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# THE CAPITALIST STATE: REFORM OR REVOLUTION

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# THE CAPITALIST STATE: REFORM OR REVOLUTION

Over a century ago the founders of revolutionary socialism, Karl Marx and Frederick Engels, wrote that "The executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie."

These words appeared not in an academic treatise but in *The Communist Manifesto*, a call to action. *The Manifesto*'s authors exposed the capitalist state as a tool of class oppression in order to make clear the necessity of abolishing it. This task, in turn, formed a key link in the overall struggle to abolish capitalism itself.

For the capitalists, of course, the Marxist critique of the state is poison; it tears away the camouflage from one of the capitalists' most important weapons.

It is not surprising, therefore, that the defenders of capitalism have struggled mightily to discredit the Marxist view of the state — to portray it as sheer nonsense. This is all the easier for capitalism's apologists since they reject the entire body of Marxism on which the theory of the state stands. How, they demand, can the state be a capitalist tool when there is no such thing as capitalism? How can the state be an instrument of class oppression when classes simply do not exist?

50's argument

## PLURALISM?

In the jargon of today's most respectable (and most prolific) U.S. sociologists, modern society in the United States is "pluralist."

While studiously vague about most aspects of "pluralist" society, these sociologists are absolutely sure of one thing: There are no fundamental or irreconcilable conflicts of interest within it. As one enthusiast beams, today

the fundamental political problems of the industrial revolution have been solved; workers have received industrial and political citizenship; conservatives have accepted the welfare state; and the democratic left has recognized that an increase in overall state power carries with it more dangers to freedom than solutions to economic problems. 1

no class conflict -  
elect a choice of elites -

In other words, pluralist society is a society of consensus — all groups agree on fundamentals.

Now of course, this theory goes on, pluralism is not monolithic. (Heaven forbid!) No . . . in fact, it is composed of a simply vast assortment of more-or-less definable, more-or-less stable "interest groups."

Included among such groups are the young, the old, the sick, the healthy, the rich, the poor, the "middle classes," managers and technocrats, teachers, various ethnic groups, religious groups, civil servants, athletes, politicians, registered Democrats and Republicans, farmers, professional associations, social clubs, teetotalers, stamp collectors, and vegetarians.

And oh, yes, somewhere wandering among this cast of thousands are two additional "interest groups" — workers and capitalists.

The pluralists continue: Just as there are many "interest groups" in this society, so are there different points of view. In fact, outright disagreements actually crop up now and then.

But since basically all the interest groups have common goals and have joined in the consensus on fundamental issues, these disagreements always concern minor questions — trifles, really — and are always amenable to happy compromise or arbitration by a third party.

And here is where the state enters the pluralists' grand design. The state, we learn, is nothing but a convenient, specially maintained institution that stands above society and is charged with making society function as efficiently as possible. In so doing, it helps settle or mediate the occasional disagreements that arise among society's component parts.

Furthermore, each "interest group" enjoys the right to try to win the state over to its point of view by exercising the recognized rights of free speech, free press, assembly, petition. Finally, every few years the various interest groups actually get a chance to fill the state with people who are a shade more sympathetic than others to their particular interest. This is done by using that other recognized right, the right to vote.

This is the pluralists' sketch of our society. Simple. Neat. Scrupulously fair. And ridiculous.

## CAPITALISM!

For the fact is, of course, that the society that actually confronts us today bears no resemblance whatever to the pluralists' daydream. In the 1950's, C. Wright Mills effectively exposed the absurdity of pluralist theory when he wrote in *The Power Elite*:

The economy of America has been largely incorporated, and within their incorporation corporate chiefs have captured the technological innovation, accumulated the great fortunes as well as the much lesser, scattered wealth, and capitalized the future. Within the financial and political boundaries of the corporations, the industrial revolution itself has been concentrated. Corporations command raw materials and patents on inventions with which to turn them into finished products . . . They employ a man as a producer and they make that which he buys as a consumer. They clothe him and feed him and invest his money. They make that with which he fights the wars and they finance the ballyhoo of advertisement and the obscurantist bunk of public relations which surround him during the wars and between them.<sup>2</sup>

With the publication of *The Power Elite*, of course, sociologists, political scientists, and assorted kept academics sprang into print to denounce Mills for his heresy. Some of their shots hit the target, for Mills was not a systematic thinker. But these critics mainly tried to defend an untenable pluralist view.

In fact Mills' only crime was to cast an unflattering light on the same basic facts that every businessman knows — and cherishes. Only a year later, for example, Mr. William T. Gossett of The Ford Motor Company did not raise a single pluralist eyebrow when he boasted:

The modern stock corporation as a social and economic institution touches every aspect of our lives. In many ways it is an institutional expression of our way of life . . . Indeed, it is not inaccurate to say that we live in a corporate society.<sup>3</sup>

Not inaccurate at all . . . though "corporate *capitalist* society" would have been even more precise.

Those who own and control, these corporations — the capitalist class, or *bourgeoisie* — compose what is effectively capitalism's ruling class. This is one of capitalism's two defining classes, those which define the main characteristics of the society.

The other one is the working class. It is this class that actually builds the factories and machinery, and produces the clothing, the food, the cars, the homes, and so on, which the corporation merely appropriates for itself in order to accumulate profits. In return, the workers receive a minimal wage, barbaric working conditions, a thoroughgoing industrial totalitarianism on the job . . . and an off-the-job world of oppression, decay, war, and desolation packaged in every shape and size.

## CLASS STRUGGLE

It is thus not out of whim, but out of necessity that the worker's struggle against capitalism and the capitalists arises.

no dynamic

This struggle has always existed and can never disappear so long as capitalism exists. Brief truces are possible, but the conflicts between the two defining classes of capitalism are too basic, too fundamental to permit any real armistice.

But just as the class struggle is continuous, it also fluctuates in the intensity, the scope, and the self-consciousness with which it is conducted.

In the 1950s, for example, some of the sharpest workers' struggles in the United States occurred on the shop floor in actions which while militant were also fragmented, isolated, and limited in their conscious and stated goals.

As a result, these struggles largely escaped the attention of the media, of academics, of students, and of the middle classes in general. Only on the rare occasions when the struggle rose to the surface, such as the 116-day steel strike in 1959, did they remember that workers still had to fight for their gains.

Today, on the other hand, the struggle has escalated. International capitalism is now in the midst of a sustained crisis. This crisis necessarily translates itself into the desperate attempt by each national bourgeoisie to increase industrial efficiency (so-called productivity) in order to raise the profit rate, and grab as large a share as possible of the hotly contested world market. In the context of contemporary capitalism, the drive for "industrial efficiency" means a full-scale attack on wages, working conditions, jobs, trade unions, and democratic rights in general.

And heading up this attack in each of the capitalist countries — spearheading it, spurring it, and giving it muscle — is the state.

In order even to defend themselves — much less go over to a counter-offensive of their own — workers will therefore have to face the matter of the state squarely. They will have to pose and answer key questions about the state. Just what is it? What can be expected of it? How can we best deal with it? And ultimately, what role will it play in the struggle for complete workers' rule — that is, in the struggle for socialism?

## THE MARXIST VIEW

Over a century ago, the founders of revolutionary socialism, Marx and Engels, set themselves the task of answering just these questions.

As we have seen, they considered the state to be a tool of the bourgeoisie. As Engels wrote, "the state is nothing but a machine for the oppression of one class by another, and indeed in the democratic republic no less than in the monarchy."<sup>4</sup>

Far from being some sort of impartial arbiter standing above the class struggle the state is a major partisan in it. Its tactics may vary; its essential role does not: to defend the interests of the capitalist class as a whole against any attack.

And since the most dangerous and potentially most deadly attacks on the bourgeoisie come from its "own" working class, Marx saw that the state in

capitalist society is — and must be — nothing but "the national power of capital over labor, the public force organized for social enslavement, an engine of class despotism." It cannot be "reformed" into abandoning that role. It certainly cannot be an instrument for the liberation of the workers. "The working class," warned Marx, "cannot simply lay hold of the ready-made state machine and wield it for its own purposes."<sup>5</sup>

Instead, the capitalist state must be smashed by the workers in the course of their struggle and replaced by a totally different form of state power, one that embodies the democratically organized power of the working class itself.

In the decades which followed Marx's death, the supposedly "orthodox" Marxists of the Second International began the slow but steady process of distorting and disfiguring the revolutionary perspective outlined above. It fell to Rosa Luxemburg (in *Social Reform or Revolution?*) and above all to Lenin (in *The State and Revolution*) to revive the Marxist theory and to put it in to practice.

Lenin wrote *The State and Revolution* in 1917, soon before the Bolshevik Revolution, when he was in hiding, his life in danger. In effect it was his "last will and testament," one of his most important political statements. In it, this greatest of revolutionary leaders reaffirmed the views of Marx and rejected the illusions of the reformists.

"The forms of bourgeois states are extremely varied," Lenin wrote, "but their essence is the same: all these states, whatever their form, in the last analysis are inevitably *the dictatorship of the bourgeoisie*." The institutions of the state, such as the government bureaucracy and the military, are connected to the bourgeoisie "by thousands of threads." Again and again, Lenin repeated that this state cannot be reformed, but must be "abolished," "smashed," and *replaced* by a state controlled by the working class itself.<sup>6</sup>

## THE REFORMIST VIEW

Alongside and opposed to this view is that of the reformists. For reformists, the road to socialism is paved with a gradual, evolutionary series of reforms in capitalist society which, though minor if taken individually, eventually add up to the establishment of socialism. The capitalist state, in this view, while perhaps *presently* hostile to the worker's interests, need not remain so. Like the society around it, the state too, can be transformed into a worker's institution through the judicious application of reforms.

Eduard Bernstein, the father of modern reformism, put his position boldly at the beginning of this century:

Feudalism, with its unbending organizations and corporations, had to be destroyed nearly everywhere by violence. The liberal organizations of modern society are distinguished from those exactly because they are flexible, and



of-interest scandals, the state can be wrenched from the hands of the capitalists and made into an instrument of the working-class majority.

The best-known spokesmen in the international labor movement of one or another of these strategies are the so-called "Communist" and "Socialist" Parties. In 1962, the decrepit "Socialist International" — the heirs of the reformist distorters of Marx whom Lenin had attacked — declared that such a strategy has already borne rich fruit:

The worst excesses of capitalism have been corrected through the constant activity of the Socialist parties, the trade unions and the cooperative societies. New forms of ownership and control of production have emerged. Mass unemployment has been eliminated, social security extended, working hours have been reduced and educational and vocational opportunities widened."<sup>11</sup>

For those not yet satisfied, the Communist Parties are ready with more of the same. Accepting the myth of Parliament as "the supreme organ of representative power," the British Communist Party only suggests that

Popular representation, the effectiveness of democracy would be greatly increased by introducing the principle of proportional representation in local and national elections.

And that

The leading positions in the Ministries and departments, the armed forces and the police, the nationalised industries and authorities must, therefore, be filled by men and women loyal to socialism . . . this ensures that the socialist policies determined on by Parliament are fully implemented.<sup>12</sup>

In the United States, the line is the same. As late as 1966, for example, the program of the American Communist Party called for the establishment of socialism in this country through an amendment to the Constitution.

## THE ROOT OF CAPITALIST POWER

Reformist strategies like these have already been dealt the deadliest blow possible: They have been tested in practice — and failed. Reformists have managed to engineer electoral victories and form governments (alone or in partnership with other political parties) on many occasions in this century. But in every single case, they have proven absolutely incapable of subordinating the state machine to the interests and control of the working class . . . much less destroying capitalism and introducing socialism. They have failed, time after time.

Why?

Because bribery, election fraud, constitutional conspiracies, propaganda monopolies, franchise restrictions, infiltration of business figures into government — though very useful for capitalists — are not at all *essential* for the bourgeoisie to remain in control of its state.

The simple, central, inescapable fact is that *under capitalism*, no matter how "free" the campaign and election, *no matter who is elected to office it is the bourgeoisie that always retains ultimate political supremacy.*

In capitalist society, the entire economic apparatus, the industrial and service complex that provides our food, shelter, clothing, medicine, transportation, communication, and so on — in short, the means by which we live — is owned and controlled by the capitalist class. In the most direct, basic, and immediate sense possible, the capitalists hold the lifelines of the rest of the population in their hands.

Whichever group, party, or coalition obtains formal control in the state apparatus must recognize this fact and tailor its actions accordingly. And that means that whatever else the government may *wish* to do, there is one thing which it *must* do if the society is to continue simply to function — to live — at all: It must safeguard the productive process and the apparatus into which it is organized. More than that, it must see to it that the economic system prospers. + Function

By the same token, whatever or whoever threatens to disrupt or inhibit this prosperity must be suppressed. There are no two ways about it. Political life in capitalist society is based on this one, key fact. - Simplistic + Silly -

This may seem a reasonable and impartial enough arrangement . . . until it is recalled, once again, that under capitalism it forces the government to safeguard and nurture a system of production *based on private property forms and owned by the capitalist class.* Those policies that strengthen "the economy" strengthen the capitalist class. Whatever or whoever threatens the capitalist class also threatens the system of production. Typical of such "threats" are "excessive" wage demands, "inefficient" or "low" productivity, absenteeism . . . not to mention strikes, riots, and the like. In the interests of "prosperity" — a neutral enough word — all these must be suppressed.

Thus the state's principal task boils down to nothing but the preservation, defense, and expansion of capitalism — and of the power of the capitalists over the working class.

*In sum: it is the economic-social power of the bourgeoisie that really ensures their ultimate (if at times indirect) political supremacy.*

The reformists' problem is therefore clear. They spend their time and efforts desperately trying to fill the offices of the state with men of "impartial views," "good ideas," and even certifiedly "proletarian" pedigrees. But they succeed only in subjecting their impartial, good, or proletarian individuals to the tender mercies of the capitalists' social-economic (and, therefore, also political) power. Inevitably, the reformist-in-office finds himself operating the state in pretty much the same manner as would a banker or industrialist in his place. - Setu

## HOUSEBREAKING THE REFORMERS

The experience of the international labor movement with reformist experiments of this type is exceptionally rich (if that is the right word).

### *Britain*

In Britain, the first Labor Party government (1923-24) distinguished itself by its militant opposition to strikes affecting "essential services." The economy, after all, had to be defended. In 1929-30, the Labor Party formed a second government in the throes of the world depression. 1930 saw two million Britons unemployed; 1931, three million. Labor's only course: put British capitalism "back on its feet." How? By demonstrating to British and foreign capitalists that Great Britain was a safe — no, an *ideal* — place for investment. The best way to do that, the Labor leadership decided, was to cut back on welfare, balance the budget, and institute a general retrenchment. The epitome of this approach was the "Anomalies" Bill.

The Anomalies Bill was designed to tighten the terms of unemployment-insurance eligibility, and the bill's wording directed its main thrust against those most vulnerable: unemployed married women.

The attitude of the British capitalists and their politicians? Shrewd. Said one: "... in view of the fact that the necessary economies would prove most unpalatable to the working classes, it would be to the general interest if they could be imposed by a Labor Government."<sup>13</sup> More than one capitalist has taken the same view since then.

Thirty years later, in the early 1960s, the Conservative Macmillan-Home government presided over a Britain whose economic growth was the slowest of the world's major producers. Caught in an inflationary spiral, furthermore, British industry was being priced out of the world's markets — particularly those of the Common Market.

In 1964 Labor and Harold Wilson took the helm. Wilson sounded the keynote of his administration during the campaign. "The fundamental inspiration" for our program, he declared

is the need to make Britain up-to-date, dynamic, vigorous, and capable of playing her full part in world affairs. The policy breathes the ideals which have animated the Labor movement throughout its history but it is modern, relevant, and directed to problems which call urgently for vigorous and radical solutions. . . .

We begin from the need to strengthen Britain's economy, to secure a steady and purposive expansion in industrial production.<sup>14</sup>

Expanded industrial production in 1964 meant that industrial costs had to be lowered. Wages had to be held down. Capitalists and would-be investors had to be assured of an attractive profit margin. Management privileges had to be safeguarded and expanded at the expense of the strength of the shop stewards.

First, therefore, came the "voluntary wage freeze." Then the mandatory wage freeze. And when this, too, was found wanting, Wilson came up with the productivity deals.

Under the productivity deal, management (under Labor's guidance) instituted time-study programs, speed-up, lay-offs, indiscriminate transfer of workers around the factory, 24-hour shift-work, cuts in overtime and overtime pay, reduction of safety measures, increased work per production worker. In return, the work force would receive "extraordinary" wage increases — which were soon eaten up by rising prices.

Finally, Labor MP Barbara Castle introduced an anti-union bill that foreshadowed and laid the groundwork for the subsequent Conservative government's Industrial Relations Act: a frontal attack on the unions and the right to strike. So well did Castle do the capitalists' work that 25 of the 29 provisions of her bill were included in the later Conservative law.<sup>15</sup>

### *Germany*

In 1918, the German Social-Democratic Party formed that nation's first republican government in the midst of the postwar economic crisis. True to the pattern, the Party leadership declared that what Germany needed was maximum industrial production. This, of course, required the sturdy defense of the capitalist economy, and the "Socialist" Defense Minister, Gustav Noske, proudly volunteered to be (in his own words!) German capitalism's "bloodhound." In practice, this meant organizing and arming gangs of thugs and monarchist officers — the "Free Corps" — and setting them upon working-class strikes and street demonstrations. Try as he would, however, Noske never managed to satisfy the German bourgeoisie's appetite for slaughter. In the end, the capitalists tossed him and his party aside in favor of an even *more* dependable bloodhound, Hitler.<sup>16</sup>

### *Spain*

Our third case is drawn from Spanish history, again at the birth of a constitutional republic, in 1931. The governing coalition included the reformist Socialist Workers Party of Spain (PSOE). PSOE leader Indalecio Prieto knew his role every bit as well as had Noske. "Spanish industry must prosper!"

On July 4, 1931, the anarchist-led labor federation called a strike against the Spanish Telephone Company, a subsidiary of AT&T. Prieto, however, as Minister of Finance, was in the thick of a campaign to reassure Spanish capitalism's creditors, calm would-be investors, and reverse a general decline in business "confidence." To prove its dependability as a policeman for needed investments, the PSOE supported the government's moves to break the strike. Workers belonging to the PSOE were called upon to scab against their striking fellows.

In self-defense, the strikers' parent federation called a general strike on July 20. The coalition government ordered the army to shell the federation's offices. Nine days later, with thirty dead and 200 wounded, the strike was finally broken.

The PSOE got a number of subsequent chances to demonstrate its loyalty to capitalism, the most infamous of which occurred in January of 1933. Having patiently awaited the land reform promised by the government, the land-starved, misery-ridden hamlet of Casas Viejas in Andalusia province finally rose that month in anguished revolt.

The government reply was swift. Troops and the civil guard were massed and laid siege to the hamlet. Much of the hamlet itself was leveled by Spain's air force. The police openly executed prisoners upon capture.<sup>17</sup>

### Ceylon

Recently, the Communist Party of Ceylon (Sri Lanka) and the "revolutionary socialist" LSSP demonstrated that the Noske tradition flourishes to this day. Both parties are pillars of the current "Left" government coalition led by Sirimavo Bandaranaike. In the spring of 1971, the government launched a pogrom against all those to its left. The precise number killed in the bloodbath is still unknown; at this writing the government boasts 13,000 jailed. The government ministers of the LSSP applauded the bloodbath and called its victims "right-wing reactionaries." The Communist Minister of Housing chimed in, proclaiming them to be "new style fascists."

Still, as one observer noted, the fact those those defending Ceylonese capitalism were not "conservatives" but "leftists" *did* make some difference. The government had originally planned to stage a major anti-leftist bloodletting on May 1. "But the government felt it would be indelicate to launch such a repression on international labor day and postponed the attack for a few days."<sup>18</sup>

### ... And the "New World"

Nor are matters fundamentally different in the United States. Over 20 years ago — in August, 1952 — Mr. John Knox Jessup, then chairman of the editorial board of *Fortune* magazine (the informal "house organ" of the American bourgeoisie) confidently boasted that

any President who wants to seek a prosperous country depends on the corporations at least as much — probably more than — the corporations depend on him. His dependence is not unlike that of King John on the landed barons at Runnymede, where the Magna Carta was born.

Little has changed in the interval to make such men eat their words. In April, 1970, *Fortune's* current managing editor happily drew up the balance sheet for today:

We have just come through a decade when the power, prestige, and legitimacy of the American corporate management were at a zenith. The large complex industrial corporation [and its officers] ... became princes on a multinational scale, their attentions and favors wooed by mere political potentates from pole to pole ... Republicans and Democrats vied for the privilege of making the economic climate favorable to growth.<sup>19</sup>

Historically, the U.S. labor movement has been less politically advanced than its European counterparts and, as a result, has less frequently put even reformist strategies to a practical test. Nevertheless, what experiences we have had only confirm the larger international pattern.

Thus the example of Socialists elected to city governments at the turn of the century is instructive. Running on platforms of municipal reform, a number of Socialist Party members managed to win election as town and city officials. In 1911, for example, there were thirty-three cities and towns with Socialist administrations, including Milwaukee; Berkeley, California; Butte, Montana; Flint and Jackson, Michigan; and Schenectady, New York. But even an historian as friendly to Socialist Party reformists as James Weinstein is forced to note that in all these municipalities,

even if charter restrictions permitted (which they rarely did), Socialists could not put through reforms which would seriously impinge upon business interests, lest industry be driven from the city.<sup>20</sup>

Later on, Franklin Roosevelt's "New Deal" achieved overwhelming reformist and working-class support with his promises to intervene boldly in the nation's economic affairs. His many government boards and agencies were created, he declared, to grab hold of the infamous "economic royalists" and make them perform in the interests of the entire population. Since it was largely on the basis of such promises that the trade unions and most working-class voters were welded into the long-lived New Deal Coalition, this experience, too, bears examination.

In terms of its intended tasks, the most ambitious of all these regulatory boards was the National Recovery Administration. General Hugh Johnson and Mr. Donald Richberg both served as its director. They had little else, it would seem, in common. Johnson, on the one hand, was a rock-ribbed militarist with a businessman's career behind him. Richberg, in contrast, had been an attorney for the railroad unions and had defended them in many a court battle. Historian Murray Edelman — no socialist — records:

Here were two men with vastly different backgrounds and social outlooks, but NRA was to bring these outlooks close together ... Significantly, Richberg moved closer to the business point of view; Johnson did not to any appreciable extent become a representative of labor's interests.<sup>21</sup>

Richberg, of course, had little choice in the matter. The U.S. bourgeoisie's control over the economy — the "goose that lays the golden eggs," as one politician has called it — gives both the bourgeoisie itself and its "business point of view" a

compelling hold over the minds and actions of anyone charged with safeguarding (much less reviving) the health, well-being, and growth of that economy. Richberg's seeming political about-face reflected this fact. His plight was perhaps best explained by another New Deal figure, Mr. George Peek (head of the Agricultural Adjustment Administration), who succinctly observed, "If some groups are dominant in the country, they will be dominant in any plan the government undertakes."<sup>22</sup>

We are watching the same process unfold today. In order to stem U.S. capitalism's inflationary surge, Democrats, Republicans, liberals, and conservatives are all agreed on the need for some form of government controls. And long before Richard Nixon was won to the idea, the leadership of the AFL-CIO, the UAW, and the Teamsters had all been persuaded of its benefits. They agreed to join the Wage Board, they declared, in order to improve the economy's health — and thereby improve the lives of all U.S. citizens. In the event, the practical implications of their participation was to help dam up working-class militancy and inhibit working-class gains. That, after all, is what the economy *required*; that is what economic "health" *means* under capitalism, especially when it enters its doldrums. All the shocked indignation over soaring profits that Meany, Woodcock, and Co. displayed for the benefit of the cameras when they finally left the Wage Board does not change that fact. Each time labor's representatives agree to help "regulate" the capitalist economy, they will find themselves cast in the roles of labor's disciplinarians.

Indeed, there is a further irony here. Since labor leaders are only invited — or permitted — to join the government "team" when the economy is suffering the most, they invariably are forced to be even less flexible regarding the rank-and-file's demands than the straightforwardly conservatives may have been during "boom" periods past.

## THE STRUCTURE OF THE STATE

The bourgeoisie's economic-social primacy in this society has a two-fold impact on the state. We have already discussed the first: specific plans and policies of government leaders are forced to conform to the general needs and interests of the bourgeoisie itself.

There is also a second and parallel dynamic at work. For that same power permits the bourgeoisie to mold the very shape and structure of the state apparatus to fit its needs.

To understand how this happens, we needn't bother searching for the conscious ruling-class statecraft which produced the U.S. Constitution. Instead, what is involved is an almost unconscious, automatic process of accommodation and adaptation to the demands of capitalism itself.

Tools are molded into different shapes and sizes according to the tasks required of them. A hammer is designed to drive nails just as a saw is designed to cut wood. In the same way, the state machine is molded into various forms depending on the tasks assigned to it. And historically the state's form has changed along with the nature of the social system over which it has presided.

Today, the state must be able to deal with the very specific kind of society — the very specific kind of economy — characteristic of modern capitalism. And like any other tool, the state has had to be adapted in order to carry out its assigned functions.

The principal change imposed in this way on the bourgeois state in this century has been the generation of a mammoth state bureaucracy.

Throughout the capitalist world administrative and lawmaking power resides today only to an ever-shrinking degree with either the judicial, the legislative, or even the executive branches of government. Instead, these powers have come more and more to rest in the hands of a largely autonomous system of "regulatory agencies" that make up the vast and far-flung state bureaucracy.

In fact, so thorough has been this shift in power that it might be more accurate to say that the state has *become* a bureaucracy (or, indeed, that the bureaucracy has swallowed the state).

As capitalism has grown, matured, and turned rotten, it has come to require ever greater state intervention in economic affairs in order simply to keep it running. In the United States, these new economic responsibilities were at first placed in the hands of the already-existing branches of government — the legislative, executive, and judicial. But, as simple trial and error proved, these bodies were simply not structured for the job. They had neither the personnel, the expertise, the time, nor the "political detachment" required. As a result, the responsibility for performing those economic tasks has been forfeited in favor of more specialized, extensively staffed, and autonomous organs — the government agencies and bureaus.

And, naturally, these bureaus have grown more powerful with each new task assigned to them. Long ago, the fine line between merely "administrative" power and actual legislative power disappeared. Now, even so cautious a political scientist as Professor Peter Woll (in his study, *The American Bureaucracy*) is forced to conclude, "At the present time, Congress and the bureaucracy possess roughly equal constitutional and legal authority to legislate."<sup>23</sup> To grasp the real significance of this assessment we need only recall that even the legislative authority that does remain with the Congress still depends for its implementation on the state bureaucracy.

### *Whose Bureaucracy?*

But the story does not end here. No indeed. For while it is quite true that the state bureaucracy is far more capable of handling economic tasks than are the other branches of government, the bureaucracy has its limitations, too.



It is required to formulate and administer a fantastic number of regulations concerning industry. But, of course, it does not actually own or manage industry itself. And as a result of this little fact, its ability to carry out the tasks assigned to it is sharply limited. Without direct and continuous involvement in the day-to-day *operation* of industry, no government bureau can hope to accumulate or interpret *by itself* the details of the productive process that effective regulation requires. This same lack of direct involvement also prevents the bureaucracy from exercising any effective, on-the-spot enforcement of the regulations it lays down.

These two tasks — gathering and interpreting industrial data and supervising and enforcing industrial regulations — can be shouldered only by those directly, intimately, and continuously connected to the production process itself. Only two groups under capitalism are connected in this way: management and the workforce. The bureaucracy, therefore, must depend upon one of these groups to gather its information and carry out its rulings. Considering the fact that the workforce's powers of supervision can change from potential to actual only through a social revolution, it is not terribly surprising that it is the capitalists to whom the state bureaucracy turns for aid.\*

The result: the “regulatory” agencies of the state bureaucracy come to the corporation chiefs themselves for the help they need in order to “regulate” these very same corporations!

When liberal professors, journalists, and politicians are confronted with such “collusion,” they always profess shock. But under a system of private ownership of industry, how could government regulation take place in any other fashion? Property rights are paramount. And the plant, after all, is the capitalist's own property. The direct operation of his plant is his sole responsibility and privilege. So long as this is true, only the capitalist (and his hired specialists) will really know the details of what is being produced and how; only he (or his foremen) will be prepared to supervise the way work is organized on a continuous basis.

An example: On the books, the Interstate Commerce Commission is endowed with the power to set railroad carrier's shipping and passenger rates (or tariffs). It was given this power, ostensibly, to prevent discrimination and favoritism and to establish uniformity.

\*Another factor forcing the bureaucracy into management's arms is the latter's sheer wealth. The corporation, as the greatest possessors of wealth, can hire (and hoard) exactly those economic and industrial specialists whose skills are most necessary to carry out industrial regulation of any kind. As Dr. Clarence C. Walton (dean of the graduate school and professor at Columbia University) puts it:

“When decisions are worked out by specialists, high-priced talent is often determinative of success, and corporations can clearly buy such talent. The more complex the matter under discussion, the less control the politicians dealing with business are likely to retain.” (Clarence C. Walton, “Big Government, Big Business, and the Public Interest,” in I. Berg, ed., *The Business of America* [New York, 1968], p. 103.)

Management, of course, values its monopoly over production data and will go to great lengths to insure it. Since management's own employees comprise the only potential challenge to that knowledge monopoly, discipline in the shops is aimed in part at preventing the work force from acquiring even an over-all understanding of the way the production process is organized.

But “on the books” power is one thing, practical power is something else again. And in practice, the ICC has had to return the initiative for setting all these tariffs to the private carriers themselves. As Mr. Walton Hamilton, corporate lawyer, former member of the National Industrial Recovery Board, and sometime special assistant to the US Attorney General, explained:

No agency of the state can perform so gigantic and detailed a task as the review of this multitude of items. So the statute provides that any tariff lodged [by the carriers] with the Commission shall become effective within 30 days.

Hamilton noted further that the carriers, to take advantage of this arrangement, today act in concert to come up with uniform (i.e., uniformly inflated) schedules of rates. Of course, he added, “such a concert of action finds no warrant in the Interstate Commerce Act and is forbidden by the anti-trust laws,” but the collusion goes on nevertheless. It must go on if “uniformity” is to be a reality. The ICC, like all agencies of the state bureaucracy, has no choice but to cede its authority power to the very corporations it is charged with regulating. Any other arrangement would be impossible. If the bureaucracy really attempted on its own to regulate industry, circumventing the corporate hierarchy altogether, it would cause economic chaos. Kept at legal and physical arms' length from the day-to-day operation of production, its efforts would be clumsy, blind, and disruptive. Hardly conducive to the efficient management of the economy!

The state, then — specifically, the bureaucracy — is utterly dependent on the corporations. That cooperation, of course, has a price: The state must not be too insistent on pursuing policies which industry considers contrary to its own interests.

Once this price is paid, government regulation of industry becomes little more than a method to facilitate intercorporate planning — capitalist planning. As Mr. Hamilton, again, so frankly put it: The agency of the state bureaucracy thus

provides an industry with essential authority whose task it is to do for all what they cannot do for themselves. It is a clearinghouse, an instrument of coordination, an agency for the promulgation of rules, a general device to relieve tensions and promote economy in the affairs of the interested parties. In instances, the functions of such an agency may be very much the same whether set up and operated within industry itself or maintained as an arm of the government. If, for example, the old Bituminous Coal Commission or the Federal Maritime Board, or the Civil Aeronautics Board had been operated under private auspices, its conduct — *save for exposure to the anti-trust laws* — would have been much the same. [Emphasis added]

#### *A Matter of Personnel*

And just as the growth of the bureaucracy is itself a result of corporate power, just as the bureaucracy's policies are determined by corporate interests . . . so, in addition, is the composition of the bureaucracy's very personnel.

When corporate executives screen perspective candidates for promotion within their own hierarchies, they naturally are concerned with each candidate's loyalty to the corporation's interests. The same consideration holds in selecting the key personnel for the state's regulatory bodies. Because the bureau chiefs must be on good terms first and foremost with the corporations, they must personally be acceptable to those corporations. "In general," as Mr. Hamilton delicately put it, the corporations "demand that commissioners be flexible in mind and sensitive to the problems confronted by members of the industry."<sup>24</sup>

## REFORMS UNDER CAPITALISM

What, then, is the significance of reforms in capitalist society?

For the sake of our discussion, we can divide reforms into two groups: (1) those that are in the interests of capitalism and may come at the initiative of the state and/or some part of the bourgeoisie; and (2) those "reforms" that may threaten capitalism, immediately or in the future, and must be wrung out of the bourgeoisie and its state by force or the threat of force.

### Pro-Capitalist Reforms

Left to its own, capitalism is an anarchic, chaotic, and even self-destructive system. Each capitalist pursues his own narrowly defined self-interest in cut-throat competition with the rest. Among the costs of this anarchy to the capitalist class as a whole are constant shocks, recessions, depressions, and working-class revolts.

The most enlightened sections of the capitalist class and their ideologists and politicians came to understand this fact. To minimize the dangers involved and to thereby stabilize capitalism and capitalists in general, these people began calling on the capitalist state to intervene in the economy — to "rationalize" it, to plan it as far as possible.

But the state could comply only by bruising of a few particularly short-sighted or disruptive capitalists and/or by limiting some superficial but nevertheless treasured privileges of even more of them. As a result, the state's first efforts in this direction met with considerable resistance. The backward capitalists screamed and wailed in pain and indignation. All the fuss helped to obscure the fact that the "state planners" were only performing a bit of crucial (if painful) surgery on the body of capitalism precisely in order to keep that body alive.

In U.S. history, the most famous of the state-planning ventures occurred during the depression of the 1930s. Business leaders constantly abused Franklin Roosevelt as he struggled to save capitalism from the capitalists. Roosevelt himself characterized the bourgeoisie's ingratitude with a fable:

In the summer of 1933 [Roosevelt would begin], a nice old gentleman wearing a silk hat fell off the end of a pier. He was unable to swim. A friend ran down the pier, dived overboard and pulled him out; but the silk hat

floated off with the tide. . . . Today, three years later, the old gentleman is berating his friend because the silk hat was lost.<sup>25</sup>

The parallels were unobvious, the fable was apt. Even today there is always a circle of businessmen on hand to declaim self-righteously against Big Government, the "erosion of individualism," the subversion of free enterprise and so on.

The bourgeoisie as a whole, however, has increasingly come to appreciate its need for state economic involvement. Without it, they realize, their entire system is in constant danger of destroying itself on the shoals of economic catastrophe and/or working-class revolt.

But, of course, such state planning has its boundaries — boundaries that were spelled out for us, as clearly as we have a right to expect, by Mr. Thomas J. Watson, chairman of the Board of IBM:

Much as we may dislike it, I think we've got to realize that in our kind of society there are times when government has to step in and help with some of the more difficult problems. Programs that assist Americans by reducing the hazards of a free market system *without damaging the system itself* are necessary, I believe, to its survival.<sup>26</sup>

Mr. Watson's formula boils down to this: State intervention in the economy — capitalist planning — is possible, acceptable, even welcome just so long as it does not attack the pivotal relationship which defines capitalism: the domination of the capitalists over the working class. Within these boundaries, the state may undertake all sorts of "reforms" and still remain safely on the terrain of acceptable capitalist politics.

Included among such reforms, of course, may be a number of policies which, precisely in order to stabilize the economy or help placate an angry public, provide some small measure of relief to the population at large. These include social security and minimum wage laws, even if the state needs to be kicked a little by the workers before it grants them. In 1895 British Conservative Arthur Balfour observed, "Social legislation . . . is not merely to be distinguished from Socialist legislation, but is its most direct opposite and its most effective antidote."<sup>26</sup>

### Reform by Concession

In addition to consciously and deliberately pro-capitalist reforms, another kind of change occurs within capitalist society. Some concessions are wrung from the bourgeoisie by force or the threat of force.

On the economic level, concessions are precisely what workers demand from their employers in every nonrevolutionary strike. These demands express the attempt by working people under capitalism to live as human a life as possible.

It would be (and it is) smug, narrow-minded, sectarian, and outright reactionary to abandon such struggles, to deny their central role in the development of the working-class movement, or to ignore the welcome (if often short-term) gains which they can win.

At the same time, it is at least equally dangerous (and it is far more common) to overestimate the importance of such limited concessions, their overall significance, much less their permanence. The history of labor's struggles around the world shows clearly the hazards of this course.

For in general, such concessions — to the degree that they really do wring more from the capitalists than capitalism itself can comfortably give up, to the degree that they really do infringe on the vital interests of the capitalists — such concessions will be granted only in the face of overwhelming working-class power. And even then on a temporary basis only. At the first opportunity, as soon as the organized power of the workers declines or that of the capitalists increases, these concessions will be grabbed back (and then some) with a vengeance.

#### *The Case of Italy*

The famous factory occupations in Italy of 1920 were capped by just such "concessions." Faced with a mobilized working class, the seizure of almost all Italian heavy industry, and the refusal of railroad workers to carry police or troops to the strikers, Premier Giollitti "compromised."

In return for evacuation of the plants and return to order, Giollitti proposed a contract providing for the creation of a "mixed commission." The mixed commission would be required to recommend legislation allowing working-class participation in the management of industry. The strike ended in the spirit of victory.

The spirit was short-lived. The mixed commission shuffled papers, bickered with itself, failed to come to an agreement, and finally dissolved. The bill that Giollitti finally presented to the Chamber of Deputies provided for nothing more than a committee of capitalists and workers to compile information on industry — to determine whether the capitalists did or did not have justification for slashing worker's wages. At last, even this bill was shelved. The now-demobilized working class was in no position to force the question.<sup>27</sup>

The sequel followed quickly. Demoralized, its revolutionary spirit sapped by the reformist leaders, the working class completely lost the initiative. The middle classes, terrified by the near-insurrection, looked for a savior. Mussolini presented himself for the role, to the backstage prompting of the capitalist class. *The end result was the March on Rome and the Fascist seizure of power in 1922.*

## SCENARIO

Let us review the reformist strategy in light of what we have discussed. First, the reformists must be elected. Considering the fact that funds for their campaign are far more available to their pro-capitalist opponents, this would be no easy task. Nevertheless, this obstacle is surmountable.

If it is, in fact, surmounted, the elected reformers must first be permitted to take their seats in government. Capitalist politicians have repeatedly shown their willingness to prevent the seating of those whom they dislike.

But, let us even assume for the sake of argument that our reformists are seated. They have then to contend with the separation of powers, with "checks and balances." Again, though, let us assume that this, too, is accomplished. We will be even more generous: We will concede as well that they will manage to eliminate Congress's elitist and obstructionist organization and rules of procedure in their entirety.

The task of creating socialism — of expropriating the capitalists — begins. What now?

Now, resistance.

Resistance? Resistance — when the reformists have been so scrupulously legal, moderate, and well-mannered? When they have foresworn the use of violence, and even all references to it? When they are doing no more than reform a system that so badly needs repair? Who would wish to resist all this?

The reformist who is caught by surprise by this resistance simply does not understand that the "reform" of capitalism is acceptable to the capitalists only when it avoids, to use Mr. Watson's words again, "damaging the system itself." That is, so long as it doesn't threaten the basis of the bourgeoisie's class rule.

The reformers do not see that when their programs do pose such a threat (whether violent or peaceful, noisy or quiet, gradual or sudden), the bourgeoisie is driven to the wall . . . and into resistance. All the stealth, caution, and good manners in the world will not assure the passivity of a ruling class as it watches the liquidation of its own class rule — indeed, of its very identity as a class. British radical R. H. Tawney put it well: You can peel an onion layer by layer, but you can't skin a tiger claw by claw.

The very least that the reformist government can expect is a huge propaganda barrage from the mass media — radio, TV, newspapers, magazines. The owners of the media, after all, will resent the reformists' attack on capitalism not merely because it endangers their holdings elsewhere in the economy but because their very control over the media is founded on the preservation of the rights of private property.

Of course, if strong enough public sentiment has already been mustered in support of the government's program, a mere propaganda campaign may fall on deaf ears. In that case the reformists need not back down. And in that case the bourgeoisie's attack will escalate.

The state apparatus — nurtured, shaped, and screened by the bourgeoisie itself — will conduct open and hidden warfare against the government's programs.

And if the government's resolve still holds out, and if it is somehow able to defeat and then tame or replace the bureaucracy in its entirety and put it back to

work in the government's service, the capitalists still have many more weapons in their arsenal. One of their favorites is the "crisis of confidence."

The "crisis of confidence" is a pretty straightforward affair. Businessmen announce that the government's policies are hostile and damaging to the interests of good business. The whole atmosphere that has been created, they continue, is far too insecure to warrant continued (not to mention increased) investment in industry. So investment falls off. Capital and gold leave the country altogether in search of greener pastures. Production falls off. Jobs are eliminated by the hundreds of thousands — then, by the millions. Belts must be tightened. And finally, the population clamors for a new government, one that won't be so stupid as to bite the hand that feeds it — and them.

None of this is fanciful. Propaganda barrage, mutinous state bureaucracy, crises of confidence — they have all become painfully familiar to the reformists throughout the world.

#### *The Cases of Spain, France and Britain*

*Spain in the early 1930s.* The governing coalition (including the Socialist Party) sets out to relieve centuries-old agrarian misery with a relatively mild land reform bill.

But unfortunately for the government and the Socialists, (not to mention the poverty-stricken sharecroppers, laborers, and small tenants), the landlords slated for "reform" were tied by a network of personal and financial threads to Spain's commercial and industrial interests. The attack upon the landlords was greeted, therefore, as an attack on the whole ruling class. A banker's strike began; credit was frozen. Political strings were pulled. And the law that finally emerged from the legislature was a very feeble measure indeed.

But the ruling class attack was not finished. For now even this timid law was completely gutted by the state bureaucracy that was supposed to implement it. As a liberal historian of the period notes, the state bureaucracy was (surprise!) "deeply implicated with the interests of the landowners." When property owned by one of Spain's wealthiest landlords was selected for redistribution, the local civil service placed the names of long-dead peasants at the head of the list of eligible recipients. Needless to say, land reform was not accomplished in this period.

Nor did this satisfy the rulers. Just as the workers and peasants pressed forward at signs of weakness in their enemies, so did the capitalists and landlords press harder when the reformists retreated. By 1936 the situation exploded in fascist revolt and working-class insurrection. Three years later, reformist betrayal bore its rotten fruit — the Franco victory.

*Example: France, four to five years later.* In 1936 the Popular Front coalition (led by the Socialist Party's Leon Blum), pledged to institute a very mild "French New Deal," was about to win the parliamentary elections.

Election balloting, according to standard procedure, took place in two stages; it was clear even before the first stage that the Popular Front was about to triumph.

The French bourgeoisie reacted accordingly. Once again, financial crisis began — right after the completion of the first ballot. By the week of the second ballot, the export of gold from France was proceeding at full throttle.

Then in May and June, a wave of sitdown strikes swept the country. Factory after factory was seized by the workers and held. Face to face with possible full-scale revolution, the French capitalists agreed at Matignon to the government's modest proposals. These called for the appointment of stewards on the shop-floor level and for across-the-board wage hikes. Legislation was passed in the Chamber and even in the Senate (notoriously conservative but terrified by the factory seizures) which incorporated these agreements into law. Historian Henry Ehrmann recorded:

In the streets and plants the working class celebrated a bloodless and barricadeless victory with the songs of the Great Revolution. French management . . . was left with no other consolation than its hopes for the day of 'revenge for Matignon.'

That day was not long in coming. As the strikers began leaving the plants, and the physical power behind Blum's parliamentary majority disintegrated, management grew bolder. They began to stall and to quibble over details of this or that paragraph of the agreements. In the meantime, they raised their prices (defying the government's "price freeze") until the recently granted wage increases were dwarfed by the rise in the cost of living.

Blum and his Chamber majority proposed a law to automatically link wage increases to the cost of living index. But now the Senate (like management growing bolder as the factories were cleared of strikers) refused to consider Blum's proposal. It called, instead, for renewed mediation between labor and management. And the employers' federation, on cue, announced that it would negotiate with the unions no more.

In the meantime, the wholesale flight of gold accelerated, further subverting the French economy.

To pacify the capitalists, the head of the French Communist Party called upon the Popular Front to broaden itself even farther to the Right. Blum in desperation called a "pause" in the campaign for further social reforms. Clearly, he was in full retreat. He appointed as directors of currency and credit manipulation three "eminent" technicians fundamentally opposed to the principles of the French New Deal [in order] . . . to soothe the fears of capital," reported Ehrmann. But "when these technicians resigned their posts, four months later, their action was a signal for the banks and for the Senate to force the resignation of the Blum government."<sup>29</sup>



*Example: Great Britain, 1945.* The Labor Government came to power on a program of social reforms, including the nationalization of steel.

By 1945, nationalization *per se* was no longer anathema to British capitalists; a few industries had already been nationalized without causing much of a fuss. The bourgeoisie was content to go along with these few and infrequent measures, in fact, because the specific industries involved had long before ceased to be profit-makers. The capitalists felt that state management of these industries might succeed in keeping these still-necessary industries in operation while taking the financial burden of their upkeep off the capitalists' shoulders.

But the steel industry was another story altogether. Only recently it had been a profitable enterprise, and in 1945 there remained serious hopes that this might be true once again. The Labor Party's designs on steel, therefore, met with sharp disapproval both among steel manufacturers and the rest of the capitalist class.

So shortly after the nationalization measure was introduced there began a fantastically expensive anti-nationalization campaign, waged throughout the mass media and public advertising channels. The money to finance this campaign, of course, was available to the "aggrieved parties" precisely because they happened to be the masters of the nation's wealth-producing industries. To top it off, a massive flight of capital out of Britain began. Years later, the Labor Party recalled that

of 645 million pounds of private capital which left Britain during 1947-49, only 300 million pounds represented genuine investment in new projects. Some 350 million pounds was 'hot' money quitting Britain because its owners disliked the Labor Government's policy . . . or were engaged in currency speculation.

That was the total until 1949. By 1951 capital exporting reached truly disastrous proportions. In the midst of economic straits, Labor was turned out of office.

Reflecting on this debacle, British economist Andrew Shonfield drew the obvious conclusions — and the ones that the most self-conscious of British capitalists clearly intended should be drawn:

The only way to prevent the runaway of capital is by making Britain as attractive a place to the owners of capital as any possible alternative abroad. This at once sets pretty narrow limits to what the Government can do about taxation, about social expenditure, about nationalization, and a number of other major political issues. Here, in fact, is the vicarious reassertion of the political power of the owners of wealth.\*<sup>30</sup>

\*The British experience, incidentally, brings us back to the problem of the state's lack of industrial and financial data. For during the years 1945-51, the Labor government literally did not know (and certainly could not prove) how much capital was being illegally exported. Later, Labor Party leader Hugh Gaitskell could do no more than look back ruefully and sigh, "I have little doubt myself that our policy in 1950 and 1951 would have been more successful had we had accurate and up-to-date information on this point."

### *The Reformist's Dilemma*

Faced with a "crisis of confidence" of these proportions, the reformist government has only two basic choices. It can, on the one hand, capitulate. If it does, it adds one more costly bit of evidence proving the bankruptcy of the entire reformist strategy.

The only other alternative is to stand firm and persist in driving toward socialism. But faced with increasing economic paralysis and the continuing export of capital, *persistence can only take the form of the outright expropriation of the bourgeoisie.*

Of course, such a step can only drive the bourgeoisie back on its one remaining trump: coup d'etat (or, in more protracted form, civil war).

Indeed, even intermittent harrassment of or interference with the bourgeoisie in a period when the latter already feels pressed or threatened (e.g., by an international economic crisis) can produce the same result. And in such cases, reformers who have deliberately blunted the edge of working-class upsurges (by force or trickery) discover that they have only eased the way for the eventual triumph of the bourgeoisie's "strongman." This was the pattern followed by events in Italy, Germany, and Spain.

In the circumstances of *coup* or civil war, the bourgeoisie and as much of the state apparatus as can get away with it (including the army and police forces) lead the attack. Within the remaining, "loyal" state apparatus (which usually includes only those sections which find open rebellion inconvenient for one reason or another), sabotage becomes rife and crippling.

Now of course, persistent reformism is not the only course that will provoke a counter-attack by the capitalists. Any campaign for socialism worth its salt will do so. But reformism's unique weakness compared to revolution is that it expects to beat back the capitalist offensive using the bourgeoisie's very own, tailor-made state machine.

Civil war reveals the social struggle for what it is and has always really been: a conflict of class forces whose final outcome is determined not by legal niceties and Robert's Rules of Order but by organized power, force.

To carry on the struggle on these terms now, reformists are forced to wage the very revolutionary, armed struggle that their entire political strategy was supposed to make unnecessary. With the old bourgeois state in ruins or in open revolt, a new state — the organized power of the working class itself — has to be forged. In short, the reformists must try to undertake precisely those measures that revolutionary socialists have been demanding all along. The reformists must now become, willy-nilly, revolutionists.

With one crucial difference.

The revolutionists have devoted their efforts, during the pre-civil war period, to preparing the working class for the showdown to come. They have told the workers

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33. Morrow, *Revolution and Counter Revolution in Spain*.



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