of
accumulation. Then an unexpected and propitious discovery
gave the bourgeoisie room to manoeuvre - oil.

10 For an account of the debate of the 1980s on whether to stay inside
the CTM or form a new organisation, from the perspective of day-to-
day struggle, see 'Las Costureras' (women textile workers) in
Midnight Notes No. 9, May 1988.
Oil boom - and bust

As a result of the oil boom, the economy was growing at around 8% by the end of the 1970s. Not only had the discovery of new petroleum deposits pulled Mexico out of the recession that had begun in 1973, the growth and concomitant wage rises had served to head off the snowballing class struggle.

The oil still in the ground off the Yucatan peninsula and in Chiapas was used as collateral for huge loans from abroad. Western banks, stuffed with surplus petrodollars as a result of the OPEC oil price hike eagerly lent out these vast sums to Mexico and many other 'Third World' nations. The loans were used to cover both the trade and the budget deficits.

The bourgeoisie assumed the price of oil would continue to rise, as it had done since 1973: the extent of their loans was predicated on future oil revenue. However, the price of oil dropped sharply after 1979. Coupled with rising interest rates that pushed the external debt ever higher, Mexico in 1982 was unable to keep to its scheduled repayments. By then, the nation owed $92.4 billion, the third largest international debt after the US and Brazil. In August of that year, Mexico triggered the international debt crisis by declaring a moratorium on its repayments. In so doing it brought the international banking system to the edge of collapse. Western banks were soon refusing loans of any kind to the whole of Latin America which was consequently plunged into a decade-long recession.

In a desperate attempt to stem the haemorrhaging of capital, the then-President Lopez Portillo in almost his final act nationalised the banks. In so doing he followed firmly in the tradition of PRI economic nationalists who blame foreign, and especially US, capital of bleeding their country dry. In fact the bank nationalisation was the last time the economic nationalist card was be played with any real content.

The Lost Decade

1982-1992 is sometimes called the Lost Decade in Mexico. The story is a familiar one: having to go to the IMF for money to keep the economy afloat, the PRI found themselves obliged to roll the state back from the arena of capital. This meant bringing the budget deficit under control, removing state subsidies to industry and agriculture, and lowering wages in order to stem the runaway inflation which had been fuelled by the oil mirage. State enterprises were privatised by the fistful, usually offloaded at below market value to PRI cronies. And 1986 saw Mexico finally joining GATT after years of protectionism: many companies went bankrupt as a result.

In December 1987 the Economic Solidarity Pact was signed by representatives of government, the unions and business. (Many of these union leaders had come to prominence through the struggles of the 1970s). Restraint in wage demands and price controls on consumer goods was agreed. The Pact was nothing less than an attempt to preserve the social fabric so that restructuring could go ahead unfettered. But its very existence raised the possibility of its being wrecked by a new proletarian offensive.

Unfortunately the terrain of struggle had changed. While the struggle for autonomy in the 1970s had ended at the time of the oil boom, capital was now in a much less expansive position. If the crisis of accumulation was to be solved restructuring was essential. The offensive anti-charro struggles of the working class now became purely defensive and economic. As plants were closed or privatised, workers made redundant or had their wages lowered, the struggle oriented itself around sectional bread-and-butter issues, which engendered fragmentation. Better-paid CTM workers were still relatively protected, and the 1970s generation of charros were consequently in a much more credible position to mediate struggle. And if the situation became desperate, there was always the allure of the US border for the desperate proletarian.

Two moments from the 1980s indicate, however, that overt class antagonism had not vanished from the Mexican landscape. The first is to be found in the weeks following the devastation caused by the 1985 Mexico City earthquake. With the government paralysed, the residents of Mexico City's barrios formed themselves, initially, into rescue and medical teams, and shortly thereafter into community groups. These groups both rebuilt houses and prevented the incursions of landlords, many of whom wished to use the earthquake as an excuse to evict their tenants and rebuild the neighbourhoods with middle class housing at middle class prices. From these autonomous working class formations came a network of self-help groups, groups that make up part of what the Zapatistas call 'civil society'.

A more dissipated, but nevertheless important response to the austerity programme was the Presidential election of 1988. Cuauhtemoc Cardenas, a renegade PRI politician, stood against the PRI - and 'won'. Soon afterwards he formed the PRD, now the 'official' left opposition in Mexico. The PRD is very much old school PRI: for state intervention, increased welfare, a measure of land redistribution, against GATT and NAFTA. Prior to 1988, the PRI had only to manage electoral fraud on a gubernatorial level. The Cardenas challenge was so unexpected and so overwhelming that the party-state panicked and fixed the results in the crudest possible manner. Mexico City was immediately alive with anti-PRI demonstrations. The TV screens showing the polling percentages had simply gone blank for hours, and mountains of votes marked for Cardenas were found piled on the Distrito Federal's rubbish tips or floating down Mexico's waterways.

Elections in Mexico often carry such a heavy coercive element that they can be a world away from the pure bourgeois individuality of elections in the West. PRistas are usually present in gangs around the ballot boxes, and refusal to vote the right way could mean losing a job, having your child barred from school or simply being given a beating. Thus a refusal to vote PRI is not taken lightly, and is much more likely to occur after discussions and agreement with friends and neighbours. This need to come together collectively immediately and paradoxically raises the possibility of a world beyond democracy.

\[11\] A good example is the neighbourhood of Tepito, as described in 'The Uses of an Earthquake' by Harry Cleaver, again in Midnight Notes No. 9.
The Tequila Effect and Beyond

With cheap American commodities just over the border, Mexico is adept at sucking in goods from abroad, leading to periodic crises in the balance of payments which have usually been solved by devaluing the peso. The peso was overvalued in 1994 - but everyone assumed the PRI had sufficient foreign currency reserves to protect it. In fact these reserves had fallen from $33bn in February to only $2.5bn in December, money which had been used to cover the yawning balance of payments deficit. Such a dramatic erosion also shows just how quickly the relatively protected Mexican market was opened up by NAFTA. On the 20th of December, the new Zedillo administration announced a one-off devaluation of 15%. Panicked foreign investors scrambled to get out of both pesos and Mexico. The PRI used the last of its foreign currency reserves to bolster the peso, but two days later it was forced to float the currency on the markets, where it dropped 40% against the dollar.

With the dollar such an important factor in Mexico - companies and the government generally having their loans denominated in dollars - the devaluation now meant the debt burden in the economy had risen massively. International debt default seemed once again to be on the cards. And what was being called the Tequila Effect could spread - for Latin America, only recently recovered from the years of international finance isolation that had resulted from the 1982 default, this would be nothing short of catastrophic. Despite the isolationists in Washington, a $50bn rescue package was put together by the US and IMF, specifically to service short-term debt. In March 1995 the PRI announced an austerity programme that included a 10% cut in government spending, increased VAT, fuel and electricity price rises and imposed credit restraints.

Meanwhile, with interest rates soaring at 120%, many businesses and mortgage-owners were unable to keep up their repayments, despite a new government subsidy for the middle class. Seven banks collapsed and needed rescuing by the government. The true cost of this bailout only became apparent from $33bn in February to only $2.5bn in December, money which had been used to cover the yawning balance of payments deficit. This may not have been a problem: the Mexican bourgeoisie had decades of practice at appearing to be masters of their own fate while having huge sections of their economy restructured. The response of the working class to this austerity package was determined by the depth of the recession that followed. Unlike 1987, the CTM refused to sign an economic pact with the government and business. Consequently there was no official policy of wage restraint during this crucial time. But the refusal to endorse austerity was hardly dramatic in response to a militant working class movement within the CTM tent. Rather it was because, their social base undermined by privatisation, the CTM found itself in much stiffer competition with independent unions and was compelled to posture a little more credibly. Neither, however, were the independent unions arenas of militant anti-austerity. Shocked by the scale of the 1995 recession - one million out of work, another four million working less than fifteen hours a week - the working class was unable to move beyond the fragmentation wrought by the economy and which the trade union form accepts. Furthermore, the PRI's targeted anti-poverty programme PRONASOL, which had come into being as a result of the 1988 election shock, offset some of the very worst effects of the recession.

Some fantasise that the devaluation was a punitive measure directed at the working class lest they become overly-inspired by the Chiapas rebellion; others that Zedillo deliberately elected to expose the economy to crisis and therefore force a period of capitalist restructuring. Neither position is tenable: by December 1994 the Zapatistas' initial impact had evaporated and the uprising was militarily contained - indeed the PRI had secured a new incumbent in the Presidential Palace. And the depth of the recession, which the PRI could not have foreseen, is surely proof that they never intended to engineer more than a simple adjustment in the balance of payments. Rather what we see is a crisis of confidence in the Mexican bourgeoisie's ability to manage accumulation on the part of global finance capital.

There is no doubt, however, that the recession has vigorously restructured sectors of the Mexican economy. The competitive edge that the devaluation gave to Mexican exports has been sustained. Oil, once such a key export, now accounts for only 10% of the country's export base. It is this export-led recovery that the capitalist class see as the fruit of the restructuring that has been taking place since the late 1980s, and which superficially appears to be as a result of NAFTA. For the working class, real wages have still not reached their pre-devaluation levels. More wage cuts and job insecurity is on the way as the privatisation bandwagon judders on and the old social contract is further destroyed.

The swift economic recovery from 1995 showed how successfully the PRI had reinvented itself as a party of neoliberal economics. They did not attempt to spend their way out of trouble, as they have done in the past. Instead they inflicted the harshest of free market medicines on the population. By stealing their policies, the PRI seemingly marginalised the PAN. Two related contradictions now beset the PRI however. The first was that with the opening up of Mexico to trade liberalisation, and the subsequent deluge of American commodities, the PRI could no longer bang the ideological drum of economic nationalism with any coherence. This may not have been a problem: the Mexican bourgeoisie have decades of practice at appearing to be masters of their own fate while having huge sections of their economy subordinated to the interests of American capital.

The second contradiction was more serious. By so dramatically reducing the size of the state sector, the party-state inevitably curtailed its own ability to dispense patronage and do favours. The question for the PRI became: how successful could it be at maintaining its traditional network of influence and power, a network born out of a corrupt and state-
led economy, in the face of the new competitiveness the free market demanded. With the PRI unable to solve this problem, a problem which undermined their own social base, Mexico could open up to all sorts of possibilities.

Part 3: A Commune in Chiapas?

Traditional accumulation and social structure

With its mountainous highlands and jungles, Chiapas can feel more a part of Central America than Mexico. The Distrito Federal of Mexico City, even San Cristobal, can seem a million miles away: unconnected and unimportant. Until the 1970s capital accumulation followed a stable and relatively backward model, necessitated by the geographical inaccessibility and remoteness of this state, and made viable by the rich lands. The Revolution barely reached Chiapas, and the latifundias were never broken up, although an echo can be heard in the contemporaneous slave revolts in the logging camps of the Lacandon. Similarly the Cardenas reforms had little effect in the 1930s. Some land was redistributed, but it was all of poor quality, 'so steep the campesinos had to tie themselves to trees to plough, while the rancheros continued to hold great swathes in the rolling valleys.'

The pattern of accumulation was, and to a large extent still is, based on expansive land holdings rather than developing the forces of production per se. Coffee, bananas and other tropical fruit are grown for export; cattle-raising is another source of profit for the rural Chiapan bourgeoisie. Crop-growing requires only seasonal labour-power, and cattle-rearing generally requires very little at all. Accumulation in these dominant industries has come not from improving productivity (though agricultural techniques have obviously improved over the years), rather it has come from extending the land available on which to grow or graze cattle. Chiapan landowners have, as a result, a reputation for being among the most violent in Mexico. Their business has literally been that of forcing people off fertile land. Because the landowners are mestizo (mixed blood) or ladino and those they are expropriating are invariably indigenous, the rural bourgeoisie are deeply racist - an important point to bear in mind when discussing the validity of some Zapatista ideas. Through this violent racism, the hacendados and latifundistas have been able to utterly dominate those Indians that have been allowed to remain as wage labourers or debt-peons. Whether this is by forcing employees to buy from the hacienda shop, raping their wives or daughters, or executing natives who try to organise, racism has buttressed the power of the landowner and served to nail the price of labour-power to the floor: it has greased the circuits of accumulation for decades. Backward Chiapan capital does not even have to worry about the costs of the opening months of the Zapatista struggle in 1994 and provides a useful background to Mexican politics, especially the corruption of the PRI.

13 The 'Jungle' novels of B. Traven, particularly The Rebellion of the Hanged (Allison and Busby) are excellent for an historical understanding of Chiapas in this period.

14 Rebellion from the Roots by John Ross, Common Courage Press, 1995, p. 70. This book of left journalism is the best narrative account of the opening months of the Zapatista struggle in 1994 and provides a useful background to Mexican politics, especially the corruption of the PRI.
reproduction of labour, as these have always been borne by the family unit in the impoverished local village. Depending on their size (large-scale agribusiness or medium-sized commercial growers) the landowner’s capital may flow to the cities to be invested, often in speculative ventures. A large part of their profits also goes on conspicuous consumption, the flaunting of which further reinforces the rural hierarchy.

Their paying off of local caciques is perfectly in character for this underdeveloped form of accumulation. Caciques are rather like charros in that they can deliver some of the basic demands of the campesino and mediate his needs. They are usually older men who are involved in local commercial activities and have a reputation as fixers, usually with some access to local state funds. Many are PRIstas, most are corrupt and violent and all believe they ‘serve the people’. In fact they serve to demobilise and suppress rural struggle and are invaluable to the landowners. Caciquismo itself has often been a focus for struggle, with predictably unsuccessful results.

The migratory flow of land refugees in Chiapas has been eastwards, as coffee growers expanded their plantations in the fertile Soconusco region of the state. In 1954 the landless, particularly Chol Indians, began arriving in the Lacandon. The trickle soon became a flood: Indians from Oaxaca made homeless by government dams, from Veracruz, evicted by Guardias Blancas, mestizo farmers from Guerrero and Michoacan. Much like the US border, the Lacandon was becoming a safety valve for the poverty and dispossession agricapitalist expansion was creating. The party-state saw this, recognised its value, and granted a number of land titles through government decree in 1957 and 1961. But the stampede into the Lacandon and consequent deforestation meant there was not enough land to go around, and what there was quickly became sterile. Those who had reckoned on avoiding proletarianisation by refusing to go to the cities now found they had to survive by selling their labour-power wherever they could and eking out some sort of existence on a tiny patch of barren land.

1970s - eviction and resistance in the Lacandon

By the early ’70s, with the migration to the Lacandon unstemmed and living conditions becoming unbearable, revolt was in the air. In 1972 President Echeverria sought to ease the pressure cooker by officially redistributing land, believing this would also create a new class of Indian latifundistas. 645,000 hectares were to be given to sixty-six Indian heads-of-family,15 the rest ordered to leave. There was immediate resistance to the evictions - and an influx of young activists into the region, Los Altos in particular. Many were students who had turned to Guevarista or Maoist ideology after their exile from Mexico City in 1968, now espousing an all-out guerilla war for which they were little prepared. An example was the Maoist group Linea Proletaria who sent brigades from Torreon and Monterrey after being invited to Chiapas by local liberation theology priests such as Bishop Samuel Ruiz.

With this mish-mash of Leninist activity, it is difficult to discover the autonomous content of the struggle against eviction from the Lacandon.16 To muddy the water still further, it is plain that the vanguardists and the liberation theologists were not in competition for the hearts and minds of the campesinos, as some have suggested. Liberation theology, which we shall look at in more detail below, had a high Marxist component in the mid-1970s: some priests refused sacraments to those who opposed Linea Proletaria; in turn the Maoists raised the banner of the indigenous church. Consequently the self-activity of the campesinos had to pass through two layers of mediation - or one of highly-integrated opposites - before it could assert itself in any way.

The land pressure was increased yet further in 1978 when Lopez Portillo announced the creation of the Montes Azul Biosphere - 38,000 hectares in the heart of the Lacandon. Forty communities and ejidos were removed from this unprotected ecosystem. The frequent land occupations by campesino groups, sometimes led by the CIOAC (Independent Central of Agricultural Workers and Campesinos, Communist Party dominated and still influential today), were usually met with military expulsion. In 1980 the army massacred fifty Tojolabal Indians who had occupied a finca (large farm) forty miles from Comitan. This was the pattern for the ‘80s: the army and the police combining with the Guardias Blancas to suppress land takeovers and murder peasant leaders.

New patterns of accumulation

If the 1970s saw an upsurge in class struggle, it also saw the arrival of new national and international patterns of accumulation. The farmers and ranchers nowadays sit more or less uncomfortably with the new industries that wish to exploit Chiapas’s abundant natural wealth, and which are often diametrically opposed to their interests. New dams were built in this period to provide electricity for petrochemical plants in Tabasco and Veracruz: Chiapas is Mexico’s largest producer of hydroelectricity, though half of its homes have no power. Dam construction has provided sporadic employment for some parts of the indigenous population, while others have had to abandon their villages to rising flood waters. Further dam construction is planned, much of it targeted at the Zapatista stronghold of Las Canadas (the Canyons), a region of Los Altos.

The importance of hydroelectricity pales in comparison with the discovery of oil, however. The deposits in the northeast of the state are part of the Gulf of Mexico field that

15 Accustomed to production for consumption on small plots, these families suddenly found themselves the legal owners of immense tracts of land. The government fully expected them to transform themselves into professional farmers and bastions of private property. The families however, hitherto members of the ‘different world’ of the peasantry were completely unable to make this qualitative jump. Instead they sold concessions to logging companies and self-destructed on a diet of TV and alcohol.

16 One action that appears completely unmediated took place in San Andres Larrainzar, in 1973, where 22 years later peace talks between the EZLN and the PRI would be held. Tzotzil Indians attacked the homes of landowners, threatening to machete them to death unless they abandoned their farms and ranches - which they did in double quick time.
produces 81% of Mexico’s crude export. But new deposits have also been found in the east, just north of the Guatemalan border (the so-called Ocosingo field), bang in the middle of Zapatista territory. Most of this new oil is not yet being pumped, but exploratory wells have been drilled both by PEMEX, the national oil company, and international oil interests. This sort of hit-and-miss drilling requires a lot of land; consequently the latifundistas and rancheros come into conflict with the international capital that views them as backward. A less developed industry, but potentially of great importance to the region, is biotechnology. Chiapas’s diverse ecosystems are a paradise for those seeking to launch a new round of accumulation based on patented genetic technology. Already several companies have begun bio-prospecting in the state. But this is an exploitation that will be based on the preservation of the jungles, rather than their destruction.

We can see a new pattern of accumulation developing in Chiapas. Previously a backwater of non-innovatory local capital, the region has now acquired a strategic importance to sections of both national and international capital. However, the contradiction is not so much between new modes of accumulation and old, although tensions certainly exist, as some have argued: a farmer may need to grab more land to keep his agribusiness growing, but he would surely be more than happy to hand over a drilling concession for a generous fee. Rather the contradiction is between a local and international capital that is compelled to make ever more of Chiapas barren in order to accumulate and international capital in the form of biotech multinationals who need to preserve the ecosystem. Oil is predictably winning and the natural resources of Chiapas are being slowly eroded.

What is important is that for the local rancheros and latifundistas (who need only relatively small amounts of labour-power), for the oil companies and biotech corporations, the indigenous population of eastern Chiapas is now, almost absolutely, surplus to requirements. Those who were displaced from the west now discover it would be better not to have existed at all. This absolute neglect is reflected in the levels of alcoholism in many Indian communities, and the malnutrition and high infant mortality in the eastern highlands. The Mexican obsession with death, a cultural inheritance from ancient times and which had been set up by Maoists in the ‘70s were unable to hold their members. The stable cyclical world of the Indian village was being consumed by crisis. Colombus Day, October 1992 saw ten thousand indigenous marching through the streets of San Cristobal. Later they tore down the statue of Diego de Mazarriegos. Many of these demonstrations were already Zapatistas. The Indians of Los Altos, Las Canadas and La Selva were flooding into the ranks of the EZLN. But where had the EZ come from? And who exactly was organising it?

The sparks of rebellion

The specific causes of the armed uprising of the Chiapan Indians are easy enough to trace. While the indigenous population had been excluded from the PRI welfare state, aside from a layer of PRIista caciques, they had benefited from the subsidies that had traditionally supported Mexican agriculture. From 1988, these subsidies and protections were reduced, dismantled or abolished by the new neoliberal PRI. So, for example, 1989 saw the abolition of INMECAFE, the state agency designed to purchase and set coffee prices, a crucial crop for the Indian ejidos. Floated on the world market, the price of coffee fell like a stone. Wider structural changes also occurred in the name of opening Mexico up to the free market. 1992 saw the infamous amendment of Article 27 of the Constitution. Previously sacred truths were being questioned by the PRI: the amended Article now permitted the sale of communal lands to anyone who wanted to buy from anyone who could be persuaded (or forced) to sell. The countryside had been opened up to competition, strengthening the hand of the finca-owners and international capital. On top of this, NAFTA, which Salinas saw as its crowning achievement, would soon come into play. How would the Indians’ small corn or coffee crops compete with modern US agribusiness? The answer was that they wouldn’t.

In tandem with these factors which pointed to further immiseration, the campesinos of eastern Chiapas had not experienced a reduction in the state-sponsored repression that had been directed against them. The sigh of relief that had accompanied the end of General Castellanos’s murderous governorship of the state (1982-88) quickly became a groan when his successor, Patrocinio Gonzalez began jailing peasant leaders and bumping off journalists. The Guardias Blancas were roaming the countryside with impunity and the new forensic police were shooting at anyone they caught chopping down trees. Under these extreme circumstances, traditional independent peasant organisations such as CIOAC and the Association of Regional Independent Campesinos (ARIC), which had been set up by Maoists in the ‘70s were unable to hold their members. The stable cyclical world of the Indian village was being consumed by crisis. Colombus Day, October 1992 saw ten thousand indigenous marching through the streets of San Cristobal. Later they tore down the statue of Diego de Mazarriegos. Many in the demonstration were already Zapatistas. The Indians of Los Altos, Las Canadas and La Selva were flooding into the ranks of the EZLN. But where had the EZ come from? And who exactly was organising it?


18 Farmers and ranchers are driven into making the environment relatively barren, in terms of creating a monoculture, oil companies to make the environment absolutely barren in their destructive quest for petroleum.

19 Although not intimately tied-in with the neoliberal project, 1989 also saw the state logging company COFALSA impose a total logging ban in Chiapas, so depriving the Indians of a vital source of fuel. Naturally tree-cutting continued illegally, but the creation of a new armed police force to enforce the ban meant another layer of repression for the indigenous people.
Formación del EZLN

The egalitarian nature of indigenous communal life has been widely overstated. Desperate to dispel the dead weight of Leninism, many have talked up the importance of Indian tradition. Isolated, impoverished, long distorted by caciques, by corrupt PRIistas, hotbeds of patriarchy and alcohol-fuelled domestic violence, the indigenous communal life is considerably less than perfect. But there is a moment of truth: communal ejidos are the norm, important decisions are chewed over for hours on end by everyone, plays and poetry keep the history of resistance alive. What is new about the Zapatista communities is the energetic manner in which they have become political and overcome some of the worst aspects of village tradition. Importantly this has enabled the Zapatistas to move beyond the crippling localization that has been characteristic of other peasant struggles.

As we have already explained, one mediation the campesinos have gone through (and still go through) enroute to becoming Zapatistas, is the influence of the Catholic Church and liberation theology in particular. Whether critical or celebratory, accounts of the Zapatistas have generally neglected this reactionary influence on the development of the class struggle in Chiapas. The extent to which the autonomous communities are infected with religious sentiment is not always appreciated. Every village has a church, usually the most skillfully constructed building in the community, and which is sometimes the only place for miles that has electricity, while the Zapatistas themselves invariably live in ill-lit shacks. There is a high interpenetration of religion and politics: the lay catechist who preaches is often the local EZLN rep, and Masses have a tendency to dissolve into long political meetings - or the other way around. It would be fair to say that while liberation theology has contributed to the combativity of the Chiapan Indians it has also played its part in retarding the theoretical efforts of the Zapatista struggle.

The phenomenon has been present in Chiapas in a concentrated form since at least 1974, when Samuel Ruiz (the 'Red Bishop', a figure much hated by the latifundistas and rancheros) organised a 'Congress of Indian Peoples' in San Cristobal. Shocked into action by the anger displayed at the Congress, Ruiz not only stepped up the church's militant crusading in the villages, he also, as we have seen, invited Maoist cadre into the area. The mid- to late-1970s witnessed a period of co-operation between the party of the church and the church of the party. In fact the 1970s saw the highpoint of Catholicism's flirtation with Marxism. Confronted with military dictatorships across almost the whole of Latin America, many Catholics believed, for example that: 'The class struggle is a fact and neutrality in the question is not possible' or 'To participate in the class struggle...leads to a classless society without owners or dispossessed, without oppressor and oppressed.' Liberation theology even had its own Che - the body of Camillo Torres, Colombian priest-turned-guerrilla fighter.

The contradictions abound: believing in a classless society, catechists are unable to break with a church whose very essence is hierarchy and authority. (In its turn Rome is keen to keep them on side - in an excommunicated liberation theology it perceives the possibility of its own dissolution.) By continually encouraging the revolt of 'the poor' in the city and the country, yet unable to break through the miasma of Catholicism, the liberation theologians actively impede the development of the conscious category of proletariat, whose realisation and self-abolition is the only real solution to the impoverishment of their flock.

By the mid-1980s, with swathes of Latin America undergoing a transition to democracy, notably in Brazil, the highpoint of radical liberation theology was over. The Sandinista defeat in 1990 and the end of the civil war in El Salvador further moderated the influence of Marxism in Chiapas, however, with the situation in the highlands deteriorating, the liberation theologians wielded greater influence than ever before. As Jacques Camatte says, 'Religion allows a human demonstration against capital because God is a human product (i.e. something that appears to exist outside the prevailing mode of production). Thanks to him, man can still save his being from the evil embrace of capital.' When Marcos says 'We want liberation - but not the theology', we should not be fooled. The Zapatistas are as devout a lot as one is ever likely to meet.

However, it was not just that the Church was acting as a political force - it was also acting as a conduit for Mexican leftists who could not otherwise gain access to the Indians of Chiapas. Ruiz found these leftists useful in the organising work he had committed his diocese to. In the 1970s, the arrangement was that the priests would handle pastoral work while the

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20 We have taken the details in this section from Rebellion In Chiapas: An Historical Reader by John Womack Jr (The New Press, New York, 1999). Womack is the author of Zapatista and the Mexican Revolution which was published in 1969 and which, together with Gilly, is the standard work on that period. He has been very well-informed about the Mexican left for years, and the detail he gives in Rebellion In Chiapas is incredible. In particular he has destroyed the image Marcos has tried so hard to portray of indigenous Indians forcing urban leftists to abandon their ideology in the years before the uprising took place. His book should come to be seen as a standard work on the EZLN, and is a must-read for all Zapatista supporters.

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21 A Theology of Liberation by Gustavo Gutierrez, 1971, is the key text. 
22 Communism and Community in Russia by Jacques Camatte. Of course, out of context this quote from Camatte sounds too abstract. Every religion must in fact reflect the material social relations and thus the prevailing mode of production (religion is not 'God' but what you have to do for God). As such, religions normally discourage opposition to these prevailing social relations. Of course any religious text or tradition born in a past mode of production is at odds with capitalism. In order to remain a religious authority within bourgeois society and, in the same time, retain the Bible and its whole tradition, the Catholic Church emptied them of their original content. Of course a 'free' reading or interpretation of its tradition can highlight elements that can be used to justify rebellion - and this reading can have authority above all if this is backed by some priests. But the contradiction inherent in this use of religion appears when the supporters of the Theology of Liberation collude with the high authorities within the Church (the main theorist of the Theology of Liberation, L. Boff, was deprived of his official powers - 'suspended a divinis').
Maoists handled the political organising. This backfired on him badly in 1980 when Linea Proletaria mounted a coup and replaced the catechist leaders in the key peasant unions.

It took two years for Ruiz and his priests to regain the initiative. He turned to another group of leftists to help him - but unbeknown to him this group was an advanced party of the Che Guevara-inspired Fuerzas de Nacional Liberacion (Forces of National Liberation, FLN). By the time Linea Proletaria was leaving Chiapas in 1983, the FLN, taking advantage of its successes in organising with the Church, was upping its activity significantly. The FLN High Command had secretly visited the canyons, with a view to developing an army which they already had a name for - the EZLN. With them came a young captain, Marcos.

From 1991 the FLN made real progress in recruiting beyond its core cadre of Indian militants. While they had may have followed the foco model of the Cuba experience, which emphasises the military struggle over the social, they recognised the need to participate in grassroots organisations - a lesson they may have learnt from the innovative left-Maoist aspects of Linea Proletaria. However, they had avoided falling into a tendency that Linea Proletaria had succumbed to: drifting away from militant land occupations and battles with employers and towards co-operation with PRI agencies over credit lines, marketing facilities and productivity increases.

The importance of differentiating between these strategies became more pronounced as the massive anti-poverty programme PRONASOL rolled into Chiapas in the early 1990s. With it rolled some of the old Linea Proletaria cadre, now part of Salinas’s retinue. An alliance between the PRONASOL government workers and the Church, now long aware of the FLN’s commitment to armed struggle, aimed to divert the Indians’ anger into avenues of government recuperation. But with the economic situation for the Indians now so desperate, the FLN was able to outflank this move by creating a new militant body, the ANCIEZ, the Emiliano Zapata Independent National Peasant Alliance, an embryonic Zapatista army under whose banner the militant Indians began the work of reorganising their communities. They even managed to get some PRONASOL funds on the sly for weapons.

All these elements - the FLN, the priests, the communal Indian traditions, each with their own internal contradictions, were lenses through which the coming-into-being of the EZLN was focused. The necessary first step of this militant reorganisation was the suppression within the communities of anti-Zapatista elements, usually caciques out to enrich themselves or PRIistas who could act as levers of coercion or as spies. This process must have developed in quite different ways according to the prevailing conditions. In some places there was a blanket conversion to Zapatismo and the villagers could afford to be relatively open, at least with each other, about their organisation. Individual PRIistas would be easy to isolate and exclude. Other villages might have an even mix of Zapatistas and PRIistas, or complete PRI dominance. In the latter case many rebellious campesinos were simply forced out and constructed a community elsewhere.

Even today when large chunks of Chiapas are controlled by the EZLN, one can often find a Zapatista village next to a PRI village, with all the suspicion and antagonism that that implies. The PRI web is torn but far from brushed away: the fear of informers means that on the margins of EZLN territory, clandestinity is still very much the name of the game. The expulsion where possible of PRIistas opened up a space for the Zapatistas, a space where a process of rebuilding could begin. Simultaneous to the clandestine reconstitution of the villages the insurgent army began to coalesce in the highlands around 1992-93.

Until September 1993, Marcos and the Indian cadres were following orders from the High Command of the FLN in Mexico City, though he has since made every effort to hide it. In that month, realizing the FLN units in other Mexican states were barely existent, let alone able to lead an armed revolution, he refused their request to send finances out of Chiapas. It seems to be at this time that the ideological break with the FLN occurred, though it was not fully confirmed until the failure of the January 1994 uprising. The Clandestine Committee for Indigenous Revolution (CCRI) which had been created in January 1993 and which was made up of veteran Indian cadre now pushed for war. However, on this one crucial point, the village assemblies found consensus impossible. According to Womack: ‘[The] assemblies groaned for consensus for the armed way, but it would not come... In the Zapatista canyons the majority ruled...where communities
voted for war, the EZLN tolerated no dissent or pacifism: the minorities had to leave.\(^{23}\)

From its FLN origins, then, we know that the army itself could be a sufficient form for the hierarchical organisation of the struggle. A political cadre could operate within the army to transmit the line of the organisation and its leadership to both combatants and non-combatants. Leninism, as a ‘hierarchical organisation of ideology’ (Debord), does not require an obvious party form; it is enough that a cadre of militants exist with a leadership - perhaps a hidden leadership - giving them political direction. We know that the FLN grew in Chiapas by recruiting and training an Indian cadre who then played a key role in the Zapatista decision to go to war. But this was not a vanguard ‘parachuted in from the outside’. Apart from Marcos, and possibly a few others, it was composed of Indians who joined because it seemed to meet their needs. Specifically, it unified Indians of different languages and allowed them to act collectively against their exploiters.

But if the EZLN has at its origin the hierarchy and mediation that is inherent in the Che Guevara version of Leninism, there is no doubt that the political certainties that accompanied this model were destroyed following the failure of January 1994. The rupture that took place between September 1993 and February 1994 meant the EZLN and the cadre form was thrown into crisis. On the one hand the EZLN had clearly failed in their attempt to launch a credible military offensive, and had become besieged and isolated. Yet on the other hand, the outward pressure of public support for the Zapatistas must have caused the CCRI-GR (General Command) and the Indian cadres to re-examine their ideas. Out of this crisis came a commitment to a vague form of left reformism, utilising ideas such as civil society. Desperate to survive, the EZLN has usually pitched for the lowest, and least controversial, common denominator in its organising efforts and communiques - anti-PRI. However, the other long-term effect of the uprising and its failure has been a high level of confusion and disorientation. Periodically the organisation has been able to unite around certain initiatives, such as the Encuentros. Yet given the extremely difficult conditions they live under, the Zapatistas have displayed a tremendous level of courage and initiative. It is the self-activity of the Indians, above all else, that defines this struggle.

**Zapatista organisation**

The scale of the uprising is the first thing that strikes the visitor to eastern Chiapas. There are over 1,100 rebel communities, each with 300-400 people, usually young. These villages, some of which have been built since 1994, are federated into thirty-two autonomous municipalities. The civil decision-making process is fluid: local decisions are made locally, important policy or project decisions made on a wider, but not always municipal, level. Municipally, delegates from each village come together in the assembly halls that are almost as common as churches. These meetings are extremely long-winded by European standards, sometimes going on for two or three days until something like consensus is reached. This ability to reach consensus is aided by the vitality of the traditional decision-making process and which recognises the pressing demands of life under siege. The remoteness of the Indians’ lives from regular wage labour, and the communal nature of farming which in any case is labour-intensive only seasonally, enables the Zapatistas to carve out large portions of time for meetings and organising.

The civil level is completed by the five Aguascalientes which are dotted around Zapatista territory. Named after the original Aguascalientes (where the CND was held) which was destroyed by the Mexican army in 1995, in turn named after the Aguascalientes Military Convention of 1914, these cultural centres are a conglomeration of schoolhouses, assembly halls, metalworking shops, sleeping quarters, storage huts, etc. It is to the Aguascalientes that the Zapatistas come for their most important political meetings, dances, and endless basketball tournaments. They have also been used at various times as EZLN barracks.

The EZLN encampments, being obvious targets, are away from the communities, hidden from the constant overflight of army helicopters or air force bombers. The local EZLN detachments send representatives to the various CCRIGs, which in turn sends delegates to the CCRI General Command, which consists of around 70-80 members, and is based in the Lacandon area surrounding the Aguascalientes of La Realidad.

The hierarchy that exists in the EZ is almost certainly part of the legacy the FLN has left the Indians. Commandante, Subcommandante, Major, Captain: the chain of command appears to reproduce that of the state’s armed wing perfectly. Naturally, there will have been tendencies within the CCRI-GR that both ossify and loosen command, but a relaxation could be more likely in recent years as the EZLN has been militarily quiet since its initial flurry of activity. With the indigenous war on hold, work in the communities has taken precedence, and the damage militarisation can do to a social movement reduced. The EZ, however, is still the arena where the young wish to prove themselves. Since 1994 a new generation of combatientes (EZ soldiers) has come of age, and it would be interesting to know how many have made it into the CCRI-GR - or whether they now dominate it. Unfortunately this information is not available to us.

One further aspect that differentiates the EZ from an army of the state, aside from its relatively informal command structure, is the apparent absence of both punishment and insubordination. Joining up is not compulsory, though all seventeen-year-old men and women are encouraged to participate. Many seem to want to join the militias earlier. The Zapatista army has after all come ultimately from the material needs and insurrectionary desire of the Chiapan Indians. As such becoming a combatiente is seen to be not only in an Indian’s self interest, it is also an escape from agricultural drudgery and early marriage into a world of excitement and possibility. The EZ may not appear as a burden to the young, rather to join it could be to embark upon a process of individual and communal self-expression. If we wish to believe Marcos, and some may not, it is also a space for limited, but hitherto unthinkable, sexual experimentation, free from the judgmental gaze of the village elders.

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\(^{23}\) Womack, op cit., p. 43.
The relationship of the EZLN to the autonomous communities after 1994 appears to be characterised by the slogans: ‘Commanding obeying’ and ‘Everything for everyone, nothing for ourselves’. The former is really nothing more than an indigenous take on the practice of recallable delegates. As such it follows firmly in the traditions of soviets and workers’ councils - though of course it is double-edged: if the commanders obey, they also command. The latter slogan is an assurance that the EZLN, or the CCRI-GC, will not enrich itself at the expense of the communities, nor will it transform itself into a new layer of caciquismo. The villages are not the bases of support for the guerrilla army, as was the case in neighbouring Guatemala, rather the EZLN appears to be the base of support for the self-organised village. Because there are not nearly enough resources to go around, any material enrichment on the part of the EZ, or sections of the EZ, would instantly raise suspicions of PRI influence. But in fact the Zapatista army is not saying ‘we will take only that share to which we are entitled’, they are saying ‘we will take less than our share.’ In impoverished eastern Chiapas this amounts to a little more than posturing. The same obsession with death we noted earlier also leads into a language of sacrifice.

The dialectic of ‘commanding obeying’ can best be seen at work in the devising and implementation of the various Revolutionary Laws of the EZLN. The Laws themselves are mired in leftist bourgeois language - ‘The Rights and Obligations of the Peoples in Struggle’, ‘The Rights and Obligations of the Revolutionary Armed Forces’ - and often in reformist content, such as the Revolutionary Agrarian Law, which we shall look at later. Once again we see the influence of the structures of Marxism-Leninism. But they represent also a sophisticated attempt by the campesinos to begin solving their own problems. The army, being everywhere, was the only body that could implement their new world with any degree of consistency. The Laws, devised after endless debate and discussion, in themselves (i.e. aside from their content) are an attempt by the Indians to endow their struggle with a sense of permanence, a way of saying ‘we are not going back.’ Naturally they are mediations, but they are at least mediations which have enabled the Zapatista struggle to move beyond visceral class antagonism into self-organisation - a coherence not seen in the Mexican countryside since the days of the Ayala Plan.

Any description of Zapatista organisation must include an account of the effect of the uprising on the status of indigenous women. Before Zapatismo the conditions women lived in were dreadful: sexual abuse was rife through rape or early forced marriage, domestic violence was high, giving birth to large families ruined a woman’s body and gave them a heavy responsibility for social reproduction through household chores. Moreover they were expected to reduce their food intake so that the husband and children could eat sufficiently, though even this was unable to staunch the high rates of infant mortality. In short they were virtual slaves in their own villages.

The uprising has not liberated them, as it has not liberated any other Indian, from a world of want. What it has done is given them an opportunity to break beyond the atomisation of the village to form a developing unity based on the rich variety of their needs. The space for women’s organisation has not opened up because of the rebellion, instead the women’s demands have been imposed on the men in a collective and conscious attempt to expand the sphere of their own autonomy. This has only added to diversity of Zapatismo.

Some have argued that ‘women’s integration into military structures remains the surest way to defuse the subversive potential of their choice to break with the past.’ We would disagree. The women see their subversive potential not as women, but as Zapatista women. That entails expanding their autonomy both within the village (for example, in co-ops of various kinds) and embarking on a project of solidarity with the men in the army. They are both against and with the men; primarily they are for themselves, a project which they see as being realised in the organic and relatively informal structures of the EZLN. And in response to the state’s militarisation of Chiapas they have expressed themselves through simultaneously taking up arms and developing their own quasi-military structures. Armed with staffs that are almost as tall as themselves, they have trained themselves to fight police incursions into their municipalities, often with babies on their backs. All this is done with high efficiency and usually masked up, faces covered with the red palliacades that are a Zapatista emblem.

Aside from taking up arms, perhaps the single most subversive act they have undertaken is the banning of alcohol, which is used by the Chiapan landowners and ranchers as an out-and-out weapon of social control. Alcohol sales on tick tend to cause unpayable debt through the employer’s shop, and the community in its alienation and powerlessness turns in on itself through domestic violence. The effect in Indian communities has been devastating, similar to that experienced on the reservations of North America. With the landowners gone, the indigenous women immediately enforced a ban that is universal in Zapatista territory. Many villages have a tiny one-person jail or secure hut where the occasional drunkard returning from Ocosingo or Altamirano can be imprisoned for a night or so. The ban, developed from the immediate concerns of the women, also forced the men into a new respect which in turn opened the way for further self-defined projects - for example organising women’s marches against state militarisation in the tourist town of San Cristobal.

The women’s situation is not developing all one way. Pregnant combatientes must return to their villages where they may be subject to isolation, although the father of the child must accompany her; those who have never left will almost always be illiterate, unable to speak any Spanish, and continue to bear the burden of childcare. In many villages women are still excluded from meetings. Nevertheless the tendency is

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24 The EZ as a standing army is relatively small - combatientes are sent back home once their training and exercises are over, ready to be mobilised should the need arise. The full fighting strength of the EZ is probably around 17,000.

25 Deneuve & Reeve, Behind the Balaclavas of South-East Mexico, discussed in more detail below.
towards free determination as part of the developing social whole, towards rebelde mujeres (rebel women) rather than subservient ones.

Lastly, the military situation in Chiapas demands a brief mention. The federated Zapatista areas are surrounded and interpenetrated with hundreds of army checkpoints and bases. The militarisation is immense: 70,000 troops, one third of the entire Mexican army, armed with the best weapons American anti-narco money can buy. PRI- and landowner-sponsored paramilitaries, of which there are seven different varieties roam the countryside, ratcheting up the tension. This patchwork of conflict is further confused by the waves of refugees that have occasionally been created by army occupations of Zapatista municipalities, or those with EZ sympathies who have been expelled from PRI villages. In Chiapas the armed wing of capital is everywhere visible.

Having described the basic outline of the Zapatista set-up, we shall now turn to the ideas of the uprising. In attempting to move beyond the cheerleading or the hostility this social movement has prompted, we shall deal with, in turn, the ideas of the 'ultra-left' and the academic autonomists. The 'ultra-left' tend to see the Zapatista as a desperate guerrilla fighter manipulated by hidden leaders; the academics see the Indian reasserting his or her labour against predatory global capital. These views of Zapatismo as a simple, monolithic body can result in the suppression of contradiction. But the uprising is a living, evolving thing, within and against capital, and as such is riven with contradiction. Before we go any further we must examine the specific class character of the rebel Indian, from where some of these contradictions arise.

The class position of the Zapatista Indian

The class position of the Zapatista Indian is, as we shall argue, more peasant than proletarian. Before substantiating this point, we must step back briefly and derive an understanding of the nature and function of the peasantry. Traditional Marxism explains the peasantry with the same analytical tools it uses to explain class polarisation in urban societies. It is perfectly suited to the rapid movement and social change that takes place in cities during industrialisation, but it can lead some to a simplistic idea of class relations in the countryside, where many pre-capitalist forms survive and where stability rather than change can be the defining ethos. Just as capitalism in the cities bases itself on constantly revolutionising the means of production, some orthodox Marxists see in the countryside a mirrored process whereby greater numbers of peasants are excluded from the land, while a much smaller number manage to transform themselves into professional farmers with larger landholdings. With this programmatic approach it is easy to believe in the possibility of stirring up class war within the village itself. Thus for Lenin it was simply a matter of encouraging the poor peasants to rebel against the rich peasants. These poor peasants, increasingly separated from the means of production, would discover their natural allies in the proletariat, while the affluent peasants with access to land and market networks would side with the bourgeoisie. The urban formula of class struggle was simply transposed onto the countryside.

There is, of course, truth in this analysis. Capitalism, to the extent to which it can penetrate, and thereby alter, traditional peasant society, does create class polarisation. But the Soviet experience of War Communism, NEP and particularly collectivisation, shows not an increasingly class-ridden and socially volatile peasant community; instead it shows the high level of internal stability and resistance to outside influence: not so much an example of poor peasant and
A Commune in Chiapas?

The problem with the orthodoxy is that it overestimates the ability of capital to break down traditional peasant structures. The process of agricultural revolution may have happened in western Europe and north America, but in many parts of the world, such as Mexico, the peasant village has remained stubbornly impervious to capitalist development. So while agribusiness is characterised by wage-labour and new farming techniques, peasant production has at its heart unspecialised production for consumption, family labour, an absence of accounting, etc. In place of the relentless drive for profit, peasant life is one of isolation and immutability where births, marriages and the seasons hold more importance than crop yield or rational business planning.

The political implications of this conservative stability are twofold. The first is that peasant uprisings are almost always a reaction to an external crisis which threatens the peace of the village, rather than as a result of internal class antagonisms. The many crises in the history of the Mexican campesino has meant this class has been an especially combative one: the sudden arrival of primitive accumulation (the Conquest), the genocide by sword and disease, the rule from Spain, the violent expansion of the latifundias under the Porfiriato are all examples. The second implication is that within the peasant uprising the binding aspect of tradition enables small private farmers and those with communal landholdings (though the difference is not always clear cut: one can merge into the other at different times of the year or at times of family change) to live happily together in revolt - the Ayala Plan is a case in point. The principal point of attack which the orthodoxy identifies is often the most resistant to change.

What, then, is the nature of the class position of the Zapatista Indian today? We described earlier the uneven development of capitalism in Chiapas. The Indians have experience of wage-labour that might include: working on ranches, seasonal work on a finca (where an employer's shop system might operate, or debt-peonage be dominant), or fully-integrated wage-labour on dam construction, or at the oil operations of the north-east. All this work is either seasonal or temporary - when it is over the campesino must return to the village to scratch out a living from the soil. For men, just about the only form of permanent work is being employed by the repressive arms of the PRI or the landowners. For the women, handicrafts (including Zapatista dolls) to sell in the markets of San Cristobal or outside Mayan ruins is a possible form of income. This is a strictly peasant activity: their stall is a patch of ground and the level of poverty offsets any petty-bourgeois trade content this activity might contain. Overall the Indian women have never been integrated into the wage-labour system, though they may have some contact with the commodity economy, and the men have only been partly and temporarily integrated. They represent a section of the population which capital has not fully proletarianised because it has no need of their labour-power. In fact, as we mentioned earlier, it would be better for capital if these people did not exist at all.
Neither has their limited contact with the wages system been a definitive experience for the Chiapanecos. On the contrary they have retreated further into the margins of Mexican geography in their attempt to preserve their traditional communities. Their productive lives are determined by the land and the consumption needs of their family and village; their social lives by the traditions of the village; their thinking is generally social rather than economic - they are part of the ‘different world’ of the peasant. They have been unable to avoid wage-labour altogether - its influence has been important to the Zapatistas’ ability to look beyond their immediate locality. But the overall class position of the Zapatista, his or her culture and beliefs, is that of the peasant.

We could perhaps best define this class location as that of a semi-proletarian peasantry. Indeed one could argue that the uprising itself has, with its obsession for Mayan tradition, reinforced the peasant aspect over the proletarian.

It is only with this category of semi-proletarian peasant that we can understand the contradictions at the heart of the individual Zapatista and the practice of the EZLN itself.

Guerrilla fighter or Mayan Indian? Communal farmer or political? Both and neither. The ‘ultra-left’ groups, mistaking the Zapatistas for proles, condemn them for falling into the traps of twentieth century working class insurgency. The academics also mistake them for fully-integrated wage-slaves, and therefore representative of a new recomposition of labour against ‘neoliberalism’. But the Chiapan Indians are not central to the expansion of capital; they are extremely marginal to it. Consequently they are not in an advantageous position to develop a critique of capital. Their only possibility is to reassert human community over a system that would rather see them dead.

The ‘ultra-left’

Mao and Marcos

Sylvie Deneuve and Charles Reeve’s article ‘Behind the Balaclavas of south-east Mexico’ is without doubt the most hostile reaction to the Indian uprising in Chiapas. Reacting against the romanticisation of the Zapatistas, they wish to assert the proletarian aspects of the struggle over the more important peasant and Indian aspects which we have already examined. They perceive in the rebellion and the forms it has taken nothing more than one further example of deadening Leninism grafting its structures onto autonomous class struggle. Oscillating between contempt for the Indians’ traditional subservience and an ungrounded belief in their imminent ability to launch into an unmediated orbit of pure revolution, Deneuve and Reeve give a schematic account of how they believe the class struggle in Chiapas has developed and been derailed. For them, the strong base assemblies of the Zapatista municipalities merely serve to protect those leaders who ‘must never be seen’: ‘the Zapatista army is...only one part of The Organisation - it is its visible part.’

They account for the lack of an obvious Party line and the absence of Marxist vocabulary in general by arguing that, since the collapse of the state capitalist bloc, vanguardist organisations have had to revise their expectations downwards - implying that the forms of Leninism are intact, hidden, waiting for the historic moment. But the problem Deneuve and Reeve have is that they are simply in possession of insufficient information on which to base their analysis. ‘Behind the Balaclavas’ consequently talks a great deal about the organisation of politics, or the politics of organisation, and very little about actual situations in Chiapas. They themselves admit they have found it difficult to get concrete information.

As a result, we find just about every aspect of the Indians’ struggle misrepresented: the land occupations are not about land, only revenge; the women’s struggle is sidelined into the army and has no other expression; the FZLN dominates civil society outside Chiapas; the EZLN is made up of ‘young people, marginal, modern, multilingual...their profile has little to do with the isolated Indian that some imagine.’ And so on and so forth. Deneuve and Reeve’s class analysis is inadequate, and they supplement it with a sketch of the manner in which Leninism has in the past manipulated peasant movements. It is really this refusal to even look for anything new in this struggle that is the most infuriating aspect of ‘Behind the Balaclavas’.

‘Behind the Balaclavas’ does, however, point to an important problem which supporters of the Zapatistas are unable to perceive: the way in which the EZLN commanders, and Marcos in particular, are mediators, specialised leaders and negotiators apart from the mass of the rebel Indians. The question then is: to what extent have these roles been forced on them by material conditions and the necessity of survival, and to what extent have they grown from the hierarchical organisational forms that were imported with the FLN?

Ultimately we cannot give a definitive answer to this. We have already traced the history of the FLN’s involvement in the highlands of Chiapas. The role of representation which Leninist formations seek has certainly been one defining factor in the development of the rebellion. However, what is crucial, with the Zapatistas, as with other social movements, is that we cannot simply contrast good movements/class struggles to bad representations/mediations of those struggles - especially when the representative forms are generated from within. Such a move would falsely suggest that the inspiring acts of class struggle - liberation of prisoners from jail, land occupations, etc. - would have happened without the mediating and...
The forces of production

Is the uprising 'the final episode of the slow and peculiar integration of this peripheral region by Mexican capital' as Deneuve and Reeve would have us believe? The Zapatistas are dirt poor farmers with barely any resources. Quite how they could have any effect on the forces of production in Chiapas is difficult to see. In fact, being part of the 'different world' of the peasantry, and by refusing to die, they are obstacles to development, rather than bearers of it. We return to our central argument: capital may have as its essence self-expanding value and the consequent proletarianisation of the population, but the experience of capitalism in the 'Third World' is as uneven development. The idea that capital seeks to develop all areas to a uniform standard is mechanical: some places, for reasons of geography, climate, class and social structure can only be exploited to a degree. Unable to always develop the periphery, capital turns inwards and embarks on a new cycle of intensive accumulation.

Mexican and latterly international capital has already integrated Chiapas as productively as it is able: first through the latifundias and ranches, subsequently through oil. The new irony the 'ultra-left' have neglected is that the specific and important capital of biotechnology wishes to retard the development of productive forces in Chiapas.

There are two ways in which we can make sense of the productive forces argument. The first is that, through the army, the EZ itself has revolutionised social relations in the villages. Breaking down the gender barrier, releasing the energy and confidence of the young; its need for centralised organisation compels previously isolated villages to communicate and work together. Through its need to impose itself on the outside world it is certainly a modernising influence. But the EZ is not connected to land production. The villages and municipalities are left to do what they will with the occupied lands: the EZ has not encouraged new crops for market, new seed varieties or irrigation projects. The ejidos and reclaimed lands are still very much dedicated to subsistence farming.

But despite their inability to produce a meaningful surplus, and coming as they do from the 'different world' of the peasantry, perhaps the Zapatistas are still a proto-embryonic landowning class through their tolerance, in the Revolutionary Agrarian Law, of smallholdings? This Law allows private holdings of up to a hundred hectares of poor quality land, or fifty of good quality land, which is a fair bit of space. It is almost identical to the Ayala Plan which was discussed at the beginning of this article, and many of those same arguments apply. We would of course like to see the elimination of all small property relations. But if we are looking for the seeds of the new world in the old, we must look for the tendencies towards communism. Marx commented on the agrarian commune: 'Its innate dualism allows an alternative: either its property element will prevail over the collective one, or the latter over the former. It all depends on

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27 Antagonism, op.cit.

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28 Indeed, when the EZLN entered into peace talks in February 1994 they demanded not the restitution of Article 27, but the nationwide implementation of the Ayala Plan, much to the derision of the PRI.
the historical environment.\textsuperscript{29} In the autonomous municipalities of Chiapas private holdings are rare, the collective prevails.

Nationalism

The ultra-leftists’ strongest charge against the Zapatistas is that they are nationalists: the Zapatista project is nothing more than a retreat from the rigours of the global market into the old certainties of national social democracy, this time around redeemed by the absence of the PRI. To facilitate this, the ‘ultra-leftists’ imply, they are seeking alliances with sections of the national political class, manoeuvring themselves into ever more advantageous positions from which to take power.

This is simply not true. The Zapatistas have never entered into any formal alliance with any fraction of Mexico’s political class. They flirted briefly with the PRD back in 1994, and, as far as we know, they have not repeated the exercise as a result of their experience. Indeed, one of the EZs revolutionary laws forbids its members from holding any sort of public post. Of course laws can be changed. But if the Zapatistas’ aim is to ally themselves with nationalist sections of the bourgeoisie they are being uncharacteristically incompetent about it.

It would, however, be foolish to deny the patriotic elements of the Zapatista struggle. The national anthem is sung in the communities, though not as often as the Zapata anthem, and the flag is occasionally paraded about, all of which makes any self-respecting revolutionary wrongdoers with embarrassment. The flag is a clue to the quixotic nature of the Zapatista’s ‘nationalism.’ The red, white and green of the Mexican flag are also the colours of the PRI, who have had until recently the exclusive rights to use it politically. Yet the rebel Indians are hardly displaying the flag as a sign of support for the regime that is pointing guns at them. So it must mean something else. The issue is hardly clarified by the EZ’s communiques, which are as confusing as ever. There we can find statements that speak both of ‘the importance of the patria (homeland)’ and of ‘a world without frontiers or borders.’ As Wildcat say in ‘Unmasking the Zapatistas’, this is called having your cake and eating it.

The answer lies surely in a closer examination of the material conditions of this struggle. The Zapatistas are, as we noted earlier, to all intents and purposes one hundred per cent indigenous. Tzeltals, Tzotzils, Chols, Mams, Zoques and Tojolobals are the composition of the uprising. Many of the men do not speak Spanish and almost none of the women do. The Mexican state has neglected or murdered them for decades. Yet they are communicating with Mexico, people with whom they do not share a common ancestry.

We need to bear in mind two things. The first is the experience of the Mexican Revolution. If there is one qualitative and positive difference between the Zapatistas of then and the Zapatistas of now, it is that the latter, with their limited experience of wage-labour and the influence of the FLN, have managed to break away from the myopic localism of peasant struggle. Their desire to intervene in national life is preferable to a refusal to look beyond the boundaries of their own home province or state.

Secondly, the ‘ultra-left’ articles we are examining were all written before the EZLN developed their project of the Encuentro, the international meetings ‘for humanity and against neoliberalism.’ Essentially we believe the Zapatistas have transcended their localism and have developed important tendencies towards internationalism, though in an important sense, and one which is part of the leftist aspect of their heritage, they are still retarded by a nationalist perspective. There have been three Encuentros so far, in Chiapas, Spain and Brazil, forums where activists and those engaged in struggle gather from around the world to discuss what is on their minds. By all accounts these meetings have been confused and confusing; the focus is on networking and heterogeneity rather than organising and developing a unity-through-difference. Indeed it could be said in some ways that the Encuentros mirror the cross-class nature of civil society, which we deal with below.\textsuperscript{30} But the Zapatistas, at first recognising their need for international solidarity, particularly foreign peace observers to mitigate the worst offences of the Mexican army, have given birth to a living, evolving internationalism. This is all the more remarkable given that many of them have a very shaky grasp of world geography. Where the Encuentros will go is anybody’s guess. They may easily fall apart, given the diverse nature of the participants and the generally abstract nature of opposition to ‘neoliberalism’. But in the future context of an upsurge in class struggle in Latin America they could have something valuable to contribute. One influence they certainly have had is on the ‘anti-capitalist’ movement.

The Academics\textsuperscript{31}

The Zapatistas have certainly been a great inspiration to some - thanks to their struggle a section of academia, at least in Mexico City and the University of Texas, has reproduced and extended itself. Like the ‘ultra-left’ groups, the academics have failed to ground their analyses adequately in the material conditions of Chiapas. The academics, however, have swung the other way - overpraising the EZLN by seeing in them a microcosm of resistance to international capital. By betting on the centrality of Chiapas, they have constructed a bizarre model which views the Zapatistas as representatives of the international working class. Against the cynicism of the ‘ultra-left’, they are so overjoyed that something - anything - is happening they have jumped through theoretical hoops to

\textsuperscript{29} Marx cited in Camatte op. cit.

\textsuperscript{30} The best account is the ‘Report from the Second Encounter for Humanity and against Neoliberalism’ by Massimo de Angelis in Capital and Class. No. 65, though don’t bother with the dreadful academic waffle in the introduction.

\textsuperscript{31} Zapatista! Reinventing Revolution in Mexico, edited by John Holloway and Eloina Pelaez ( Pluto Press, 1998) is the most thoroughgoing attempt to develop new ideas about the Chiapas uprising in English and whose arguments we deal chiefly with here. See also Towards the New Commons: Working Class Strategies and the Zapatistas by Monty Neill, with George Caffentzis and Johnny Machete (available at www.m riddenotes.org); and various articles in recent editions of Capital and Class. In Mexico, the Spanish language journal Chiapas is an ongoing academic project dedicated to exploring various aspects of the rebellion.
prove Zapatismo the new revolutionary subject *par excellence*. From this they have then extrapolated various ideas of the EZLN as of potentially universal importance for a twenty-first century recomposition of labour against capital.

The strangest aspect of their ideas is that while the academics wish to hold the Zapatistas up as working class militants, they fight shy of engaging in any analysis of the specific class nature of the uprising. This is bad enough when it leads to the class position of the Indians being identified incorrectly. For example, we find arguments that Zapatismo is 'not a peasant movement...[but] a recomposition of the world of labour...its experience is not that of a relatively isolated and marginal social group, but belongs fully to these recomposition processes of reification and probably represents their highest form of expression to date.'

Things deteriorate further when John Holloway denies the possibility of identifying the class position of any social group or individual anywhere - class becomes a concept without a definition! His position is that the antagonism between human creativity and alienated work which runs through every individual cannot ultimately be extended into identifiable class formations which struggle with each other: ‘Since classes are constituted through the antagonism between work and its alienation, and since this antagonism is constantly changing, it follows that classes cannot be defined.’

Naturally we agree with Holloway on this existence of the internal conflict between human creative activity and alienated exploitation, just as we agree that the reified categories of capital, such as wage-labour, which are constituted from class struggle, are open to constant contestation. On one level, capital is reproduced from our own activity every hour of every day. But at the same time we necessarily confront these reified categories as objective reality. As Wildcat (Germany) say, in a good critique of Holloway’s reasoning ‘in attempting to oppose the objectivist, definitional and classificatory concept of class, [Holloway has thrown] the baby out with the bathwater. If we reduce the concept of class to a general human contradiction present in every person between alienation and non-alienation, between creativity and its subordination to the markets, between humanity and the negation of humanity, then the class concept loses all meaning.’

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33 Open letter to John Holloway, available at [http://www.galmuri.co.kr/archive/archive1/wildcat3.htm](http://www.galmuri.co.kr/archive/archive1/wildcat3.htm). We would add that it seems that we are not dealing with a merely theoretical issue here, but one related to the position of the academic Marxist. They are tempted to use *operaismo* (Italian autonomists) ideas of the 'social factory', in which all areas of life become work for capital, to suppress the contradictions of their middle class role and redefine themselves as working class. But there is a problem here. There is a contradiction in their desire to validate themselves as intellectual workers while on the other hand wishing to claim status for the product of this work as a non-alienated contribution to the movement against capital. Indeed, perhaps the attraction of Marcos to many of the academic autonomist Marxists is that he, a fellow left
Aufheben

Classes do constitute themselves, and the class struggle is fought, not only internally, but in real concrete situations between identifiable social groups in streets, offices, factories, the countryside, all the time. Unfortunately the academics have spent little time examining these very real characteristics (that would for them be mere ‘sociology’), and their arguments have a somewhat fantastic feel.

As we have already argued, we do not accept the global centrality of the struggle in Chiapas, although we do not deny the importance of certain industries in that region to international capital. We see the Zapatistas rather as an inspirational moment of class struggle on the peripheries. In fact it is their geographical remoteness which, through the relative impossibility of developing an atomised individuality, has bolstered the communal aspect, and so the revolutionary practice of the campesinos. However, while we do not agree with the central thesis of the academics, it is still worth taking a quick look at their treatment of the most important EZLN ideas.

The refusal to take power and civil society

In rejecting the classical model of guerrilla war since the uprising, and through measures such as the ban on members of the EZLN holding public posts, the ‘refusal to take power’, either through Leninist or reformist means, has been identified as a major contribution to post-cold war revolutionary practice. The academics see it as a final rejection of the state, of an end to the conquering of political power in order to impose one view of the world over all others. But the academics have ignored one thing: the Zapatistas have taken power - in the areas where they have been able to. They have forced landlords to flee - and killed some - torn down their houses, expelled caciques and PRIistas. In the autonomous municipalities, the power of the PRI is smashed, replaced by campesino self-activity, protected by campesino guns. If that is not taking power (or ‘reabsorbing state power’), then what is?

It is true however that the EZLN of today does not wish to storm the Presidential Palace in Mexico City (which, given its size, is an impossibility). They do not seek to impose their views on other struggles, as is clear from their refusal to dominate Encuentros or the EZLN. But clearly they have a vision of change beyond their corner of Chiapas. How, then, will this change come about?

The EZLN’s answer is through ‘civil society’, the multitude of small, often middle class and single-issue groups who exist in opposition to, and outside the budget of, the PRI. People like John Holloway have supported this idea of civil society as the engine for revolutionary change when all it really is is a popular front, and a weak one at that, as the 1994 National Democratic Convention demonstrated. But then it is easy to see possibility in the EZLN programme. Their remoteness from the towns and cities of Mexico encourages the breakaway unions to seek these cross-class alliances, which in turn dilute the possibility of real working class autonomisation. The PRI has been both the bulwark of unity and the reason for its weakness.

The Zapatistas have pinned their hopes for change on civil society, though. They talk of opening up democratic spaces for discussion and beg everyone that ‘in addition to their own little project they should open their horizon to a national project linked with what is happening.’ The ‘opening up of space for discussion’ is understandable, given the omnipresence of the party-state. But the Zapatistas seem to have spent hardly a thought on what will happen once that space has been opened. What will civil society talk about? How will it act? The bottom line is that these civil society groups have only come into being because of their ‘little project’, which are expressions of their own varied class interests and locations. To ask these groups to unite is to ask the impossible. There can be no common autonomisation for civil society as a genuinely revolutionary subject. There can only be the burying of working class interests in favour of those of the middle class, or an imposition by the working class of its rich and varied needs - which in effect would mean the destruction of civil society. What is disappointing is that people like John Holloway have supported this idea of civil society as the engine for revolutionary change while all it really is is a popular front, and a weak one at that, as the 1994 National Democratic Convention demonstrated. But then it is easy to see possibility in the EZLN programme. Their remoteness from the towns and cities of Mexico encourages romanticism, and talking with only the vaguest of categories and most evocative of words, they really can be all things to all men. Except of course the men from the PRI.

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34 The combination of a pluralist programme which defends diversity, traditional and quasi-mystical Mayan Indians and the image of masked-up guerrillas is the reason the UK direct action scene has found the Zapatista struggle so irresistible.
Dignity

Zapatista! Reinventing Revolution in Mexico concludes with Holloway's treatment of the Zapatista concept of dignity. Marxism, he argues, has developed a number of terms to describe capital's domination over the producers of wealth, but has not developed a corresponding language to describe the dialectical movement of working class liberation, with the exception of 'self-valorisation' (itself a not unproblematic reversal of a central capitalist category). This lack of a positive pole around which to organise has hampered the development of a conscious movement against the capitalist mode of production. But with their concept of 'dignity' the Zapatistas may have filled a gap in the market. By generalising it, Holloway believes 'dignity' could become a workable idea around which to organise against the daily indignities of life under capital.

The problem he tries hard to avoid is the abstract nature of 'dignity' once it is universalised. By attempting to generalise it, he is rupturing it from the place where it makes sense - rural Chiapas, where it acquires such a powerful resonance. There is no doubt that for the Indians dignidad is a crucial concept - one that has been generated both naturally and consciously from their struggles against the landowners and ranchers. It has been endowed with a radical content that has led the campesinos into becoming Zapatistas, into constructing their autonomous municipalities, in whose self-activity the negation of capital resides. But dignity is only so powerful because of the conditions against which it has rebelled - many of which do not apply to vast swathes of the world's working class.

We would argue that it is impossible to understand the concept of dignity in Chiapas without understanding the racism the Indians have been subjected to for decades. As we have already noted, the Zapatista movement is to all intents and purposes completely indigenous. Non-Indian campesinos in the state, while often political, have been unable to achieve a similar militant unity. Capital has accumulated in eastern Chiapas by exploiting a workforce made docile by venomous racism. The distorted forms of value extraction known as debt-peonage have not disappeared from this backward state, nor has the murder of Indian leaders, the rape of Indian women or the predations of Guardia Blanca scum. It is against this systematic racism as much as the hand-to-mouth existence that dignity becomes meaningful. But dignity is only so collective because of the conditions against which it has rebelled - many of which do not apply to vast swathes of the world's working class.

For the worldwide proletariat, though, racism is not a defining characteristic, though it is an important one for millions. The defining condition is rather that of having nothing to sell but one's labour-power. Dignity as the Zapatistas mean it is impossible to translate to all parts of the world, though those sections of the world working class who experience virulent racism may get a lot out of it. If dignity was translated universally, with radical content by a rebellious proletariat, it could be all too easily recuperable by capital. Acquisition of new commodities and rights could be turned into a counterfeit dignity not only negating the impulse to revolt, but turning it to capital's advantage - a similar process to that which has happened in many impoverished black areas in the US.

To be fair to Holloway, he does acknowledge that 'the uprising would be strengthened if it were made explicit that exploitation is systematic to the systematic negation of dignity.' But nothing is made explicit in that part of the Zapatista programme which deals with life beyond the autonomous municipalities. Those academics who intently study the language of the uprising do so only because there is so little consistent content. The amorphous 'programme for Mexico' is either reformist or naively open to reformist manipulation. The real process is the reorganisation of the Indians' lives and communities. It is Zapatismo's revolutionary practice within Chiapas that is the real inspiration for the rebel against capitalism.

Conclusion

The EZLN has at its heart the confrontation between Indian traditions of rebellion and self-organisation, the influence of the militant Church, and the Guevarist-inspired model of guerrilla war against the state. This model, in its most successful phase of the early 1990s, fused with, but was not overcome by, the Indian tradition. The failure of the January 1994 uprising forced the EZLN to change its ideas and to an extent challenged its very organisational forms. Out of the crisis came both a commitment to a gradualist democratic change for Mexico and a deep confusion as to the future for the autonomous municipalities. The uprising had however expelled the influence of the PRI and hacendados from many areas of Los Altos, and the Zapatista villages set about reclaiming land and reorganising their communities with enthusiasm. It is likely that a cadre still exists in the highlands, though they are not separate from, but rather a part of, the communities in struggle. The cadre role, however informal, along with that of specialised negotiators and mediators, is part of Zapatismo - roles which would obviously be overcome in a more radical social movement.

The Zapatistas are on the margins of a highly industrialised nation. Not proletarian, yet not entirely peasant, their political ideas are riven with contradictions. We reject the academics' argument of Zapatismo's centrality as the new revolutionary subject, just as we reject the assertions of the 'ultra-left' that because the Zapatistas do not have a communist programme they are simply complicit with capital. However we are keen not to fall into the orthodox Marxist trap of dismissing this struggle as an unimportant peasant uprising. The Zapatistas may be marginal but we cannot deny them their revolutionary subjectivity.

Instead we see the Zapatistas as a moment in the struggle to replace the reified community of capital with the real human community. Their battle for land against the rancheros and latifundistas reminds us of aspects of capital's violent stage of primitive accumulation, which, for billions, still continues - reminds us, in other words, of capital's (permanent) transitions rather than its apparent permanence.

In their exclusion of caciques, PRIists and alcohol we see a rejection of the state as it affects them, and in the new confidence of the armed Indians we see its replacement with...
self-organisation. A crucial part of this self-definition is their refusal to lay down their guns, following in the best tradition of the original Zapatistas, and their refusal to allow state forces into their areas. By so doing they have avoided the possibility of recuperation by the PRI - the fate of so many worker, peasant and student struggles in twentieth century Mexico.

Moreover the racism which has done so much to bond this organised expression of class struggle has not been transformed into Indian nationalism, unlike the Black Power movements of 1970s America. Instead we see communication with Mexico and the rest of the world. The visiting delegations of striking UNAM students and electristas, the Consulta and the Encuentros - all are attempts to generalise their experience of struggle. In these moments of generalisation, in the self-activity of the autonomous municipalities, we perceive the beginnings of a new world within the old.

Postscript: September 2000:
Mexico and the Fall of the PRI

After seventy-one years the PRI has lost the Presidency and with it national power in Mexico. Despite getting up to all their old tricks in the run-up to the July 2nd poll - the Michoacan governor was caught plotting to divert state funds into election bribes, and in the state of Quintana Roo the PRI were even giving away free washing-machines - and despite the fact that the much heralded independent Federal Electoral Institute was controlled by the party-state, Vicente Fox, the leader of the PAN received 43% of the vote. The shock came in the PRI conceding defeat so swiftly. This time around, they lacked the political stomach for arranging the vast fraud needed to switch defeat to victory.

Why did the PRI lose? The simple answer is corruption. After so many years of institutionalised venality the electorate finally found a sturdy enough opposition bandwagon upon which to jump. On a broader level, it is now apparent just how far the PRI's traditional networks of power were undermined by the economic restructuring - and particularly the privatisations - of the 1980s and 90s. Their irony is that, having propelled Mexico out of its old economic protectionism, they themselves have not survived the transition. Just as the Porfirato was compelled eventually to assault its own social base in the years before the Revolution, so the PRI through its economic reforms has attacked its social base - the peasants and the working class. What future now for the PRI? With command over such large resources they are far from finished. But the splits were evident from the very first morning of defeat. There could now be an official divorce between the dinosaur wing and the technocrats. The dinosaurs, desperate to recapture their traditional constituency may veer headlong back into old-fashioned social democracy - an unpalatable alliance with the PRD could be on the cards. Meanwhile the technocrats, who side naturally with the PAN, will wish to see their party reinvented along Western lines. A split with the social democrats would be in their interests, so long as the left-wing do not take too much of the organisation with them. Alternatively, a clear split could fail to emerge and the whole party could collapse in on itself. Whatever happens, it will be messy and protracted.
What was the USSR?
Towards a Theory of the Deformation of Value
Part IV

Introduction
The problem of determining the nature of the USSR was that it exhibited two contradictory aspects. On the one hand, the USSR appeared to have characteristics that were strikingly similar to those of the actually existing capitalist societies of the West. Thus, for example, the vast majority of the population of the USSR was dependent for their livelihoods on wage-labour. Rapid industrialisation and the forced collectivisation of agriculture under Stalin had led to the break up of traditional communities and the emergence of a mass industrialised society made up of atomised individuals and families. While the overriding aim of the economic system was the maximisation of economic growth.

On the other hand, the USSR diverged markedly from the laissez-faire capitalism that had been analysed by Marx. The economy of the USSR was not made up of competing privately owned enterprises regulated through the 'invisible hand' of the market. On the contrary, all the principal means of production were state owned and the economy was consciously regulated through centralised planning. As a consequence, there was neither the sharp differentiation between the economic nor the political nor was there a distinct civil society that existed between family and state. Finally economic growth was not driven by the profit motive but directly by the need to expand the mass of use-values to meet the needs of both the state and the population as a whole.

As a consequence, any theory that the USSR was essentially a capitalist form of society must be able to explain this contradictory appearance of the USSR. Firstly, it must show how the dominant social relations that arose in the peculiar historical circumstance of the USSR were essentially capitalist social relations: and to this extent the theory must be grounded in a value-analysis of the Soviet Union. Secondly it must show how these social relations emerged out of the Communist Left following the Russian Revolution that came to argue that the USSR was basically a variety of capitalism includes 'anarchism, council communism, "impossibilism"', many types of Leninism (including Bordigism, Maoism and a number arising out of Trotskyism), libertarian socialism, Marxist-Humanism, Menshevism, the Situationist International and social democracy. Some might also question why, of our previous parts, only one dealt with (state-)capitalist theories outside Trotskyism. Yet what is striking in looking at these alternatives is that none dealt adequately with the 'orthodox Marxist' criticisms coming from Trotskyism. If Trotskyism itself has been politically bankrupt in its relation to both Stalinism and social democracy - and this is not unrelated to its refusal to accept the USSR was capitalist - at a certain theoretical level it still posed a challenge. We restate the issues at stake in the first few pages below.

While fragmented ideological conceptions satisfy the needs of the bourgeoisie, the proletariat must acquire theory: the practical truth necessary for its universal task of self-abolition which at the same time abolishes class society. Clearing some of the bullshit and clarifying issues around one of the central obstacles to human emancipation that the 20th century has thrown up, namely the complicity of the label 'capitalism', may help the next century have done with the capitalist mode of production once and for all.

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However, there have been a number of attempts to show that, despite appearances to the contrary, the dominant social relations of the USSR were essentially capitalist in nature.

Of course, any theory that the USSR was in some sense capitalist must reject the vulgar interpretation of orthodox Marxism which simply sees capitalism as a profit driven system based on private property and the 'anarchy of the market'. The essence of capitalism is the dominance of the social relations of capital. But what is capital? From Marx it can be argued that capital is essentially the self-expansion of alienated labour: the creative and productive powers of human activity that becomes an alien force that subsumes human will and needs to its own autonomous expansion.

Yet the alienation of labour presupposes wage-labour which itself presupposes the separation of the direct producers from both the means of production and the means of subsistence. Of course, in the 'classical form' of capitalism private property is the institutional means through which the direct producers are separated from both the means of production and the means of subsistence. The class of capitalists owns both the means of production and the means of subsistence in the form of the private property of each individual capitalist. In confronting the private property of each individual capitalist the worker finds himself excluded from access to the means through he can either directly or indirectly satisfy his needs. As a consequence he is obliged to sell his labour-power to one capitalist so that he can then buy his means of subsistence from another. Yet in selling their labour-power to capitalists the working class produce their future means of subsistence and their future means of production as the private property of the capital class. In doing so they end up reproducing the relation of capital and wage-labour.

Yet this social relation is not fundamentally altered with the institution of the state ownership of both the means of production and the means of subsistence. Of course the Stalinist apologists would claim that the state ownership of means of production meant the ownership of by the entire population. But this was quite clearly a legal formality. The Soviet working class no more owned and controlled their factories than British workers owned British Steel, British Coal or British Leyland in the days the nationalised industries. State ownership, whether in Russia or elsewhere, was merely a specific institutional form through which the working class was excluded from both the means of production and the means of subsistence and therefore obliged to sell their labour-power.

In selling their labour-power to the various state enterprises the Russian workers did not work to produce for their own needs but worked in exchange for wages. Thus in a very real sense they alienated their labour and hence produced capital. Instead of selling their labour-power to capital in the form of a private capitalist enterprise, the Russian working class simply sold their labour-power to capital in the form of the state owned enterprise.

Whereas in the 'classical form' of capitalism the capitalist class is constituted through the private ownership of the means of production, in the USSR the capitalist class was constituted through the state and as such collectively owned and controlled the means of production.
for the plan and thus products did not really assume the form of commodities.

Secondly, since there was no real commodity exchange, but simply a planned transfer of products, there could be no real money in USSR. While money certainly existed and was used in transactions it did not by any means have the full functions that money has under capitalism. Money principally functioned as a unit of account. Unlike money under capitalism, which as the universal equivalent was both necessary and sufficient to buy anything, in the USSR money may have been necessary to buy certain things but was often very far from being sufficient. As the long queues and shortages testified, what was needed in USSR to obtain things was not just money but also time or influence.

Thirdly, there were the forms of profit and interest. Under capitalism profit serves as the driving force that propels the expansion of the economic system, while interest ensures the efficient allocation of capital to the most profitable sectors and industries. In the USSR the forms of profit and interest existed but they were for the most part accounting devices. Production was no more production for profit than it was production for exchange. Indeed the expansion of the economic system was driven by the central plan that set specific targets for the production of use-values not values.

Finally and perhaps most importantly we come to the form of wages. To the extent that Trotskyist theorists reject the Stalinist notion that the Russian working class were co-owners of the state enterprises, they are obliged to accept that the direct producers were separated from both their means of subsistence and the means of production. However, in the absence of general commodity production it is argued that the Russian worker was unable to sell his labour-power as a commodity. Firstly, because the worker was not ‘free’ to sell his labour power to who ever he chose and secondly because the money wage could not be freely transformed into commodities. As a consequence, although the workers in the USSR were nominally paid wages, in reality such wages were little more than pensions or rations that bore scant relation to the labour performed. The position of the worker was more like that of a serf or slave tied to a specific means of production that a ‘free’ wage worker.

We shall return to consider this question of ‘empty capitalist forms’ later. What is important at present is to see how the Trotskyist approach is able to ground the contradictory appearance of the USSR as both capitalist and non-capitalist in terms of their idea of the transition from capitalism to socialism. To this extent the Trotskyist approach has the advantage over most state capitalist theories that are unable to adequately account for the non-capitalist aspects of the USSR. This failure to grasp the non-capitalist aspects of the USSR has been exposed in the light of the decay and final collapse of the USSR.

### Capitalist crisis and the collapse of the USSR

One of the most striking features of the capitalist mode of production is its crisis ridden course of development. Capitalism has brought about an unprecedented development of the productive forces, yet such development has been repeatedly punctuated by crises of overproduction.

The sheer waste that such crises could involve had become clearly apparent in the great depression of the 1930s. On the one side millions of workers in the industrialised countries had been plunged into poverty by mass unemployment while on the other side stood idle factories that had previously served as a means to feed and clothe these workers. In contrast, at that time Stalinist Russia was undergoing a process of rapid, and apparently crisis free, industrialisation that was to transform the USSR from a predominantly agrarian economy into a major industrial and military power.

In the 1930s and the decades that followed, even bourgeois observers had come to accept the view that the Stalinist system of centralised planning had overcome the problem of economic crisis and was at least in economic terms an advance over free market capitalism. The only question that remained for such observers was whether the cost in bourgeois freedom that the Stalinist system seemed to imply was worth the economic gains of a rationally planned economy.

While it became increasingly difficult for Trotskyists to defend the notion that the USSR was a degenerated workers state on the grounds that the working class was in any sense in power, the USSR could still be defended as being progressive in that it was able to develop the forces of production faster than capitalism. To the extent that the rapid development of the forces of production was creating the material conditions for socialism then the USSR could still be seen as being in the long term interests of the working class.

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5 One state capitalist theory that accepted that ‘profit’ as it appeared on the surface of Soviet society was not profit in a Marxian sense was that developed by Raya Dunayevskaya. In pioneering work in the late 1930s early ‘40s, she undertook a functional analysis of the cycle of capital accumulation as it actually took place in the USSR. She saw that the role of the ‘turnover tax’ on consumer goods gave an entirely fictitious profit to light industries, but this was merely the medium through which the state, not the industry, siphons off anything “extra” it gave the worker by means of wages. And this is why this “profit” attracts neither capital nor the individual agents of capital. However, as she points out, even in classical capitalism, ‘the individual agent of capital has at no time realized directly the surplus value extracted in his particular factory. He has participated in the distribution of national surplus value, to the extent that his individual capital was able to exert pressure on this aggregate capital. This pressure in Russia is exerted, not through competition, but state planning.’ (Dunayevskaya, ‘The nature of the Russian economy’ in The Marxist-Humanist Theory of State-Capitalism, Chicago, News & Letters, 1992). However, despite this recognition that in terms of ‘profit’ one had to see through the discourse of the Russian economists to the reality, she took their admission in 1943 that the ‘law of value’ did operate in the USSR at face value as, for her, an admission that it was state capitalist. She thus saw no reason to take theoretical analysis of the situation any further.

8 Of course, the USSR was having a different kind of crisis based on difficulties, in the absence of unemployment, in imposing labour-discipline which led to more and more use of terror against both the working class and even managers. See the Ticktin-influenced history of this period Soviet Workers and Stalinist Industrialization: The Formation of Modern System of Soviet Production Relations, 1928-1941 (D. Filtzer, 1986, London, Pluto).
Many of the state capitalist theorists shared this common view that the USSR was an advance over the free market capitalism of the West. While they may have disagreed with the Trotskyist notion that the Russian Revolution had led to a break with capitalism they still accepted that by leading to the eventual introduction of a predominantly state capitalist economy it had marked an advance not only over pre-Revolutionary Russia but also over Western capitalism.

This view seemed to be confirmed by the post Second World War development in Western capitalism. The emergence of Keynesian demand management, widespread nationalisation of key industries, indicative planning and the introduction of the welfare state all seemed to indicate an evolution towards the form of state capitalism. For many bourgeois as well as Marxist theorists of the 1950s and 1960s there was developing a convergence between the West and the East as the state increasingly came to regulate the economy. For Socialism or Barbarism there was emerging what they termed a ‘bureaucratic capitalism’ that had overcome the problems of economic crisis.

As we noted in Part III, Mattick as one of the leading state capitalist theorists of the German left, rejected the claims that Keynesianism had resolved the contradictions of capitalism. Yet nevertheless he took the claims that the USSR had itself resolved the problems of economic crisis through rational planning at face value.

However, as we saw in Part II, by the 1970s it had become increasingly clear that the USSR had entered a period of chronic economic stagnation. By the time of the collapse of the USSR in 1990 only the most hard line Stalinist could deny that the USSR had been a bureaucratic nightmare that involved enormous economic waste and inefficiency.

State capitalist theories have so far proved unable to explain the peculiar nature of the fundamental contradictions of the USSR that led to its chronic stagnation and eventual downfall. If the USSR was simply a form of capitalism then the crisis theories of capitalism should be in some way applicable to the crisis in the USSR. But attempts to explain the economic problems of the USSR simply in terms of the falling rate and profit, overproduction and other standard versions of Marxian crisis theory have failed to explain the specific features of the economic problems that beset the USSR. The USSR did not experience acute crises of overproduction but rather problems of systematic waste and chronic economic stagnation, none of which can be explained by the standard theories of capitalist crisis.

As a consequence of this limitation of state capitalist theories, perhaps rather ironically, the most persuasive explanation of the downfall of the USSR has not arisen from those traditions that had most consistently opposed the Soviet Union, and which had given rise to the theories that Soviet Union was a form of State Capitalism, but from the Trotskyist tradition that had given the USSR its critical support. As we saw in Part II, it has been Ticktin that has given the most plausible explanation and description of the decline and fall of the USSR. Although in developing his theory of the USSR Ticktin was obliged to ditch the notion that the USSR remained a degenerated workers state, he held on to the crucial Trotskyist notion that the Soviet Union was in a transitional stage between capitalism and socialism. For Ticktin, Russia’s transition to socialism was part of the global transition from capitalism to socialism. With the failure of the world revolution following the First World War Russia was left in isolation and was unable to complete the transition to socialism. As a consequence, the USSR became stuck in a half-way position between capitalism and socialism. The USSR subsequently degenerated into a ‘non-mode of production’. While it ceased to be regulated by the ‘law of value’ it could not adequately be regulated through what he, following Preobrazhensky, called the ‘law of planning’ without the participation of the working class.

As we saw in Part II, for Ticktin, the present epoch was that of the decline of capitalism and the transition to socialism that was marked by the rise of the Law of Planning and the decline of the Law of Value. As such, the Russian Revolution, and the subsequent establishment of the USSR, was the first but failed attempt to make the transition to socialism. However, as we also saw while his analysis is perhaps the most plausible explanation that has been offered for the decline and fall of the USSR it has important failings. As we have argued, despite twenty years and numerous articles developing his analysis of the USSR, Ticktin has been unable to develop a systematic and coherent methodological exposition of his theory of the Soviet Union as a non-mode production. Instead Ticktin is obliged to take up a number of false starts each of which, while often offering important insights into the nature and functioning of the USSR, runs into problems in its efforts to show that the Soviet Union was in some sense in transition to socialism. Indeed, he is unable to adequately explain the persistence and function of capitalist categories in the USSR.

If we are to develop an alternative to Ticktin’s theory which is rooted in the tradition that has consistently seen the USSR as being capitalist it is necessary that we are able to explain the non-capitalist aspects of the USSR that previous state capitalist theories have failed to do. To do this we propose to follow Ticktin and consider the USSR as a transitional social formation, but, following the...

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Footnotes:
7 At the height of tripartite corporatism in the 1960s, attempts were made by governments in Western Europe to co-ordinate investment plans of the major companies that dominated the national economy along with state investments and wage demands in order to maximise capital accumulation. This was known as indicative planning.
8 One possible exception is Chattopadhyay’s *The Marxisan Concept of Capital and the Soviet Experience* (Westport CT, Praeger, 1994). In his analysis, the specific capitalist development in the USSR (which he does not label state capitalist) was unable to effectively make the shift from extensive accumulation based on absolute surplus value to intensive accumulation based on relative surplus value and the real subordination of labour. To expand, it thus relied on drawing ever more workers and raw materials into production on the existing basis; it could not make the shift to the constant revolutionising of the relations and forces of production that intensive accumulation demanded.
9 An important issue for previous theories has been whether the USSR should be seen as ‘state capitalist’ or, as with Bordiga for example, simply as ‘capitalist’. We shall argue below for a reconsideration of the meaning of ‘state capitalism’ that makes this issue redundant.
insights of Bordiga and the Italian Left, we do not propose to grasp the USSR as having been in transition from capitalism, but as a social formation in transition to capitalism. But before we can do this we must first consider the particular nature of the form of state capitalism.

The Historical Significance of State Capitalism

Within the traditional Marxism of both the Second and Third Internationals state capitalism is viewed as the highest form of capitalism. As Marx argued, the prevalent tendency within the development of capitalism is both the concentration and centralisation of capital. As capital is accumulated in ever larger amounts the weak capitals are driven out by the strong. Capital becomes centralised into fewer and fewer hands as in each industry the competition between many small capitals becomes replaced by the monopoly of a few.

By the end of the nineteenth century the theorists of the Second International had begun to argue that this tendency had gone so far that the competitive *laissez-faire* capitalism that Marx had analysed in the mid-nineteenth century was giving way to a monopolistic capitalism in which the key industries were dominated by national monopolistic corporations or price-fixing cartels. It was argued that the development of such monopolies and cartels meant that the law of value was in decline. Output and prices were now increasingly being planned by the monopolies and cartels rather than emerging spontaneously from the anarchy of a competitive market.

Furthermore it was argued that in order to mobilise the huge amounts of capital now necessary to finance large scale productive investments in leading sectors such as the steel, coal and rail industries, industrial capital had begun to ally, and then increasingly fuse, with banking capital to form what the leading economic theorist Hilferding termed finance capital. Within finance capital the huge national monopolies in each industry were united with each other forming huge national conglomerates with interests in all the strategic sectors of the economy. The logical outcome of this process was for the centralisation of finance capital to proceed to the point where there was only one conglomerate that owned and controlled all the important industries in the national economy.

However, the growth of finance capital also went hand in hand with the growing economic importance of the state. On an international scale the development of finance capital within each nation state led to international competition increasingly becoming politicised as each state championed the interests of its own national capitals by military force if necessary. Against rival imperial powers each state had begun to carve out empires and spheres of influence across the globe to ensure privileged access to markets and raw materials necessary to its domestic capital. At the same time the development of huge monopolies and finance capital forced the state to take a far more active role in regulating the economy and arbitrating between the conflicting economic interests that could no longer be mediated through the free operation of competitive markets.

As a consequence, the development of finance capital implied not only a fusion between industrial and banking capital but also a fusion between capital and the state. Capitalism was remorselessly developing into a state capitalism in which there would be but one capital that would dominate the entire nation and be run by the state in the interests of the capitalist class as a whole. For the theorists of the Second International it was this very tendency towards state capitalism that provided the basis of socialism. With the development of state capitalism all that would be needed was the seizure of the state by the working class. All the mechanisms for running the national economy would then be in the hands of the workers' government who could then run the economy in the interests of the working class rather than a small group of capitalists.

But this notion that state capitalism was the culmination of the historical development of capitalism, and hence that it was capitalism's highest stage, arose out of the specific conditions and experience of Germany at the end of the nineteenth century. Germany's rapid industrialisation following its unification in 1866 had meant that by the end of the nineteenth century it was seriously challenging Britain as Europe's foremost economic power. At the same time the rapid emergence of an industrial proletariat had given rise to the German Social Democratic Party which was not only the first but also the largest and most important mass workers' party in the world and as such dominated the Second International. It is perhaps no surprise then that the Marxist theorists of the Second International, whether German or not, should look to Germany. But their generalisation of the development of capitalism of Germany to a universal law was to prove an important error.

This error becomes clear if we consider the other two leading capitalist powers at the end of the nineteenth century: Britain and the USA. While Britain had been the leading capitalist power throughout the century, the USA, along with Germany, was by now rapidly overtaking Britain in economic development. Of course, in both Britain and the USA capitalist development had seen the prevalence of the tendency of the centralisation and concentration of capital that was to lead to the growth of huge corporations and monopolies. Furthermore, partly as a result of such a concentration and centralisation of capital, and partly as a result of the class conflict that accompanied it, in Britain and the USA the state was to take on increasing responsibilities in managing the economy in the twentieth century. However, neither at the end of the nineteenth century nor subsequently in the twentieth century was there a fusion between banking and industrial capital or a fusion between the state and capital on any scale comparable that which could be identified in Germany.

The international orientation of British capital that had become further consolidated with the emergence of the British Empire in the late nineteenth century, meant there was little pressure for the emergence of finance capital in Hilferding's sense. British industrial capital had long established markets across the world and was under little pressure to consolidate national markets through the construction of cartels or national monopolies.

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Equally British banking capital was centred on managing international flows of capital and investing abroad and was far from inclined to make the long term commitments necessary for a merger with industrial capital. British industrial capital raised finance principally through the stock market or through retained profits not through the banks as its German counterparts did. While the British state pursued an imperial policy that sought to protect the markets and sources of raw materials for British capital, it stopped short there. The British State made little effort to promote the development of British capital through direct state intervention since in most sectors British capital still retained a commanding competitive advantage.

In the USA the concentration of banking capital was restricted. As a consequence there could be no fusion between large scale banking capital and large scale industrial capital. As a continental economy there was far more room for expansion in the USA before capitals in particular industries reached a monopolistic stage and when they did reach this stage they often faced anti-trust legislation. Furthermore, the relative geo-economic isolation of the USA meant that protectionist measures were sufficient to promote the development of American industry. There was little need for the US government to go beyond imposing tariffs on foreign imports in order to encourage the development of domestic industry. As a consequence there was not only no basis for the fusion of industrial and banking capital but there was also little basis for the fusion of the state with capital.

In the twentieth century it was the USA, not Germany, that took over from Britain as the hegemonic economic power. While it is true that the tendency towards the concentration and centralisation of capital has continued in the USA, that both state regulation and state spending has steadily increased, and that with the emergence of the industrial-military complex there have grown increasing links between the state and certain sectors of industry, the USA, the most advanced capitalist power, can hardly be designated as having a state capitalist political-economy. Indeed, with the rise of global finance capital and the retreat of the autonomy of the nation state, the notion that state capitalism is the highest stage of capitalism has become increasingly untenable.

If state capitalism is not the highest stage of capitalism as was argued by the theorists of the Second and Third Internationals then what was its historical significance? To answer this we must first of all briefly consider the particular development of industrial capitalism in Germany which provided the material conditions out of which this notion first arose.

**Germany and the conditions of late industrialisation**

As Marx recognised, Britain provided the classic case for the development of industrial capitalism. After nearly four centuries of evolution, the development of capitalist agriculture and handicraft manufacture on behalf of mercantile capital had created the essential preconditions for the emergence of industrial capitalism in Britain by the end of the eighteenth century. Centuries of enclosures had dispossessed the British peasantry and created a large pool of potential proletarians. At the same time primitive accumulation had concentrated wealth in the hands of an emerging bourgeoisie and embourgeoisified gentry who were both willing and able to invest it as capital.

The early decades of the nineteenth century saw the rapid industrialisation and urbanisation of Britain. By the mid-nineteenth century Britain had established itself as the 'workshop of the world'. Britain's manufacturers flooded the world markets, particularly those of Europe. The development of the factory system and the subsequent application of steam power meant that the products of British industry were far cheaper than those of European industries that were for the most part still based on handicraft production.

As a consequence much of the proto-industrial craft production that had grown up across Europe during the previous two centuries faced ruin from British industrial production. Whereas in Britain the emergence of industrial capitalism had seen a retreat in the role of the state and the emergence of *laissez-faire*, on the continent the ruinous competition of British industry forced the European states to take measures to protect and foster domestic industry. Indeed British economic competition meant there was no option for the gradual evolution into capitalism. On the contrary the European ruling classes had to industrialise or be left behind. If the domestic bourgeoisie proved to weak too carry out industrialisation then the state had to carry out its historical mission for it.

The 1870s marked a crucial turning point in the development of the formation of the world capitalist economy, particularly in Europe. The period 1870-1900 saw a second stage in industrialisation that was to divide the world between a core of advanced industrialised countries and periphery of underdeveloped countries. A division that for the most part still exists today.

The first stage of industrialisation that had begun in Britain in the late eighteenth century, and which had been centred on the textile industries, had arisen out of handicraft and artisanal industry that had grown up in the previous manufacturing period. The machinery that was used to mechanise production was for the most part simply a multiplication and elaboration of the hand tools that had been used in handicraft production and were themselves the product of handicraft production. At the same time the quantum of money-capital necessary to set up in production was relatively small and was well within the compass of middle class family fortunes.

The second stage of industrialisation that emerged in the final decades of the nineteenth century was centred around large scale steel production, and heavy engineering. Industrial production now presupposed industrial production. Industrial machinery was now no longer the product of handicraft production but was itself the product
of industrial production. Industrial means of production had grown dramatically in scale and in cost. The quantum of capital necessary to set up in production was now often well beyond the pockets of even the richest of individuals. Money-capital had to be concentrated through the development of joint-stock companies and banks.

In Britain, and perhaps to a lesser extent France, the period of early industrialisation had created the presuppositions for the future industrialisation of the second stage. An industrial base had already been established while the accumulation of capital and the development of the financial institutions provide the mass of money capital necessary for further industrialisation. In contrast the division of Germany into petty-statelets that was only finally overcome with its unification in 1866 had retarded the development of industrial capital. As a consequence, Germany had to summon up out of almost nothing the preconditions for the second stage of industrialisation if it was not to fall irrevocably behind. This required a forced concentration of national capital and the active intervention of the state.

This was further compounded by Germany’s late entrance into the race to divide up the world. The new industries that began to emerge in the late nineteenth century demanded a wide range of raw materials that could only be obtained outside of Europe. To secure supplies of these raw materials a race developed to divide up the world and this led to the establishment of the vast French and British Empires of the late nineteenth century. Excluded from much of the world, German capital found itself compressed within the narrow national confines of Germany and its immediate eastern European hinterland.

It was this forced concentration and centralisation of German capital and its confinement within the narrow national boundaries of Germany and eastern Europe that can be seen as the basis for the tendencies towards the fusion both between industrial and banking capital and between the state and capital that were peculiar to Germany at the end of the nineteenth century. As such the tendency towards state capitalism that was identified by the theorists of the Second International owed more to Germany’s late industrialisation than to any universally applicable tendency towards state capitalism. Indeed, as the twentieth century has shown, in those economies that have managed to overcome the huge disadvantages of late industrialisation - such as Japan and more recently the ‘Newly Industrialising Countries’ (NICs) such as South Korea, Taiwan, Indonesia, Brazil and Mexico - state-led development has played a crucial part in their success.10

However, state capitalism only remained a tendency in Germany. In the USSR the fusion of the state and capital can be seen to have been fully realised. We must therefore turn to consider the case of the late development of Russia.

Russia and late development

As we saw in Part I, the Russian autocracy had made repeated efforts to ‘modernise’ and ‘industrialise’ the Russian economy. With the abolition of serfdom in 1866 and the introduction of the Stolypin agrarian reforms in the early 1900s the Tsarist Governments had sought to foster the growth of capitalist agriculture. At the same time the Tsarist regime encouraged foreign investment in the most modern plant and machinery.

However, the Tsarist efforts to modernise and industrialise the Russian Empire were tempered by the danger that such modernisation and industrialisation would unleash social forces that would undermine the traditional social and political relations upon which the Russian imperial autocracy was founded. Indeed, the prime motive for promoting the industrialisation of the Russian Empire was the need for an industrial basis for the continued military strength of the Russian Empire. As military strength increasingly depended on industrially produced weapons then it became increasingly important for the Russian State to industrialise.

As a consequence, the industrialisation of pre-Revolutionary Russia was narrowly based on the needs of military accumulation. While Russia came to possess some of the most advanced factories in the world the vast bulk of the Russian population was still employed in subsistence or petty-commodity producing agriculture. It was this economic structure, in which a small islands of large scale capitalist production existed in a sea of a predominantly backward pre-capitalist agriculture, that the Bolsheviks inherited in the wake of the October Revolution.

The Russian Revolution of 1917 was a dual revolution. On the one hand it was a proletarian revolution. It was the urban working class that brought down the Tsarist regime in February, defeated the Kornilov’s counter-revolution in August and then, through the political form of the Bolshevik Party, seized political power in October. Yet although the Russian proletariat, in alliance with the peasantry, succeeded in sweeping away the Tsarist autocracy, and uprooting the semi-feudal aristocratic ruling class on which it rested, the proletarian revolution was ultimately defeated.

The Russian proletariat failed to go beyond the situation of dual power in the streets and the factories that had arisen during the period between the February and October Revolution. Unable to take over and directly transform the social relations of production, the contradictions involved in the situation of dual power were resolved in favour of nationalisation rather than the communisation of the means of production. The consequences of which soon became clear with the re-

10 In the case of the NICs, this success has been relative. As recently seen with the Asian crisis, their development is still subsidiary to that of the more advanced capitalist countries.
introduction of Taylorism and the re-imposition of one man management in the Spring of 1918.

The Bolshevik Party, which had been the political form through which the Russian proletariat had triumphed, then became the form through which it suffered its defeat. The Leninists could only save the revolution by defeating it. The emergency measures employed to defend the gains of the revolution - the crushing of political opposition, the re-employment of Tsarist officials, the re-imposition of capitalist production methods and incentives etc, only served to break the real power of the Russian working class and open up the gap between the 'workers' Government' and the workers. This process was to become further consolidated with the decimation of the revolutionary Russian proletariat during the three years of civil war.

Yet, on the other hand, while the Russian Revolution can be seen as a failed proletarian revolution it can also be seen as a partially successful 'national bourgeois' revolution. A national bourgeois revolution, neither in the sense that it was led by a self-conscious Russian bourgeoisie, nor in the sense that it served to forge a self-conscious Russian bourgeoisie, but in the sense that by sweeping away the Tsarist Absolutist State it opened the way for the full development of a Russian capitalism.

In the absence of the Russian Revolution, Russia would have probably gone the way of the Austrian-Hungarian Empire. The Russian Empire would have been broken up in the face of international competition. The more advanced parts may have then been re-integrated within the orbit of European capitalism, while the rest would have been dumped in the economically underdeveloped world. However, the Russian Revolution had forged a strong state that, unlike the previous Tsarist regime, was able to fully develop the forces of production.

In the backward conditions that prevailed in Russia, capitalist economic development could only have been carried out through the forced development of the productive forces directed by the concentrated and centralised direction and power of the state. It was only through state-led capitalist development that both the internal and external constraints that blocked the development of Russian capitalism could be overcome.

In Russia, the only way to industrialise - and hence make the transition to a self-sustaining capitalist economy - was through the fusion of state and capital - that is through the full realisation of state capitalism. Yet to understand this we must briefly consider the external and internal constraints that had blocked the capitalist development of Russia at the beginning of the twentieth century.

Underdevelopment

In the Communist Manifesto Marx remarks:

The bourgeoisie, by the rapid improvement of all instruments of production, by the immensely facilitated means of communication, draws all, even the most barbarian, nations into civilisation. The cheap prices of its commodities are the heavy artillery with which it batters down all Chinese walls, with which it forces the barbarians' intensely obstinate hatred of foreigners to capitulate. It compels all nations, on pain of extinction, to adopt the bourgeois mode of production; it compels them to introduce what it calls civilisation into their midst i.e., to become bourgeois themselves. In one word, it creates a world after its own image.\(^{11}\)

Of course, capital’s inherent tendency to reproduce itself on an ever greater scale has led to the relentless geographical expansion of capitalism to the point where its has long since encompassed the entire globe. However, this process has been a highly uneven one. The concentration and centralisation of capital that has led to rapid capitalist development in one region of the world has presupposed the plunder and underdevelopment of other regions of the world.

As we have already noted, in the late nineteenth century the development of industrial capitalism in Western Europe and North America imposed an international division of labour that still divides the world a hundred years later. The economic relations that served to promote the rapid accumulation of capital in the ‘core’ of world capitalism at the same time served to block the full development of industrial capitalism in the periphery of world capitalism. To this extent world capitalism became polarised.

In this process of polarisation Russia found itself in a peculiar position. On the one hand, as the impact of industrial capitalism spread eastwards across Europe from Britain, Russia was the last European country to confront the need to industrialise. As such it was the last of the late European industrialisers. On the other hand, Russia can be seen as the first of the non-western countries that sought to resist the impact of underdevelopment.

To understand this peculiar position that Russia found itself in at the beginning of the twentieth century, and how it shaped the transition to capitalism in Russia, we must briefly consider the question of underdevelopment.

Mercantile capital and industrial capitalism

Capitalism, or more precisely the capitalist mode of production, only becomes established with the emergence of industrial capital. It is only when capital takes full possession of the means of production and transforms them in accordance with its own needs that capitalism becomes a self-sustaining economic system that can dominate society. However, where ever there has been the widespread use of money arising from the exchange of commodities capital has emerged in the distinct form of mercantile capital.

Mercantile capital has had an independent existence since the early period of antiquity. However, in pre-capitalist modes of production it has been ultimately parasitic. Mercantile capital is driven by profit. Yet it is a profit not based on the direct expropriation of surplus-value but on unequal exchange - buying cheap in order to sell dear. Mercantile capital was therefore always ultimately dependent on the predominant means of surplus extraction in any particular society.

Following the crisis in European feudalism in the fourteenth century and the subsequent emergence of the world market in the sixteenth century mercantile capital came in to its own and began to rapidly expand it influence. As such it had two contradictory effects. On the one side, mercantile capital brought with it an increase in the production and circulation of money and commodities and in doing so served to undermine the traditional pre-
capitalist social relations. To this extent it prepared one of the essential preconditions for the development of the capitalist mode of production - the creation of an economy based on generalised commodity exchange. On the other side, insofar as mercantile capital remained dependent on the traditional structures of society, it became a conservative force that blocked the development of an industrial capitalism.

Mercantile capital had grown up hand in hand with the development of the Absolutist State. In order to free itself from the feudal nobility, the Absolutist State was increasingly dependent on loans and money taxes that had become possible with the monetisation of the feudal economy that was being brought about by the rise of mercantile capital. Yet, while the absolute monarchy was dependent on merchants and their bankers for loans and taxes, they in turn were dependent on the state for the defence of their monopolies and access to foreign markets.

However, although there was a certain symbiosis in the development of the Absolutist State and mercantile capital, the Absolute State was careful to contain the development of mercantile capital. The excessive development of mercantile capital always threatened to undermine the existing social order on which the Absolutist State rested as traditional relations of authority were replaced by the cynical and impersonal relations of the market. Thus while the state encouraged merchants to profit at the expense of foreigners they were far less inclined to allow such profiteering to cause social discord at home. Hence the Absolutist State was keen to intervene to regulate trade, not only to protect the monopoly positions of the favoured merchants, but also to maintain social peace and stability.

In order to secure its sources of supply mercantile capital had from an early stage involved itself in production. To this extent the development of commerce led to the development of industry and commodity production. However, for the most part mercantile capital only formally subsumed production, leaving unaltered the traditional craft based methods of production.

In the late eighteenth century, however, industrial capital came into its own with the rise of factory production and the application of steam powered machinery. Industrial capital directly expropriated surplus-value through its domination of the production process. As such it had no need for the privileges bestowed by the state on merchant capital in order to make a profit. Indeed such privileges and monopolies became a block to industrial capital's own self-expansion. Under the banners of liberty and laissez-faire the industrial bourgeoisie increasingly came into conflict with the conservatism of mercantile capital and the established ruling classes that it upheld.

In the course of the nineteenth century industrial capital triumphed in Western Europe over mercantile capital and its aristocratic allies. As a consequence, mercantile capital became subordinated to industrial capital. It became merely a distinct moment in the circuit of industrial capital; dealing in the sale and distribution of commodities produced by industrial capital. The profits of mercantile capital no longer came to depend on state privileges but derived from the surplus-value produced by industrial capital in production. However, although mercantile capital became integrated with industrial capital in Western Europe its relation to industrial capital in other parts of the world was different.

From the sixteenth century mercantile capital had come to encompass the entire world. However, while in Europe the corrosive effects of mercantile capital on the established social order had been held in check by the state, in much of the rest of the world its impact had been devastating:

In America and Australia whole civilisations were wiped out; West Africa was reduced to a slave market and no society escaped without being reduced to a corrupt parody of its former self.12

The conditions created by mercantile capital in these parts of the world were far from being conducive for the development of industrial capital. Industrial capitalism developed in Western Europe, and subsequently North America where capital had already been concentrated and where conditions were more favourable. As a consequence, industrial capital left mercantile capital to its own devices in the rest of the world. However, as Geoffrey Kay argues:

If merchant capital retained its independence in the underdeveloped world, it was no longer allowed to trade solely on its own account but was forced to become the agent of industrial capital. In other words, merchant capital in the underdeveloped countries after the establishment of industrial capitalism in the developed countries in the nineteenth century existed in its two historical forms simultaneously. At one and the same moment it was the only form of capital but not the only form of capital. This apparent paradox is the specifica differentia of underdevelopment, and its emergence as a historical fact in the course of the nineteenth century marks the beginning of underdevelopment as we know it.13

As the agent of industrial capital, merchant capital plundered the underdeveloped world for cheap raw materials while providing lucrative outlets for industrial commodities produced in the developed world. To the extent that it retained its independence mercantile capital shored up the conservative elites and blocked the development of industrial capital in the underdeveloped world. Hence:

The consequences were doubly depressing for the underdeveloped world: on the one side the tendency of merchant capital to repress general economic development in proportion to its own independent development; on the other the reorganisation of whole economies to meet the requirements of external economic interests.14

The emergence of a world polarised between a core of industrially advanced economies and a periphery of underdeveloped economies was further compounded with the rise of international moneyed capital.

As we saw previously, the growth in the sheer scale of industrial production meant that the mass of capital required to set up in production increased beyond the means of most private individuals. Furthermore, the further

13 G. Kay op. cit., p. 100.
14 G. Kay op.cit., p. 103.
development of industrial production itself presupposed the existence of industrial production. This had important consequences for the polarisation of the world economy and the process of underdevelopment.

Firstly, whereas in England and Western Europe industrial capital had been able to grow up on the basis of the pre-existent craft production. In contrast underdeveloped economies, like the late developing economies in Europe itself, could not simply repeat the evolutionary stages through which industry had involved in the core economies since they would be uncompetitive in the world market. Instead they had to make the leap and introduce modern plant and machinery. But such modern plant and machinery was the product of industrial production that for the most part did not exist in the underdeveloped world. It therefore had to be imported from the advanced industrial economies.

Secondly, the underdeveloped economies lacked the concentration and centralisation of capital necessary to finance the most advanced capitalist enterprises. It therefore not only had to import productive capital in order to industrialise, it had to import moneyed capital either in the form of direct foreign investments by industrial capitals of the core economies or borrow money-capital from the international banks and financial institutions.

To the extent that the underdeveloped economies were able to attract foreign investment or loans they were able to develop their industry. But such industrialisation was for the most part limited and oriented towards producing commodities demanded by the needs of capital accumulation in the more advanced industrialised economies. Its servility contributed to the creation of an industrial base on which a self-sufficient national accumulation of capital could occur. Furthermore, in the long term the interest or profits on such foreign investments were repatriated to the core economies and did not contribute to the further national accumulation of capital in the underdeveloped economies themselves.

Russia and the problem of underdevelopment

The defeat of the Russian Revolution as a proletarian revolution, and the subsequent failure of the world revolution that followed the First World War, left the Bolsheviks isolated and in charge of a predominantly backward and underdeveloped economy. The very existence of the Russian state, and with it the survival of the 'Soviet Government', now depended on the Bolsheviks carrying through the tasks of the national bourgeois revolution - that is the development of national industrial capital.

Yet in order to carry through such tasks the Bolsheviks had to overcome the formidable problems of underdevelopment that reinforced the internal obstacles to the modernisation and industrialisation of Russia. The two most pressing internal obstacles to the development of a national industrial capital were the problem of finance and the problem of agriculture.

Russian agriculture was predominantly based on small scale subsistence or petty-commodity production. This had two important consequences for industrialisation. Firstly, it blocked the formation of an industrial proletariat since the bulk of the population was still tied to the land. Secondly, the inefficient and backward nature of Russian agriculture prevented it from producing a surplus that could feed an expanding industrial proletariat.

To the extent that the Russian peasants could be encouraged to produce for the world market then there could be expected the gradual development of a capitalist agriculture. As production for profit led to an increasing differentiation in the peasantry some would grow rich while others would become poor and become proletarianized. But this was likely to be a long drawn out process. Profits would be small given the mark ups of the international merchants and the need to compete with more efficient capitalist agriculture on the world market. Furthermore, to the extent that the Russian peasantry produced for the world market, it could not provide cheap food for an expanding Russian proletariat.

The second important obstacle to industrialisation was finance. The backward character of Russian capitalism meant that there was little internal capital that had been accumulated. To the extent that Russia had industrialised it had been promoted by the state and financed through foreign investments. But with the revolution the Bolsheviks had repudiated all the foreign loans taken out under Tsarist regime and had expropriated foreign owned capital in Russia. Once bitten the international financiers were going to be twice shy about financing Russian industrialisation.

If the national development of industrial capital was to be achieved in Russia, if Russia was to make the transition to capitalism, then Bolsheviks had to subordinate the fleeting and transnational forms of capital - money and commodities - to the needs of national productive capital - the real concrete capital of factories, plant, machinery and human labour, rooted in Russian soil. This required that the Russian State take charge of capital accumulation - that is that the transition to a fully developed capitalism had to take the form of state capitalism.

Hence, while at the end of the eighteenth century the French Revolution had opened the way for the development of French capitalism by freeing capital from the embrace of the state, in Russia at the beginning of the twentieth century the Revolution opened the way for the development of capitalism by increasing the embrace of the state over capital. However as Bordiga would say, in another sense, it was really the state that was being subordinated to the needs of capital.

The Deformation of Value

The problem of the nature of the USSR restated

As we seen, the traditional Marxism of the Second and Third Internationals saw state capitalism as the highest stage of capitalism. As such state capitalism could be seen as the first step in the transition to socialism. As a consequence, Lenin could consistently argue against the Left Communists - from the imposition of one-man management and the reintroduction of Taylorism to the introduction of the New Economic Policy - that the immediate task of the Revolutionary Government, given the backward conditions in Russia, was first and foremost the development of state capitalism.

Of course, for Lenin nationalising the means of production and introducing state planning marked a decisive advance. Under the control of a Workers' State, state capitalism would be superseded by socialism.
Subsequently, with the introduction of the five year plans and the collectivisation of agriculture, Stalin could announce that the USSR had at last reached the stage of socialism and was on the way to communism. Trotsky was more circumspect. While acknowledging the rapid development of the forces of production that was being made under Stalin, he still saw this as a stage of primitive socialist accumulation that, while being an advance over capitalism, had yet to reach socialism.

To the extent that theorists of the capitalist nature of the USSR have accepted this conception of state capitalism they have been obliged to argue either that Russia never went beyond state capitalism in the first place or that at some point there was a counter-revolution that led to the USSR falling back into state capitalism. Yet, either way, by accepting that state capitalism is the highest stage of capitalism such theorists are led to the position of considering the USSR as an advance over western capitalism. This, as we have seen, is a position that was to become increasingly difficult to defend in the light of the chronic economic stagnation of the USSR and its eventual decline and collapse. Indeed, such theories have been unable to explain the contradictions within the USSR that finally led to its downfall.

In contrast, we have argued that state capitalism, far from being the highest stage of capitalism, is a specific form of the late development of capitalism. Yet this presupposes that the USSR was indeed such a form of capitalism. To demonstrate this we must develop a value analysis of the USSR.

As we have seen, state capitalist theorists have argued that the USSR was essentially capitalist in that it was based on wage-labour. The workers in the USSR were divorced from both the means of subsistence and the means of production. As a consequence, in order to live, Soviet workers had to sell their labour-power to the state enterprises. Having sold their labour-power, the workers found themselves put to work. They found themselves external to their own subjective activity. They did not work to produce for their own needs, nor for the needs of their own families or communities, but for some alien other. While the workers worked as a means to obtain a wage through which they could survive, their labour became independent of them, directed towards aims that were not their own. In producing goods that were not their own they served to reproduce their position as workers on an ever expanding scale.

Hence, like their counter-parts in the west, the Russian workers were subordinated to a process of production that was designed and developed to maximise production with scant regard to the living experience of the worker in production. As such the worker was reduced to a mere instrument of production. Like their counter-parts in the West, the Russian workers worked longer than that necessary to reproduce the equivalent of their labour-power. Thus, like their counter-parts in the West, the Russian workers alienated their labour and were exploited.

If the relations of production were those of self-expanding alienated labour then they were the productive relations of capital. As such, in a fundamental sense the USSR was capitalist. But, as we have seen, the more sophisticated Trotskyists object. Capitalism can not be taken to be simply the apparent predominance of wage-labour. Capitalist production presupposes, both historically and logically, generalised commodity production in which labour-power itself has become a commodity. But, the Trotskyists insist, products did not assume the form of commodities in the USSR since there was no market. But if products did not assume the form of commodities then there can have been no real wage-labour since labour-power, as a commodity, can not be exchanged for other commodities. Wages were merely a means of rationing products.

The problem then can be stated as follows. Production in the USSR would seem to have been essentially a form of capitalist production, being based on wage labour; but capitalist production presupposes general commodity exchange. In the absence of the market it would seem that the exchange and circulation of wealth in the USSR did not assume the commodity-form and as such was distinctly non-capitalist. And if commodities did not exist neither could capital.

To resolve this problem we must first look at the unity of production and exchange that we find in fully developed capitalism. To do this we shall examine the Circuits of Industrial Capital that Marx sets out at the beginning of Volume II of Capital.

The Circuits of Industrial Capital
As self-expanding value capital passes successively through three distinct forms: money-capital, commodity-capital and productive-capital. Depending on which form of capital is taken as the starting point in analysing the overall circulation of capital we can identify three distinct circuits of capital, each of which reveals different aspects of the circulation of capital.

The first circuit is that of money-capital (M...M'):

\[ M - C < \text{mop} ... P...C' - M' \]

Here capital in the form of money (M) is used to buy means of production (Cmop) and labour-power (Clp) necessary to commence production. Hence with the exchange \( M - C \) capital is transformed from money into the form of commodities. These commodities (labour-power and the means of production) are then used in the process of production. As such they become productive capital, (P) which produces commodities of a greater value \( C' \). These commodities are then sold for a sum of money \( M' \) which is greater than the original capital advanced \( M \).

With this circuit capitalism appears clearly as a system driven by profit. The circuit begins and ends with capital as money, and since money is homogenous, the only aim of this circuit is the quantitative expansion of capital as money, that is the making of a profit.

But this circuit not only shows how capitalist production is merely a means through which ‘money makes more money’, it also shows how capitalist production necessarily both presupposes commodity exchange and reproduces commodity-exchange. The circuit begins with the commodity exchange \( M - C \), the purchase of means of production and labour-power (which of course is at the same time the sale of labour-power and means of production by their owners) and ends with the commodity exchange \( C' - M' \), in which the sale of the commodities produced realizes the capital’s profit.
However, the process of 'money making more money' can only become self-sustaining if it at the same time involves the expansion of real wealth. This becomes apparent if we examine the circulation of capital from the perspective of the circuit of productive-capital (P...P').

Here capital in production produces an expanded value of commodities C', which are then sold for an expanded sum of money M' that can then be used to buy more means of production and labour-power in the commodity-form C'. This then allows an expanded productive capital P' to be set in motion in the following period of production. From the perspective of productive capital, the circulation of capital appears as the self-expansion of productive capacity of capital - the self-expansion of the productive forces.

Capitalism now appears not so much as 'production of profit' but 'production for production's sake'. Capitalist production is both the beginning and the end of the process whose aim is the reproduction of capitalist production on an expanded scale. The commodity circulation (C' - M' - C) appears as a mere mediation. A mere means to the end of the relentless expansion of capitalist production.

The final circuit that Marx identifies is that of commodity-capital (C...C').

With this circuit we can see the unity of capital in circulation and capital in production. Capital as the circulation of commodities C' - M' - C appears side by side with the production of 'commodities by means of commodities'. The overall process of capitalist circulation therefore appears as both the production and the circulation of commodities.

An analysis of these three circuits of industrial capital would seem at first to confirm the Trotskyist position that capitalist production necessarily presupposes generalised commodity exchange. However, these circuits describe the fully developed capitalist mode of production not its historical emergence.

As we have seen, the national development of Russian capitalism had been impeded by its subordinate position in the world economic order. The independent development of capital in its forms of merchant capital and moneyed-capital had acted to block the development of industrial capital. National capitalist development demanded capital in the real productive forms of factories, plant and machinery and the labour of a growing industrial proletariat. As a consequence, if Russia was to break free from its underdeveloped position imposed through the world market, productive-capital had to be developed over and against the independent development of capital-in-circulation i.e. money-capital and commodity-capital. The free exchange of money-capital and commodity-capital through the free operation of the market had to be restricted to allow for the development of productive-capital. Hence the free market was replaced by the central plan.

Hence, in taking up the 'historic tasks of the bourgeoisie' the state-party bureaucracy adopted the perspective of productive-capital. The more productivist elements of the Marxism of the Second International were adapted to the ideology of productive-capital. The imperative for the relentless drive to develop the productive forces over and against the immediate needs of the Russian working class was one that was not merely voiced by Stalin and his followers. Trotsky was even more of a super-industrialiser than Stalin. Indeed he criticised Stalin for not introducing planning and collectivisation of agriculture earlier.

The question that now arises is what were the implications of this subordination of capital-in-circulation to the development of productive-capital? We shall argue that these value-forms existed in the USSR, not as 'husks' as those in the Trotskyist tradition maintain, but rather as repressed and undeveloped forms.

To what extent did the Commodity-form exist in the USSR?

As we have seen, Trotskyist theorists place great importance on property forms when it comes to the question of the nationalisation of the means of production. State ownership of the means of production, and hence the abolition of private property, is seen as constituting the crucial advance over capitalism. However, although the state owned all the principal means of production in the USSR, the actual legal possession and operation of the means of production was left to the state enterprises and trusts, each of which was constituted as a distinct legal entity with its own set of accounts and responsibilities for production.

While Trotskyists have tended to gloss over this, seeing these legal forms of the state enterprises as being merely formal, Bettelheim has argued that the existence of these separate state enterprises, which traded with each other and sold products to the working class, meant that commodity-exchange did exist in the USSR. However, for Bettelheim, this separation of economic activity into a multitude of state enterprises was merely a result of the level of development of the forces and relations of production. The USSR had yet to develop to the point where the entire economy could be run as a giant trust as had been envisaged by Bukharin. It was therefore unable as yet to overcome the commodity-form. In contrast, we shall argue that this division of the economy into distinct state enterprises was an expression of the essentially capitalist relations of production.

What is a commodity? The simplest answer is that a commodity is something that is produced in order that it may be sold. But by itself this simple definition is inadequate for an understanding of the commodity as a distinct social form. It is necessary to probe a little deeper to grasp the implications of the commodity-form.
Any social form of life requires that individuals act on and within the material world in order to appropriate and produce the material conditions necessary for the reproduction of themselves as social individuals. As such social reproduction necessarily entails the constitution and appropriation of material objects necessary for social needs. However, in a society dominated by commodity production this process is carried out in a peculiar manner that gives rise to specific social forms.

Firstly, as commodity producers, individuals do not produce for their own immediate needs but for the needs of others that are both indifferent to and separate from themselves. The results of their human activity - their labour - are thereby divorced from their own activity. The results of their labour stand apart from them as commodities that are to be sold. Secondly, as commodity consumers, the objects of an individual’s need do not emerge out of their own activity as social individuals but as the ready made property of some other - the producer - who is separated from them. As a consequence they find themselves immediately separated from their own social needs through the non-possession of material objects in the form of commodities.

As a consequence, labour - the human activity of the producer - is separated from need - the needs of the consumer. Hence, for each particular commodity, producers are separated from consumers and are only subsequently united through the sale or exchange of the commodity. The relation between the consumer and the producer is therefore mediated through the exchange of commodities - that is, they are mediated through the exchange of things. To the extent that commodity exchange becomes generalised then the relations between people manifests themselves as a multitude of relations between things.

Because the relations between human beings assume the form of the relations between things then these things assume the particular social form of the commodity. In producing a commodity the producer produces something for sale - that is something that can be exchanged. What is important for the producer is that what is produced has the social quality that makes it exchangeable. In other words, what is important for the producer is the value of the commodity. In contrast, for the consumer, what is important is that the commodity has a number of natural properties that meet his own needs as a social individual, but which he is excluded from by the non-possession of the commodity as an object - that is that it confronts him as a use-value. The separation of social needs from social labour is thereby reflected in the commodity-form as the opposition of use-value and value.

The commodity-form is therefore constituted through the opposition of its use-value and value, which manifests in material form the underlying opposition of labour from needs in a society, based on commodity production. However, although objects of need must exist in all societies - that is we must have access to distinct things, such as food, clothes and shelter, in order to live - use-values as such can only exist in opposition to value. Value and use-value mutually define each other as polar opposites of the commodity-form. Hence it is meaningless to say, as some Trotskyist have done, that economic system in the USSR was based on the production of use-values while denying the existence of value. A commodity can only have a value if it can be sold, but to sell it must have a use-value that some other needs to buy. But equally a commodity has a use-value only insofar as the qualities that meets the needs of the consumer confront that consumer as the ready made products of another’s labour, and hence as natural properties from which they are excluded except through the act of exchange of another commodity with an equivalent value; i.e., it defines a certain kind of (alienated) relationship.

With commodity production social relations become reified and we get a society of atomised individuals. Indeed, as Marx argues, commodity relations begin where human community ends. Historically commodities were exchanged between communities and only occurred when different communities came into contact. As commodity exchange develops traditional human societies break up, ultimately giving rise to modern atomised capitalist societies.15

The society of the USSR would have seemed to be no less atomised and reified than those of western capitalism. To what extent was this a result of the prevalence of commodity relations? To answer this we shall first examine whether there was commodity production in the USSR and then look at the question of the existence of commodity exchange.

To what extent did commodity-production exist in the USSR?

Under capitalism the worker, having sold his labour-power to the capitalist, works for the capitalist. As such the worker does not work for his own immediate needs but for a wage. The labour of the work is therefore external to him. It is alienated labour.

However, unlike the serf, the servant or the domestic slave, the wage-worker does not work for the immediate needs of the capitalist. The capitalist appropriates the labour of the wage-worker to produce something that can be sold at a profit. As such the prime concern of the capitalist is to make his workers produce a mass of commodities that are worth more than the labour-power and raw materials used up in their production. Hence, for both the capitalist and the worker, the product is a non-use-value - it is something that is produced for the use of someone else.

A commodity can only be sold insofar as it is a use-value for some others. Therefore the capitalist is...

15 One of the most striking features of capitalist society is the prevalence of atomisation. Of course this atomisation of society arises directly from the predominance of the commodity-form and the reification of social relations that this gives rise to. As Ticktin notes such atomisation was characteristic of the USSR. However, because he denies the existence of the commodity-form in the USSR Ticktin has to go through all sorts of contortions to explain it.
only concerned with the use-value of the commodity that he produces to the extent that is a necessary precondition for its sale. For the capitalist then, use-value is merely the material form within which the value of the commodity is embodied.

This two-fold nature of the commodity as both a use-value and a value is the result of the two-fold nature of commodity production. Commodity production is both a labour process, which serves to produce use-values, and a valorisation process that produces the value of the commodity. Through the concrete labour appropriated from the worker, the raw materials of production are worked up into the specific form of the product that gives it a socially recognised use-value. Through this concrete labour the value already embodied in the means of production is preserved in the new product. At the same time value is added to the product through the abstract labour of the worker.

In the USSR these relations of production were essentially the same. The workers alienated their labour. As such they did not produce for their own immediate needs but worked for the management of the state enterprise. Equally, the management of the state enterprise no more appropriated the labour from its workers for its own immediate needs any more than the management of a capitalist enterprise in the West. The labour appropriated from the workers was used to produce goods that were objects of use for others external to the producers.

Like in any capitalist enterprise, the management of the state enterprises in the USSR, at least collectively, sought to make the workers produce a mass of products that were worth more than the labour-power and means of production used up in their production. As such the labour process was both a process of exploitation and alienation just as it was a two-fold process of both concrete and abstract labour that produced goods with both a use-value and a value, i.e. as commodities.

Production in the USSR can therefore be seen as the capitalist production of commodities. However, while production in the USSR can be seen as production for some alien other, to what extent can it be really be seen as a the production of things for sale? This brings us to the crucial question of the existence of commodity exchange and circulation in the USSR.

To what extent did commodity exchange exist in the USSR?

As we have seen, within the circuit of productive-capital, (P...P'), exchange is primarily confined within the simple circulation of commodities (C - M - C) necessary to bring about the renewal of production on an expanded scale. Commodities are sold (C - M) by those who produce them and are purchased (M - C) by those who need them for the next cycle of production.

From the perspective of productive-capital, commodity exchange is therefore a mere technical means that allows for the expansion of productive capital. A necessary means for overcoming the division of producers that arises out of the social division of labour of commodity production. However, the circulation of commodities is more than a mere technical matter. The buying and selling of commodities is the alienated social form through which human labour alienated from human needs is reunited with human needs alienated from human labour.

Under the classical form of capitalism this social form is constituted by the market through the collision of self-interested competing individuals. As Marx argues:

Circulation as the realisation of exchange-value implies: (1) that my product is a product only in so far as it is for others; hence suspended singularity, generality; (2) that it is a product for me only in so far as it has been alienated, become for others; (3) that it is for the other only in so far he himself alienates his product; which already implies (4) that production is not an end in itself for me, but a means. Circulation is the movement in which the general alienation appears as general appropriation and general appropriation appears as general alienation. As much, then, as the whole of this movement appears as a social process, and as much as individual moments of this movement arise from the conscious will and particular purposes of individuals, so much does the totality of the process appear as an objective interrelation, which arises spontaneously from nature; arising, it is true, from the mutual influence of conscious individuals on one another, but neither located in their consciousness, nor subsumed under them as a whole. Their collisions with one another produce an alien social power standing above them, produce their mutual interaction as a process and power independent of them.16

Through the alien power of the market, alienated labour is brought into conformity with alienated human needs. Products that do not meet needs expressed through the market do not sell. Labour embodied in a commodity that is in excess of that which is socially necessary is not recognised. At the same time, the imposition of the commodity form on human needs serves to incorporate such needs into the accumulation of capital. New needs that give rise to new forms of commodities expands the range of material forms through which value can be embodied and expanded. To this extent the market brings human needs into conformity with alienated labour within the commodity form.

Yet while the alien power of the market arises out the conflicting social and technical needs of the individuals that make up society the alien power of the state does not. The state plan is necessarily imposed from outside the social-economy. There was thus a fundamental problem with reconciling social needs with alienated labour. This was reflected in the relation of use-value and value and the form and functions of money.

To what extent did money exist in the USSR?

For Proudhon and his followers, the problems of capitalism arose from the existence of money as an independent form of value. For them, it was through the mediation of money that capitalists were able to make profits and extract interest. As a consequence, Proudhonists proposed the direct expression of the value of commodities in terms of the labour time required for their production. Money denominated in units of labour time would simply act as a means of circulation that would in effect allow for the direct exchange of commodities in accordance with the labour expended in their production. Money would not be able to develop into a social power independent of the

direct producers. However, through his critique of such Proudhonist proposals, Marx showed that in a society of independent commodity producers money must necessarily assume an independent form of value distinct from all other commodities.

The labour embodied in a commodity is immediately private labour - or more precisely it is asocial labour. It is only with the sale of the commodity that this labour is recognised as being part of the total abstract social labour of society as a whole. Hence the value of a commodity is only realised or validated as such through the process of exchange. In production the value remains potential value - a potential based on previous cycles of production and exchange. When the commodity reaches the market it has an ideal price based on its potential value, but this is not realised until the commodity is actually sold.

If too much of a particular commodity is produced in relation to social demand or if the quality is defective then some commodities are not sold or have to be sold at a discount. In cases such as these, the actual labour embodied in commodities is not realised as abstract social labour. Indeed it is through this social mechanism that a commodity economy is regulated. If the production of private commodity producers is to be brought into conformity with social demand then money cannot be simply the direct expression of the labour embodied in commodities. It must exist as the independent form of value through which the labour embodied in commodities is socially recognised and validated as abstract social labour and hence as value.

As a consequence, Marx concluded that money as an independent form of value could only be abolished if the economy of independent commodity producers gave way to the planned production of freely associated producers. In this way the regulation of production by the market would be replaced by a social plan that would make labour immediately social.

As we have argued, the forced development of productive-capital in the USSR required the suppression of the development of money-capital and this involved the restriction of the development of money itself as an independent form. To this end the regulation of production by the market was replaced by economic planning. But this was not the planning of a classless society of 'freely associated producers', but a plan developed out of a society of atomised individuals based on class exploitation. As such the alien power of the market that stands above society was replaced by the alien power of the state. The imperatives of the state plan confronted the producers as an external force just as the external imperatives of the competitive market. The plan replaced the market as the regulator of commodity production but as such it did not overcome the separation of labour from social needs that remained alienated from each other.

Money in the USSR: In the USSR, insofar as simple commodity circulation existed as a part of the circuit of productive capital, money entered as merely a means of circulation facilitating the exchange of outputs of the previous cycle of production for the inputs necessary for the next cycle of production. But whereas under fully developed capitalism such circulation could break down - a sale without a purchase or a purchase without a sale - in the USSR this was precluded by the state plan.

The state-imposed plan that allocated capital to each industry determined the output and set prices. To this extent the values of the commodities produced by each capital were not validated or realised through the act of their transformation into money but were pre-validated by their recognition as values by the state. Hence commodities had to be bought and money had to buy. The regulation of the commodity producers by the law of value was replaced by the state plan.

Yet while the alien power of the market arises out of the conflicting social and technical needs of the individuals that make up society, the alien power of the state does not. The state plan is necessarily imposed from outside the social-economy. There was thus a fundamental problem with reconciling social needs with alienated labour. This was reflected in the relation of use-value and value and had important implications for the form and functions of money as it existed within the circuit of productive capital.

To consider this in a little more detail let us consider the two transactions that make up the simple circulation of commodities - firstly the sale of commodities produced by productive capital (C - M), and then the purchase, (M - C), which ensures the continued reproduction of productive capital. The commodities that have been produced by productive capital enter the market with an expanded value and a given specific use-value. The opposition of value and use-value within the commodity finds its expression in the external relation of money and the commodity. The commodity has a price - that is, it expresses its value in a certain sum of money - and it is of a certain kind - defined by its use-value. Thus money appears as the independent and external form of the value of the commodity while the commodity itself stands as its own use-value.

For example, let us take an enterprise producing tractors. At the end of the production period the enterprise will have produced say 100 tractors that are priced £10,000 each. The hundred tractors express their value as a price that is in the ideal form of a sum of money - £1 million. This ideal money - the price of the tractors - stands opposed to use-value represented by the material form of the tractors themselves.

However, this ideal money must be realised. The tractors must be sold. Given that the tractors can be sold then the expanded value of the tractors will now be transformed into the form of real money. The tractors will have been transformed into £1 million. As such the abstract labour will find its most adequate and universal form - money.

With money the enterprise can now buy commodities for the next period of production. As the independent and universal form of value, money can buy any other commodity; that is, it is immediately exchangeable with any other commodity. Yet our tractor firm only needs those specific commodities necessary for the future production of tractors - say 10 tons of steel. Money need therefore only act as a mere means of circulation that allows 100 tractors to be exchanged for 10 tons of steel.

In the USSR money was constrained to the functions necessary for the phase of the simple circulation of commodities within the circuit of productive capital - that is as an ideal measure of value and as a means of
Aufheben - and precluded from emerging fully as an independent form of value. Firstly, as we have seen, the value of commodities was prevalidated. The ideal price of the tractors was immediately realised as the value of the tractors since the sale was already prescribed by the plan. The sale of labour-power was directly related to the class relations of production that were prescribed by the state plan, they had to be articulated by something other than by money. Money could only buy within the limits established by the plan. The purchasing power of money was limited. While everyone needed money, it was insufficient to meet all needs. As a consequence, non-monetary social relations had to be preserved. Influence and favours with those in authority, client relations etc. - that is the system known as 'blat' - became salient features of the Soviet bureaucracy as means of gaining access to privileged goods or as a means of getting things done.

As such the importance of blat emerged because of the restrictions placed on the functions of money due to its subordination to productive capital. As such blat was a distinctly non-capitalist - if not pre-capitalist - social form that involved direct personal and unquantifiable relations between people. However, as we have noted, the inadequacy of money in the USSR - its failure to function as the universal and independent form of value - also led to the endemic production of defective use-values, which were to finally bring about the demise of the USSR. This, as we shall see, was directly related to the class relations of production that arose from the capitalist form of commodity production in the USSR. But in order to understand this fatal contradiction of the USSR we must briefly consider the question of wages and the sale of labour-power.

The sale of labour-power

The reproduction of labour-power is of course an essential condition for the reproduction of capital. The reproduction of labour-power can be described as a simple episode in the circuits of capital as follows:

\[ Lp - W - Cs \]

The worker sells his labour-power (\( Lp \)) for a wage (\( W \)), which he then uses to buy the commodities (\( Cs \)) necessary to reproduce himself as a worker. In essence this episode is the same as the simple circulation of commodities. However, as we have seen, one of the most telling criticisms advanced by the Trotskyist critics of state capitalist theories of the USSR has been the argument that workers in the USSR did not sell their labour-power. Firstly, because if labour-power was to be considered a commodity then it must be exchangeable with other commodities through money. But, as we have seen, Trotskyists denied that there were any other commodities in the USSR. Secondly, they have argued that the worker was not really free to sell his labour-power.

\[ 17 \] For this reason, we cannot agree with Neil Fernandez's assertion that 'blat' was itself a form of capitalist money. While an individual could be said to have 'more' or 'less' blat, it is not quantifiable and calculable in the discrete units necessary for it to play the role of money. Other attributes it lacks include universality and transferability. Blat cannot play the impersonal dominating role which money as a 'real abstraction' is able to do. However, Fernandez has drawn attention to the role of this phenomenon, which expressed the constrained role of money in the USSR, part of the deformation value. Blat played the role it did because proper money did not fully function.

\[ 18 \] Of course, such reproduction may involve other social relations like those around gender, age and so on.
However, as we have argued, there was commodity production in the USSR and there was a restricted form of commodity circulation, thus labour-power could be exchanged with other commodities via the wage. Nevertheless it is true that the freedom of workers to sell their labour was restricted. Through various restrictions, such as the internal passport system the movement of workers was restricted. To the extent that these restrictions on the movement of labour tied workers to a particular means of production then they can perhaps be considered more industrial serfs than wage-slaves.

But in fact these legal restrictions on the movement of labour were honoured more in the breach than in their implementation. With the drive to maximise production in accordance with the logic of the circuit of productive-capital labour-power had to be fully used. Indeed, full employment became an important element in the maintenance of the political and social cohesion of the USSR from Stalin onwards. However, the maintenance of full employment led to a chronic shortage of labour-power.

The fact that in reality workers were to a limited but crucial extent free to sell their labour-power is shown in the strategy of the managers of state enterprises to hoard labour-power and to poach it from other firms. Indeed, the managers of state enterprises actively colluded with workers to overcome the restrictions to their mobility in their attempts secure sufficient labour-power to meet their production targets. Hence the legal restrictions to the free movement of labour-power were just that: attempts to restrict workers who were essentially free to sell their labour-power.

Ticktin was well aware of the importance of the chronic shortage of labour-power and the consequent practice of labour hoarding by the state enterprises. However, Ticktin persisted in denying that labour-power was sold as a commodity in the USSR on the grounds that the wage was not related to the labour performed. For Ticktin, although workers often worked for piece rates which nominally tied their wages to the amount they worked, in reality workers were paid what amounted to a pension that bore little relation to the amount of labour they performed.

As we argued in Part II, this argument overlooks the contradictory aspects of labour-power and its expression in the form of a wage. Labour-power is both a commodity and not a commodity. Although labour-power is sold as if it was a commodity it is neither produced or consumed as a commodity since it is not a thing separable from the person who sells it - but the worker's own living activity.

The worker does not produce labour-power as something to sell. On the contrary he, perhaps as part of a family unit, reproduces himself as a living subject for whom his living activity is an essential and inseparable aspect. Equally, having bought labour-power, capital can not use it in the absence of the worker. The worker remains in the labour process as an alien subject alongside his alienated labour.

It is as a result of this contradictory nature of labour-power that the wage-form emerges. In buying labour-power capital buys the worker's capacity to work. But capital has still to make the worker work both through the sanction of unemployment and through the incentive of wages linked to the amount the worker works. However, while the wage may be linked to the amount of labour the worker performs, it is essentially the money necessary for the average worker to buy those commodities necessary for the reproduction of their labour-power. The extent to which the capitalist can make individual workers work harder by linking the payment of wages to the labour performed, rather than as a simple payment for the reproduction of labour-power, depends on the relative strengths of labour and capital.

Hence the fact that wages may have appeared like 'pensions' paid regardless of the work performed, rather than as true wages that appear as a payment tied to the work performed, does not mean that labour-power was not sold in the USSR. All that it indicates is the particular power of the working class in the USSR that, as we shall now see, was to have important implications.

Contradictions in the USSR: The production of defective use-values

As we saw in Part II, Ticktin has ably described the distortions in the political economy of the USSR. But rather than seeing such distortions as arising from the degeneration of a society stuck in the transition from capitalism to socialism they can be more adequately seen as distortions arising from an attempt to make a forced transition to capitalism from a position of relative underdevelopment. The gross distortions and contradictions of the USSR which Ticktin sees as arising from a failed attempt to replace the law of value by the 'law of planning' in the transition to socialism can be better understood as arising from the drive towards the development of productive-capital above all else.

Let us consider more explicitly the class basis of such distortions and contradictions. Firstly, with the suppression of money as an independent form of value that could command any commodity the subjectively determined needs of the workers could not be expressed through the money form. The needs of the workers were instead to a large extent prescribed by the state. Thus the wage did not act as an adequate form that could provide an incentive. After all why work harder if the extra money you may receive cannot be spent?

Secondly, as we have seen, the forced development of productive-capital that precluded crisis led to the chronic shortage of labour. In conditions of full employment where state enterprises were desperate for labour-power to meet their production targets, the sack was an ineffective sanction.

As a consequence, as Ticktin points out, the management of the state enterprises lacked both the carrot and stick with which to control their workforce. Indeed the workers were able to exercise a considerable degree of negative control over the labour process. Confronted by the imperative to appropriate surplus-value in the form of increased production imposed through the central plan on the one hand, and the power of the workers over the labour-process on the other hand, the management of the state enterprises resolved the dilemma by sacrificing quality for quantity. This was possible because the technical and social needs embodied in the use-values of the commodities they produced were not derived from those who were to use these commodities, but were prescribed independently by the central plan.
As a result, the quantitative accumulation of capital in the form of use-values led to the defective production of use-values. As defective use-values of one industry entered into the production of commodities of another, defective production became endemic leading to the chronic production of useless products.

Hence, whereas in a fully developed capitalism the class conflicts at the point of production are resolved through the waste of recurrent acute economic crises which restore the industrial reserve army and the power of capital over labour, in the USSR these conflicts were resolved through the chronic and systematic waste of defective production.

Conclusion
As we pointed out in Part I, the Russian Revolution and the establishment of the first ‘workers state’ has had a profound impact in shaping our world. At first the apparent success of the Russian Revolution showed that there was a realistic alternative to capitalism. It showed that capitalism could be overthrown by the working class and that a socialist, if not communist, society could be constructed on its ruins. As such it inspired generations of socialists and workers in their conflicts with the capitalist system, defining both their aims and methods.

However, as the true nature of the USSR began to emerge, the perception that it was ‘actually existing socialism’ became an increasing barrier to the development of an opposition to capitalism. If the socialist alternative to capitalism was a totalitarian police state in which you still had to work for a boss, then most workers concluded that it might be better merely to reform capitalism. At the same time the attempts of the Stalinist Communist Parties across the world to subordinate working class movements to the foreign policy needs of the USSR further compounded this problem.

The struggle against both Stalinism and social democracy demanded an understanding of the USSR. The question of what the USSR was therefore became a central one throughout much of the twentieth century. It was a question, which as we have seen, was bound up with the associated questions of what is socialism and communism? What was the Russian Revolution? And indeed what is the essential nature of capitalism?

From a communist perspective that takes as its touchstone the abolition of wage-labour as the defining feature of communism, it would seem intuitive that the USSR was a form of capitalism. However, as we have seen, the ‘state-capitalist’ theories of the USSR have proved inadequate compared with the more sophisticated theories that developed out of the Trotskyist tradition. To the extent that they have shared the traditional Marxist conception of the Second and Third Internationals that state capitalism is the highest form of capitalism, state capitalist theories of the USSR have proved unable to explain either the apparently non-capitalist aspects of the USSR nor its decline and eventual collapse.

Indeed, while the Trotskyist theory of the USSR as a degenerated workers’ state has become untenable given the chronic economic stagnation of the USSR that became increasingly apparent after the 1960s, and which culminated in the collapse of the USSR in 1990, it has been Ticktin’s radical reconstruction of this theory that has so far provided the most convincing understanding of the Soviet system and its decline and fall.

However, as we showed in Part II, Ticktin’s theory still fails short of the mark. Rather than seeing the USSR as being a social system stuck in the transition between capitalism and socialism, we have taken up the point of departure suggested by Bordiga to argue that the USSR was in transition to capitalism.

We have argued that in order to break out of its backwardness and subordinate position within the world division of labour the state bureaucracy, which had formed after the Russian Revolution, sought to make the transition to capitalism through the transitional form of state capitalism. In its efforts to industrialise, the Russian state sought the forced development of productive-capital that required the suppression of the more cosmopolitan and crisis ridden forms of money and commodity capital. However, while such forced capitalist development allowed an initial rapid industrialisation, the distortions it produced within the political economy of the USSR eventually became a barrier to the complete transition to capitalism in Russia.

As such we have argued that the USSR was essentially based on capitalist commodity-production. However, as a consequence of the historical form of forced transition to capitalism there was a dislocation between the capitalist nature of production and its appearance as a society based on commodity-exchange. This dislocation led to the deformation of value and the defective content of use-values that both provided the basis for the persistence of the distinctly non-capitalist features of the USSR and led to the ultimate decline and disintegration of the USSR.

As we saw in the last issue in relation to the war in Kosovo the question of Russia remains an important one on the geo-political stage. The economic and political problems of breaking up and reintegrating the Eastern bloc into the global structure of capitalism is one that has yet to find a solution, and this is particularly true of Russia itself (which is, after all, the world’s second nuclear power).

The forced development of productive-capital for over half a century has left Russia with an economy based on huge monopolies unable to compete on the world market. At the same time the insistence by the ideologists of Western capitalism that all that Russia needed was deregulation and liberalisation has simply given rise to the emergence of money-capital in its most parasitical and predatory form. As a consequence, Russian subordination to the dictates of the international law of value has left it with one part of its economy reverting back to barter while the other is dominated by a Mafia-capitalism that is blocking any further economic development. Hence, despite all the efforts of the USA and the IMF, Russia still remains mired in its transition to capitalism.
In the year 2000, ‘society of the spectacle’ has become a trendy catch-phrase, not quite as famous as ‘class struggle’ used to be, but socially more acceptable. Moreover, the SI is now obscured by its main figure, Guy Debord, who is currently portrayed as the last romantic revolutionary. In Berlin as in Athens, one has to go beyond situationist fashion in order to assess the SI’s contribution to the revolution. In the same way, one has to tear the ‘marxist’ veil to understand what Marx actually said - and what he still means to us.

The SI showed that there is no revolution without an immediate generalized communization of the whole life, and that this transformation is one of the conditions of the destruction of state power. Revolution means putting an end to all separations, and first to that separation which reproduces them all: work as cut off from the rest of life. Getting rid of wage-labour implies de-commodifying the way we eat, sleep, learn and forget, move from one place to another, light our bedroom, relate to the oak tree down the road, etc.

Are these banalities? Well, they weren’t always, and still aren’t for everyone.

We only have to read the Principles of Communist Production and Distribution,1 written in 1935 by the Dutch-German Left, to realize the scope of the evolution. As for Bordiga and his successors, they always regarded communism as a programme to be put into practice after the seizure of power. Let’s just remember what was talked about in 1960, when radicals debated about ‘worker power’ and defined social change as an essentially political process.

Revolution is communization. This is as important, for example, as was the rejection of the unions after 1918. We’re not saying that revolutionary theory ought to change every thirty years, but that a sizeable proletarian minority rejected the unions after 1914, and another active minority aimed at a critique of everyday life in the 1960s and 70s. the SI superseded the boundaries of economy, production, workshop and workerism because, at the time, from Watts to Turin, proletarians were actually questioning the work system and extra-work activities. But the two fields rarely came under attack from the same groups: Blacks would riot against the mercantilization of ghetto life, while black and white workers would rebel against being reduced to cogs in the machine, yet the two movements failed to merge. On the shopfloor, workers rejected work on the one hand, and asked for higher wages on the other: wage-labour itself was never done away with. However, there were attempts to question the system as a whole, in Italy for instance, and the SI was one of the ways in which these endeavours found expression.

This is where the situationists still enlighten us. This is also where they are open to criticism.

The limit of the SI lies within its strong point: a critique of the commodity that went back to basics without quite reaching the base.

The SI both refused and embraced the councilist left. Like Socialism or Barbarism, it regarded capital as a management that deprives proletarians of any control over their lives, and concluded that it was necessary to find a social mechanism enabling everyone to take part in the management of his life. Socialism or Barbarism’s theory of ‘bureaucratic capitalism’ gave more importance to bureaucracy than capital. Likewise, the SI’s theory of ‘spectacular society’ deemed spectacle as more important to capitalism than capital itself. Debord’s last writings actually redefined capitalism as fully integrated spectacle, but the misapprehension had been there since Society of the Spectacle mistook the part for the whole in 1967.

The spectacle is not its own cause. It is rooted in production relationships, and can only be understood through an understanding of capital, not the other way round. It’s the division of labour that transforms the worker into a viewer of his work, of his product, finally of his life. Spectacle is our existence alienated into images which feed on it, the autonomized outcome of our social acts. It starts from us and splits from us via the universal representation of commodities. It becomes exterior to our life because our life constantly reproduces its exteriorization.

The emphasis on spectacle led to a flight for a non-spectacular society: in situationist thinking, workers’ democracy functions as an antidote to contemplation, as the best possible situation-creating form. The SI was on the quest for an authentic democracy, a structure where the proles would no longer be spectators. It looked for a means (democracy), a place (the council) and a way of life (generalized self-management) that would empower people to break the fetters of passivity.

There’s no contradiction between the Debord and the Vaneigem variants of the SI. Councilism and radical subjectivity both emphasize self-activity, whether it comes from the workers’ collective or an individual.

‘I think all my friends and I would be content to work anonymously in the Ministry of Leisure, for a government that would at long last care about changing life (...)’ (Debord, Potlatch, #29, 1957).

At the beginning, situationists believed it possible to experiment with new ways of life straight away. Soon they realized that such experiments required a complete collective reappropriation of the conditions of existence. They started with an assault on spectacle as passivity, and

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got to the affirmation of communism as activity. This is a fundamental point we can't go back on. But throughout the whole process of this (re)discovery, the flaw was assuming there must be a use for life, which logically led to the search for a totally different use.

This quest for a different use of one's life both fuelled yet crippled the SI's critique of militantism.

It was necessary to expose political action as a separate activity where the individual militates for a cause abstracted from his own life, represses his desires and sacrifices himself to a goal foreign to his feelings and needs. We've all seen examples of dedication to a group and/or world vision that results in the person's becoming unreceptive to actual events, and unable to perform subversive acts when these are possible.

But only the interplay of real relationships can prevent the development of personal weakness and alienated self-denial. On the contrary, the SI called for overall radicality and 24 hour consistency, replacing militant morals with radical morals, which is just as unworkable. The SI's own accounts of its demise after '68 make sad reading: why is it that hardly any member proved equal to the situation? Was Guy Debord the only one up to it? Maybe Debord's main fault was to act (and write) as if he could never be at fault.

It had been subversive to mock militant false modesty by naming oneself an International, and to turn the spectacle against itself, as in the Strasburg scandal (1967). But the device backfired when situationists tried to use advertising techniques against the advertising system. Their 'Stop the Show!' deteriorated into them making a show of themselves, and, finally, showing off.

It's no accident that the SI enjoyed quoting Machiavelli and Clausewitz. Indeed, situationists believed that, provided it was performed with insight and style, some strategy would enable a group of smart young men to beat the media at their own game and influence public opinion in a revolutionary way. This alone proves a misunderstanding of spectacular society.

Before and in '68, the SI had usually found the right attitude in face of realities which need to be ridiculed before we can revolutionize them: politics, the work ethic, the respect for culture, left-wing good will, and so on. Later, as situationist activity faded, there was not much left but an attitude, and soon not even the right one, as it indulged in self-valorization, council-fetishism, a fascination for the hidden side of world affairs, plus mistaken analysis of Italy and Portugal.

The SI heralded the coming revolution. What came had many of the features announced by the SI. The street slogans of Paris in '68 or Bologna in '77 were echoes of articles previously published in the review with a shiny cover. Still, it was not a revolution. The SI claimed that there had been one. Generalized democracy (and, above all, workers' democracy) had been the subversive dream of the late 1960s-early '70s: instead of perceiving this as the limitation of the period, situationists interpreted it as a vindication of the call for councils. They failed to see that autonomous self-management of factory struggles can only be a means, never a goal in itself nor a principle.

Autonomy summed up the spirit of the time: freeing oneself from the system.

A future revolution will be less the aggregation of the proletariat as a bloc, rather a disintegration of what day after day reproduces proletarians as proletarians. This process means getting together and organizing in the workplace, but also transforming the workplace and getting out of it as much as meeting on the shopfloor. Communization would neither take after San Francisco in 1966, nor re-act former factory sit-downs on a much larger scale.

The SI ended adding councilism to illusions about a revolutionary 'savoir-vivre', i.e. a subversive lifestyle. It asked for a world where human activity would be tantamount to constant pleasure, and depicted the end of work as the beginning of infinite fun and joy. It never quite got away from the technicist progressivist view of an automation induced abundance.

Of the very few groups which had a social impact on the subversive wave of the mid-60s, the Situationist International gave the best approximation of communism as it was conceived of at the time. There existed an historically insurmountable incompatibility between 'Down with work!' and 'Power to the workers!'

The SI stood at the crux of this contradiction.

Gilles Dauvè, June 2000

UBU SAVED FROM DROWNING:
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2 Militant has a different meaning in French and English. The word comes from the same origin as 'military', and in both languages conveys the idea of fighting for a cause. But in English, it means combative, 'aggressively active' (Webster's, 1993). In French, it used to be positive ('militants' were supposed to be dedicated soldiers of the workers' movement), until the SI associated it with self-sacrificing negative devotion to a cause: this is how we use the term here.
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STOP THE CLOCK!

critiques of the new social workhouse

In recent years, a number of ex-autonomist and leftist groups have been trying to build a broad European-wide movement around a common programme of radical demands concerning unemployment, working-time reduction and a guaranteed minimum income. In the UK, too, such demands as a ‘basic income’ seen as a strategy for undermining the relation between work and human needs embodied in the wage, have been taken up not only by (post-)autonomists but also by Greens and more traditional leftists. Such strategies need to be judged in terms both of whether they come out of a real movement and their historical context. When the working class is weak - as we are now - such demands merely contribute to the dynamic of capital. The articles in this pamphlet on reforms already taking place in Europe show how apparently radical demands, such as working-time reduction, have been co-opted as part of the post social democratic project.

We have put this collection of articles together because we feel that each of them serves as an important contribution to a confrontation with and critique of some of the prevailing currents in the political debate over how to take new working class struggles forward. This collection does not necessarily reflect a common project among the different groups. Nevertheless, you will find some common elements in the groups’ perspectives - such as the refusal of work as a basic element of working class struggle, and the conviction that working class emancipation will come from working class self-activity not from mediators such as trade unions which seek accommodation with capital and the state.

The kind of radical-reformist strategies we are attacking here are likely to re-emerge in different guises again and again until the link between the struggle to mitigate alienation and the struggle against alienation itself is finally realized and transcended.

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