APPENDIX: WHAT WAS THE SOCIAL CHARACTER OF YUGOSLAVIA?

The reply by the DSA to the League for the Fifth International’s conception of contemporary Revolutionary Marxism has indicated the importance of trying to define the social character of Yugoslavia. If we can establish that The Yugoslav state made a principled break with Stalinism we can justify the sympathetic position of the leadership of the Fourth International. If, in contrast, Yugoslavia only made a partial and limited split with Stalinism it will be possible to accept the position outlined by Workers Power.(1) This conclusion will establish that the Fourth International lapsed into centrism in 1948. Before we carry out an empirical history of the economics and politics of Yugoslavia it will be necessary to have some understanding of its ideology in order to establish whether the Yugoslavia communists rejected the world view of Stalinism.

The Ideology of the Yugoslav Communists

Edvard Kardelj has written a collection of articles that summarise the ideology of the Yugoslav Communists. (2) He outlines how the development of Yugoslav Communism was connected to the recognition of the importance of resolving the national question if the democratic and socialist revolution was to succeed. An important lesson gained from this perspective was the necessity to oppose any imposition of bureaucratic centralism which would undermine the prospect of the success of the democratic application of national self determination and the development of socialism. (3) Hence the prospect of national self-determination for the distinct areas of Yugoslavia was defined in terms of the success of the socialist revolution, and the aim of democracy was connected to the achievement of socialism. The economic system that was recognised as most compatible with these principles was that of economic self-management. This enabled the conflicting tendencies for centralisation and de-centralisation to be reconciled and promoted working class control over the process of production and distribution. Hence the major problem that had to be overcome in the revolutionary process was the assertion of a bureaucratic state centralism based on state ownership that would ultimately result in state capitalism and not the development of socialist relations of production. Therefore the views of the Yugoslav Communists and people came into conflict with Stalin’s justification of bureaucratic centralism in the name of socialist internationalism.

This conception of why it was likely that the Yugoslav Communist party and people would come into conflict with Stalin seemed to little relationship to what could be considered to be a Trotskyist explanation of the perspective of revolutionary opposition to the Soviet bureaucracy. No mention is made in this analysis of the role of the Yugoslav working class, the formation of soviets and workers councils. Instead the emphasis is on the claims of national self-determination as against the claims of bureaucratic centralism and great power hegemony. Nor do we have any understanding of the importance of international class struggle against both capitalism and Stalinism. But the emphasis on economic democracy implies that the social alternative to Stalinism is a type of democratic socialism and it is being suggested that Stalinism is a bureaucratic distortion of socialism that must be opposed in the most intransigent terms. The author argues that the realisation of an actual community of socialist nations can only be based on the rejection of domination by one nation over others: “If we were to apply Marx’s thought to socialist conditions, we might say that a socialist community of peoples will not be able to develop socialistically and democratically unless it can concern itself uninterruptedly and vigilantly with the kind of inter-nationality relations that are not imposed from above but are rather the result and reflection of joint needs and interests and as such can be achieved in democratic forms.”(4)

The point that is being made is that if democratic relations between supposedly socialist nations cannot be realised because of bureaucratic distortions and great power hegemony this situation implies that the USSR cannot be genuinely socialist. Therefore the suggestion is that the people of the USSR should be supported in the task of rejecting the bureaucratic distortion of Stalinism and that a new economic and political regime should be formed in the USSR that was more compatible with establishing democratic relations between the various regimes of Peoples Democracy. This principled change within the USSR would enable the nations in Eastern Europe to become socialist on the basis of their effective ability to exercise national self-determination. The regimes of Eastern Europe would be able to realise both socialist and democratic priorities because they were no longer under the domination and will of the Soviet bureaucratic elite. This standpoint is not terminologically similar to Trotskyism but its perspectives are certainly compatible with the approach of Trotskyism. The problem is that the conception of democratic and political equality between nations is also conceived in terms of the primacy of economic independence: “Obviously any form of imposition of an international division of labour on behalf of external forces can but generate reactionary consequences, both economic and political. Development of modern productive forces which require a world division of labour call for the creation of conditions enabling each separate nation to develop economically in independence……In other words, the economic independence of nations is not only not an obstacle to the development of the international division of labour, rapprochement of nations and transcendence of the boundaries separating them but quite the converse an imperative condition for the unobstructed and progressive unfolding of these processes.”(5)

Thus the emphasis on the importance of national self-determination and the equality of nations results in justifying the conception of socialism in one country. The aim of the political equality of nations is to promote the economic independence of each nation in a genuine socialist system. The argument is that only in conditions of real economic independence is it possible to establish principled forms of economic self-management and an alternative to the bureaucratic and administrative centralism of the USSR. Hence the alternative to the Stalinist conception of socialism is presented in terms of a different rationalisation of the theory of socialism in one country. This means that the conception of genuine economic democracy of socialist relations of production is outlined in terms of the ability of each nation to realise self-determination. What is implied is that the aim of transcending the role of nations is an expression of the bureaucratic and centralist interests of the Stalinist elite of the USSR. Genuine internationalist forms of economic activity required democratic relations between distinct nations. Consequently what is ultimately being justified is the conception of the Yugoslav understanding of socialism in one country. The crucial issue is whether this approach will ultimately result in new forms of the defence of Stalinism and the role of the bureaucracy. However it would also be dogmatic to contend that these views of the Yugoslav Communists in the period between 1950-55 do not express important and principled criticisms of Stalinism. Furthermore the justification of economic democracy implies that there is a genuine concern to create a society that is not Stalinist or based on the rule of the bureaucracy. The point is does the continued justification of socialism in one country mean that this attempt to break with Stalinism becomes an ultimate failure?

The author makes the point that he is not advocating autarky or the illusion of complete economic independence. Instead he is suggesting that what he is concerned about is the ability of each nation to take its economic decisions freely and on the basis of democratic principles of equality. Supporters of Trotskyism would have no objection to these principled points but what they would also argue is that it is possible to create genuine forms of the international development of the productive forces based on the premises of democracy, equality and economic co-operation. It is possible to promote forms of international planning based on the division of labour without justifying new forms of hegemony and domination. Stalinism resulted in bureaucratic centralism and so without Stalinism it could be possible to have an inter-connected economy that did not result in new forms of national oppression and inequality. Instead of making this conclusion the author seems to argue that only with economic independence can democratic socialism be realised. It is a version of socialism in one country that is conceived as the alternative to Stalinist bureaucratic centralism. What has to be established is whether this approach is a concession to Stalinism or whether it represents an aspect of a complicated process of demarcation from the Soviet bureaucracy.

The importance of the split with the Soviet Union means that historical development is not conceived by the Yugoslav Communists in terms of the progress of the international class struggle and is instead defined by the prospect of equality between nations: “The process of world unification can unfold in one of two directions: through the struggle for closer equitable and democratic cooperation between independent, that is free and equal peoples or through one, two or three of the most powerful states imposing their hegemony on others and the latter’s being economically and politically subordinated to the interests of these leading countries. This second road leads not only to the imposition of reactionary social forms of one kind or another, but also constitutes an impediment to the entire economic and social progress of mankind.”(6) This formula can uphold opposition to Stalinism in terms of rejecting the reactionary character of the rationalisation of the domination of one country by another in the name of socialist internationalism, but the politics of anti-imperialism versus imperialism replaces that of the class struggle. It would be more principled to argue that Soviet hegemonic ambitions should be opposed in the name of international socialism and the tasks of world revolution. Soviet domination of Eastern Europe becomes the pretext for opposing proletarian revolution in Western Europe. Hence Soviet proletarian internationalism is a sham and illusion because it is actually based on rejection of the tasks of world revolution. Instead of making this argument Kardelj insists that Soviet hegemony and internationalist aspirations should be opposed in the name of national independence. The relationship between this standpoint and that of world revolution is not explained. Hence it could be argued that the politics of nation replace that of class in analytical importance. The ultimate result could be the very rejection of world revolution because of its possible association with great power ambitions.

This point is connected to the view expressed that whilst the world situation is characterised by the transition from capitalism to socialism the result can take the form of bureaucratic distortions based on the imposition of force on one nation by another: “No leading nation in the world can claim for itself that it brings freedom and progress at bayonet point. Any aggressive war in the present day, regardless of who originates it, would do violence to the progress of mankind and is anti-socialistic.”(7) In general terms this standpoint would seem to be irrefutable. The standpoint of proletarian internationalism is not upheld by the external imposition of revolution via the role of foreign military force. The result is the alienation of the subjugated working class in relation to the aims of socialism and so the social system that is created will be subject to bureaucratic distortions and the denial of the prospect of democracy and the generation of a society based on the popular will of the people. Instead the success of the process of the transition to socialism can only be the result of the exercise of the voluntary free will of the people of given nations. In this sense socialism implies the importance of national sovereignty. But what represents a general principle and strategy is not necessarily applicable under all circumstances. It is possible that defensive wars against imperialist intervention can become wars of liberation and so generate external support for the development of the international class struggle. The point is that if we justify principles in terms of abstract formulas that ignore the changing character of circumstances the result could be the denial of what is necessary in the present for the advance of socialism. Consequently, the result could be opportunist reasoning that rejects the task of revolution in the name of formulas such as national independence. This does not mean that these formulas are irrelevant and unprincipled but it does mean that they should be utilised with caution and not become the pretext for the rejection of the internationalist tasks of world revolution.

However Kardejl seems to be aware of this type of criticism when he does refer to the importance of the class struggle. He argues: “It should be quite clear to us by this time that the fate of socialism and the social progress of mankind in general is not being worked out in the conflict between the present blocs of states – the so-called socialist and capitalist – but through class struggle, the struggle against the elements of the past in every individual state, and internationally in the struggle of progressive forces against all forms of hegemony or the imposition of reactionary and backward political and economic forms, or imperialistic exploitation of smaller and weaker nations, irrespective of their social system.”(8) He makes the most explicit reference to class struggle and the concept of world revolution and is categorical that this process is not based on the tensions between the so-called socialist and capitalist blocs and is instead about the various struggles that working people carry out against all reactionary social forms. He also goes onto say that this means that the struggle for socialism is also against the various bureaucratic distortions represented by Stalinism: “For this precise reason, we must fight against political forms of bureaucratic despotism deriving from relations of state ownership in states advancing towards socialism, for they now present the greatest threat to socialism’s progress and also to democratization of relations among peoples on the road to socialism.”(9)

Therefore in the name of the interests of the class struggle he outlines how its principled character is not expressed by the hegemonic ambitions of the leadership of the so-called socialist bloc of countries, and is instead about the aspirations of subordinated peoples to overcome capitalism, imperialism and the bureaucratic degeneration of socialism. Hence it is not surprising that Kardejl rejects any justification of the reactionary role of the Soviet Union in terms of the view that is a lesser evil when compared to capitalism. Instead in defending its national independence from the external interference of the USSR Yugoslavia has an important role in justifying what genuine socialism should be in terms of economic democracy, and in these terms the elitist role of the Stalinist bureaucracy should be rejected. The dispute between the USSR and Yugoslavia has become about two competing forms of socialism, and this means the rejection of a conception of socialism that has become antiquated and reactionary. If this was all that was being said it could be argued that the essential principles of Trotskyism and the Yugoslav communists were compatible. But Kardejl also argues that the standpoint of national independence, democracy and socialism is connected to peaceful cooperation between countries with different social systems. What is not explained is the relationship of this perspective to the class struggle. Only a dogmatist could deny the significance of peaceful relations between capitalist countries and socialist states, but the point is does this desire for peaceful relations undermine support for the international class struggle? He argues that this principle of peaceful relations means opposition to aggressive wars, opposing interference in the internal affairs of other countries, good neighbour relations with other countries, economic, political and cultural cooperation, strengthening the international role of the UN, and support for independence of oppressed nations. Also, rejection of being part of blocs, and instead promoting peaceful relations with all countries.

Some of these points can be supportable but in total it seems that the conception of peaceful coexistence is considered by Kardelj as being more important than the class struggle. The emphasis on the importance of peaceful co-existence is an indication that the pressures of the isolation of Yugoslavia are immense. It would seem more practical to try and establish good relations with both the USA and the USSR in the mid 1950’s rather than antagonise these powerful countries with support for world revolution. However this standpoint of peaceful co-existence is modified by the fact that Kardejl still outlines the importance of the class struggle for historical development, and is also in favour of the progressive role of the struggle against imperialism. Hence his approach ultimately expresses an uneasy tension between the premises of peaceful co-existence and the ambitions of the international class struggle. His standpoint is also based on intransigent opposition to Stalinism as bureaucratic despotism whilst accepting the perspective of socialism in one country. In ideological terms there has been a partial break with Stalinism by the mid 1950’s but important theoretical aspects of Stalinism are still defended by the world view of the Yugoslav Communists. These contradictions are an expression of the national isolation of Yugoslavia and the development of a tendency to reach accommodation with the Soviet bloc in order to establish political and trade links.

In 1955 Kardeji made a speech in which he argued that the possibilities for world economic and political integration were developing and so the cold war was gradually being transformed by this situation. He praised the contribution of the post-Stalin USSR to this process and maintained: “As followers of the ideology of socialism we are truly convinced that socialism is inevitable. But the roads to that goal are different. Consequently, the imposition by force from the outside of any kind of socialist forms or the appropriation of a monopoly of a definition of such forms would, by the same token as attempts to impose anti-socialist forms, only produce negative results in terms of both normal social progress and stability of world peace.”(10) He suggests that peaceful co-existence does not imply acceptance of ‘what is’ but instead is a perspective that enables social progress to occur without external interference that would impede this possibility. In these terms Kardejl maintains that peaceful coexistence is consistent with the possibilities of the class struggle. Hence he does not explicitly reject world revolution with this understanding. But he has made considerable concessions to the standpoint of socialism in one country in terms of defending a strategy of the diverse national roads to socialism. Obviously we can agree and accept that national political conditions will influence the strategy and tactics of revolutionary change but what is crucial is that this very national process should be part of an international development of the class struggle. However this understanding seems to be ruled out in terms of the formula that any external aspect or influence would represent an imposition of socialism by force. The very international development of the possibility of socialism seems to be a hegemonic ambition of given countries that undermine the only genuine process of transition which is that of the internal and national. Hence the internationalist conception of world revolution is being explicitly rejected in terms of the alternative formula and strategy of national roads to socialism. In these ideological terms could 1955 be a crucial year for understanding the evolution of Yugoslavia? At the very least Kardejl has outlined important reasons why the strategy of Trotskyism should be opposed.

Furthermore the major aims of Yugoslavia seem to have become the success of peaceful coexistence via the development of political cooperation and increased global trade. These concerns are deepened by the themes of a speech in the 1960’s in which the aim of socialism seems to have been entirely replaced by the policy of non-alignment. The goal is to realise international cooperation based on the genuine independence of all nations and the end to the imposition of any system by the most powerful countries. The brief reference to socialism is made in the context of support for the national road of development and independence. Furthermore Kardejl identifies Yugoslavia as being part of the socialist world. (11) But his major emphasis is on the question of the success of non-alignment and its ability to end the external imposition of force onto nations in order to ensure the demise of imperialism and realise democracy. However the criticisms made by the Chinese in relation to the role of peaceful co-existence means that Kardejl is forced to address the issue of the conditions in which socialism can be realised. He argues that the prospect of socialism is attained in a situation of the success of internal processes and is not imposed by force. This does not mean that conflict and violence can be avoided but: “The ratio of forces on a world scale is primarily decided by internal development in each country. For this reason every revolutionary and liberation struggle, every striving for economic and political independence, acquires more or less international significance and engages international forces which of course, for their part again influence the internal social processes. In this sense, we are undoubtedly living in a period of ongoing world revolutionary processes unfolding in the most varied forms, with every new impulse affecting in one way or the other the social forces of all peoples. Peoples no longer develop in isolation from each other, on their own, but in a special world environment to which they are bound by countless ties of reciprocal influence and mutual dependence.”(12)

The theoretical logic of polemic with those critics that defined Yugoslavia as revisionist means that Kardejl accepts that what is occurring is a process of world revolution in which the internal situation is inextricably connected to the external. But he still considers that the role of the internal is primary in bringing about revolutionary change. In this context the task of the socialist countries is not to impose socialism onto nations by force but instead to create the political and diplomatic conditions in which external action by the forces of imperialism cannot undermine the process of internal change. In this context the conditions of peaceful coexistence will be more conducive to the prospects of advancing the possibilities of internal revolutionary transformation than a situation of cold war tension in which imperialist intervention may occur, or the threat of global nuclear arises, because of this opportunity for the realisation of socialism in given countries. His approach is made in terms of providing friendly advice to the so-called socialist bloc and it is assumed that the differences with the USSR are the thing of the past. Instead the problem of external force is considered as being part of the possibilities of the future because the logic of the class struggle is to create international tensions. However the major reason to question his allegiance to the perspective of world revolution is because he outlines his views in terms of a vicious criticism of Trotsky: “In his day, Trotsky strove through world revolution to help the Soviet Republic in the war between it and the capitalist countries, which he thought inevitable. That was a reflection of the weakness of socialism, and of lack of faith in the forces of the revolution. Now some ultra-leftist communists are hoping that war will help the world revolution, considering the link between them to be inevitable. This reflects the strength of socialism but at the same time lack of faith in the revolutionary forces of other countries. But in both cases the practical result is the same: it boils down to a short-sighted attempt to solve the internal difficulties of the revolution at the cost of subordinating the world interests of socialism to the imaginary momentary interests of a specific socialist country.”(13)

The argument is that whatever validity the standpoint of Trotsky had at the time of the early Soviet republic his approach has become antiquated in relation to the growing strength of the socialist system. Prospects for socialism are enhanced by the perspective of peaceful co-existence rather than support for the reckless tactic of revolutionary war. Indeed this was a subjective approach even in the time of the early years of the Bolshevik revolution and the adventurism of revolutionary war was ultimately flawed because the problems of the isolated Soviet regime could be resolved at the expense of the interests of world socialism. Therefore to try and resolve the contemporary problems of the class struggle in similar terms to that of Trotsky is also detrimental to the prospects of success in the class struggle based on the role of internal developments. The only effective result of revolutionary war would be the imposition of socialism by force. Hence Trotsky is blamed for the actual actions of Stalin, and the so-called socialist camp is considered to have become the major allies of Yugoslavia and supports its perspective of the realisation of international socialism via the role of peaceful co-existence. It does not matter that this view is not an accurate representation of the views of Trotsky because what is important is the consolidation of an alliance of Yugoslavia with the Stalinist countries against Trotskyism. Hence the contemporary adherents of war in order to advance socialism are labelled as Trotskyists and all those that support national egoism are also defined in similar terms. In contrast all those that support the national basis of socialism and define the prospects of socialism in terms of the role of peaceful co-existence are considered to be anti-Trotskyist.

Kardejl extends his arguments against Trotsky when he also comments: “Nor did the European revolution unfold as Lenin had previously hoped. He was aware of the weakness of the anti-imperialist forces and of the danger of war, especially against the USSR. Nevertheless, he did not, like Trotsky, fatalistically fold his arms and regard war and world revolution as inevitable but instead formulated a new Soviet foreign policy based on long-lasting coexistence between the Soviet state and the capitalist states. His familiar thesis of the possibility of building socialism in one country reflected this orientation.”(14) This comment represents the adoption of the essential aspects of the Stalinist world view. The conception of socialism in one country is now identified with that of Stalin in the 1920’s, and the understanding of the relationship between peaceful coexistence and socialism is basically the views of contemporary Stalinism. His standpoint is based on the view that the strength and influence of the socialist states, the international working class, and the aspirations of the oppressed nations, is generating the climate for socialism to occur without the prospect of war. Thus the growing strength of the socialist camp can bring about a situation in which the contradictions of imperialism can be resolved peacefully. This means that Bonapartist adventurism – that is historically connected with Trotsky – must be rejected if war and nuclear war are to be avoided. In other words Trotsky is considered to be historical justification of the ultra-left equation of the prospects of socialism with war, but the perspective of peaceful co-existence of the socialist camp is the alternative and the effective basis for the realisation of the success of world socialism. Therefore by the 1960’s with these anti-Trotsky diatribes the ideology of the Yugoslav Communists was very similar to that of world Stalinism. The prospect of opposing the hegemonic bureaucratic despotism of Stalinism seemed to have become something that was part of the past of the early 1950’s. In contrast Bonapartist adventurism was a possibility that had not yet been realised in the present. Only with its realisation could new bureaucratic distortions be introduced into the character of world socialism.

Instead of being a force for bureaucratic distortions the USSR and the socialist camp is considered in the early 1960’s to have become an important influence on the internal transformation of countries in a socialist and democratic manner. (15) This does not mean that the aggressive threats of imperialist powers are not a problem but the very success of peaceful coexistence can provide an alternative to the prospect of war. If war was to occur then the bureaucratic distortions associated with socialism could be regenerated. This possibility is associated with Bonapartist adventurism or a war of conquest by the socialist camp. The advocates of this standpoint have the illusion that this prospect would represent a just war but it would actually be aggressive war that would not result in socialism. The historical advocate of this standpoint is again identified with Trotsky. He was opposed to the USSR peacefully coexisting with the capitalist countries: “To Trotsky, this seemed to be a blind alley, total defeat of the world revolution, the Russian revolution being the last unit of that world revolution, now encircled, which would either break out of the encirclement or die gloriously in the process. This outlook made him pin his hopes on an adventure, namely war, that would have been condemned in advance to failure. His theories of permanent revolution, his attempts to prove it impossible to build socialism in the isolated Soviet Union, his dogmatic predictions of the inevitability of a unified imperialism waging war against the Soviet Union, his mistaken assessment of the internal factors of social development in other countries reflected in the unrealistic anticipation –shown up in the falsity at Warsaw in 1920 – that the European proletariat would automatically rise up against its own bourgeoisie at the first step of the Red Army – all this reflected the blind-alley psychosis to which Trotsky had succumbed in his belief that a dead end had been reached.”(16)

In other words Trotsky is conceived as the actual proponent of Stalinism because of his apparent support for Bonapartist adventurism and the export of revolution via war. Hence in order to reject Stalinism it is necessary to reject the views of Trotsky! In contrast it was Lenin who supported the building of socialism in one country in the context of the possibility of peaceful coexistence, or the rejection of Trotsky’s conception of permanent revolution which meant war by the Soviet Union against capitalist countries in order to promote social upheaval and the overthrow of capitalism in Europe. The conclusion is that: “History has relegated Trotsky’s theses to oblivion for in every respect practice has repudiated them.”(17) Kardejl contends that the contrasting issues are either support for building socialism in one country versus Trotsky’s perspective of permanent revolution, or upholding peaceful co-existence as against revolution by war. Lenin connected socialism in one country to peaceful coexistence and: “This tremendous ideological achievement of Lenin’s also influenced the period of Stalin. For, in spite of occasional wavering and inconsistency in point of which he sometimes approached Trotsky’s conceptions, Stalin nevertheless in the last resort remained on Lenin’s positions on this question.”(18) In other words when Stalin confronted Yugoslavia with demands for Soviet domination he was actually influenced by Trotsky’s sympathy for Bonapartist adventurism! Only the rejection of Trotskyism by the present leadership of the Soviet Union has led to equitable and democratic relations between Yugoslavia and the USSR. Thus Trotsky is blamed for the bureaucratic distortions symbolised by Stalin. The causes of Stalinism are no longer national egoism and bureaucratic centralism and instead are because of the residual influence of Trotsky. This view seems to represent the ultimate expression of unity between Yugoslavia and the USSR of the early 1960’s and the rejection of any relation to Trotsky and his perspective of world revolution. The fact that Trotsky was one of the most eminent opponents of Stalinism is conveniently omitted by this expression of unity between Yugoslavia and world Stalinism. Support for peaceful coexistence versus Bonapartist adventurism is utilised in order to present Trotsky as being the most important opponent of the Yugoslav conception of the national basis of socialism. The justified view that war will not advance the prospects of the success of the transition to socialism is dogmatically developed in order to reject any relation of the YCP to the views of Trotsky, and instead establishes affinity with support of the Stalinist conception of peaceful coexistence. Kardejl could argue that he has not rejected the revolutionary role of the working class or the international class struggle but this understanding is based on accommodation to the influence of the post-Stalin leadership of the USSR.

Understanding Yugoslavia

In strict economic terms it is difficult to comprehend the social character of Yugoslavia. The economic reforms of 1950 introduced a system of self-management that formally was based on the principles of employee participation in the enterprises and the promotion of economic democracy. But in practice the mangers of the enterprises took the most important decisions and overall priorities were decided by the party state. However the economy was not similar to the Soviet command economy and was based on the significance of the market for the allocation of resources and the importance of profitability. This economy could not be said to be capitalist because the party state tended to subsidise loss making enterprises even if planning was only formal and not effective. (19) Therefore Yugoslavia could be defined as being an economy of bureaucratic self-management that still does not explain its class character.

Milovan Diljas, who was a prominent part of the Yugoslav Communist government, outlines an approach for understanding the Soviet Union and other Stalinist societies that can be helpful for understand the class content of Yugoslavia. He elaborates how the USSR was defined by the importance of the role of the revolutionary party in overthrowing the old regime. This situation enabled the party to promote industrialisation in order to consolidate its domination. The result was not the Marxist aim of a classless society and instead led to the creation of a new type of class rule. The control of the state by the party enabled it to own nationalised property and so enabled the party to have effective control over the distribution of resources. This situation led to the domination of a privileged bureaucracy over society: “If we assume that membership in this bureaucracy or new owning class is predicated on the use of privileges inherent in ownership – in this instance nationalised material goods – then membership in the new party class, or political bureaucracy, is reflected in a larger income in material goods and privileges than society should normally grant for such functions. In practice, the ownership privilege of the new class manifests itself as an exclusive right, as a party monopoly, for the political bureaucracy to distribute the national income, to set wages, direct economic development and dispose of nationalized and other property.”(20)

Initially he understands Yugoslavia in this manner because the process of change was similar to that which occurred in the USSR. A centralised and elite revolutionary party which was influenced by Stalinism took political power and began to nationalise the economy in order to create the domination of a new class. He also argues that the conflict between Yugoslavia and the Soviet Union led to the introduction of workers self management but this did not alter the social character of the regime: “Yugoslav’s so-called workers management and autonomy, conceived at the time of the struggle against Soviet imperialism as a far-reaching democratic measure to deprive the party of the monopoly of administration, has been increasingly relegated to one of the areas of party work. Thus, it is hardly possible to change the present system. The aim of creating a new democracy through this type of administration will not be achieved. Besides, freedom cannot be extended to the largest piece of the pie. Workers management has not brought about a sharing in profits by those who produce, either on a national level or in local enterprises…..Through various taxes and other means, the regime has appropriated even the share of the profits which the workers believed would be given to them. ” (21)

But Djilas still admits that a genuine reform of the system has taken place despite its limited character: “This does not mean that the new class cannot make concessions to the people, even though, it only considers its own interests. Workers management, or decentralisation, is a concession to the masses. Circumstances may drive the new class, no matter how monopolistic or totalitarian it may be, to retreat before the masses. In 1948 when conflict took place between Yugoslavia and the USSR, the Yugoslav leaders were forced to execute some reforms. Even though it might mean a backward step, they set up reforms as soon as they saw themselves in jeopardy.”(22) We can differ from Djilas about the significance of the reforms because they resulted in an economic situation that was different from the command economies of the USSR and the rest of Eastern Europe. It is true that workers self management may largely have been a sham but this did not mean that the economy of Yugoslav was not distinct and was at least formally committed to the principle of economic democracy. We can also argue that this formal principle did influence the decisions of the party and the managers even if they did have ultimate and effective economic control. For example self-financing of enterprises enables workers to take decisions about the allocation of resources. (23) The working class also had a lot of informal economic power that obstructed the realisation of the plans of the managers and the party state. This situation could be negative and expressed the alienation of the workers but it was also a result of the contradiction between the principles of workers self-management and the inability to realise this objective. In other words the working class had unprecedented economic power within the Yugoslav economy but it was unable to realise this power in an effective and constructive manner.

Thus the very limitations of workers self management indicates a different situation to the command economies of the USSR which had far inferior levels of participation by employees in the activity of the enterprise. If the USSR because of the relationship of the command economy to the party state bureaucracy could be considered as an example of the classic bureaucratised nationalised economy, what was Yugoslavia? The standpoint of Djilas would suggest that Yugoslavia was the same as the USSR because of the continued domination of the economy and politics by the party state. However this would not explain differences and even Djilas has to admit that Yugoslavia is not the same as the USSR because of the very fact of workers self-management. The point being made is not meant to justify the view that Yugoslavia was a type of workers state because of the obvious fact that the workers still did not have effective control over economic activity. Furthermore, the party state was still the basis of the system. However the analysis of the ideology of the Yugoslav Communists indicates that in the early 1950’s the party did have important criticisms of Stalinism. Thus it would be a caricature to suggest that no break with Stalinism had taken place. Consequently even if we are to ultimately define Yugoslavia in similar terms to the USSR it would be necessary and explanatory to take into account important differences. It is necessary to establish what is unique about the Yugoslav social formation.

Having argued the above it is also necessary to establish that any significance of the role of workers self management was undermined by the continuation of the party state. In this context it would not be dogmatic to assume a basic affinity between the social structure of Yugoslavia and the USSR. The complex task is to establish what is similar and distinct in the comparison between Yugoslavia and the USSR. Both Yugoslavia and the USSR shared a party state that upheld monolithic rule, and was based upon various forms of state repression that denied the exercise of political freedoms. (24) The crucial question in relation to this issue of comparison concerns whether the assertion of national communism by Yugoslavia meant its social development became different to that of the USSR. Djilas outlines this question in the following terms: “The form of government and property as well as ideas differs little or not at all in the Communist states. It cannot differ markedly since it has an identical nature – total authority. However, if they wish to win and continue to exist, the Communists must adapt the degree and manner of their authority to national conditions.”(25) Yugoslavia carried out an independent revolution but its original ideology and influence was based on the role of the USSR: “With the victory of the Communist revolution in a country a new class comes into power and into control. It is unwilling to surrender its own hard-won privileges, even though it subordinates its interests to a similar class in another country, solely in the cause of ideological solidarity.”(26)The very material interests of the national bureaucracy of Yugoslavia mean that it was eventually to reject the great power hegemonic claims of Stalin and the USSR. What results according to Djilas is that the character of both the USSR and Yugoslavia remains unaltered: “However, the nature of the clash and the basic forces in it remain. Neither Soviet Communists nor Yugoslav Communists stopped being what they are – not before, nor during, nor after their mutual bickerings.”(27)

We cannot be satisfied with this conclusion. It is true that the Yugoslav communists have not evolved into democratic socialists and their society was still a party state after the conflict with the USSR. But as Djilas admits, the split of 1948 led to the gradual development of national communism and the questioning of the hegemony of the Soviet Union within Eastern Europe. Soviet imperialism may not have been ended but the events of 1948 led to discontent within Eastern Europe and the undermining of the legitimacy of Soviet Stalinism. (28) Furthermore, and most importantly, the 1948 split meant that Yugoslavia developed an economy that was very different to the Soviet command economy. Hence Yugoslavia became a contradictory society that tried to reconcile the party state with an economy that was unsuitable for the purposes of the domination of the bureaucracy. In this society the managers, workers, banks and the federal republics all represented alternative forms of authority, and the result of these tensions and contradictions was that the Yugoslav social formation represented a moribund bureaucratic nationalised state. The conditions were favourable for the overthrow of the bureaucracy, and many intellectual currents developed that advocated the end of Stalinism and the necessity of a democratic socialist society. The fact that the bureaucracy had only the most insecure control of the surplus meant that it was effectively functionally redundant and the possibilities to realise effective forms of workers control were continually and daily expressed by the dichotomy between the symbolic commitment to workers self-management and the inability to realise this possibility. If the partial revolution of 1948 had not taken place none of these possibilities would have been realised. Instead Yugoslavia would have been structurally assimilated into the USSR in the manner of the rest of Eastern Europe. It was the lack of a structural assimilation process that enabled Yugoslavia to make a partial break with the USSR. However by the mid 1950’s the process of unification with the USSR was starting to re-develop. This led to the ideological degeneration of the Yugoslav Communists and the virulent adoption of anti-Trotskyism. The question was what would happen in the 1960’s and 1970’s that would influence the social development of Yugoslavia?

The period between the late 1950’s to 1965 was very important for Yugoslavia. There was discussion and consultation about the political system and debate about whether it was more appropriate to develop a participatory system of direct democracy, or establish a multi-party parliamentary democracy. There were also discussions about how to improve the system of workers self-management, and there was general agreement about the necessity to reduce the intervention of the party and state in economic activity. The measures of 1965 meant the increased influence of market mechanisms but the domination of the party state was not ended and it still was the primary aspect of society. (29) These economic measures meant the hybrid character of Yugoslavia was intensified. The tendency towards capitalism was enhanced with the recognition of the role of the market for the allocation of resources and the efficiency of enterprises. But the party state was maintained and this meant the bureaucratic nationalised character of society was not overturned. The party would have the ultimate power in relation to distribution of the surplus and workers self management would still be defined by the importance of the managers. The federal character of Yugoslavia meant that there were important tensions between the different republics about the distribution of resources and resentment about preferential treatment for one region as opposed to another. The party regime was more democratic than any other in the Soviet bloc and it was possible to openly express differences. The workers were also able to articulate complaints because of the self-management system and so this situation represented the negative power of workers to influence economic priorities.

This society was distinct from the Soviet Union and was an indication that changes had occurred that represented a limited break with Stalinism. But in the last analysis this society was unviable. It would become fragmented because of the differences between the federal republics, and the tendencies for capitalism would be realised. However it could also have been possible that the elements of socialism represented by the formal exercise of workers self-management would be realised by the mass movement of the working class. In a paradoxical manner Yugoslavia was closer to both socialism and capitalism than Stalinism because of the break with the USR and the establishment of some type of innovative regime. In contrast Workers Power only analyse Yugoslavia up to 1948 in order to conclude that it was a bureaucratised workers state that was similar in character to the USSR. They describe the formation of this society in terms of the creation of the bureaucratic degenerated workers state with the introduction of the five year plan of 1947. The result was tension between the USSR and Yugoslavia: “From this it is clear that the Stalin-Tito split was a break between two already existing bureaucratised workers states. It did not represent the creation of a genuine proletarian state. Stalin’s designs for reasserting the hegemony of the USSR in Eastern Europe clashed with the interests of the Yugoslav bureaucracy. Despite its demagogic socialist rhetoric, the final character of the YCP’s break with Moscow was a break in the direction of imperialism. This was exemplified by its consolidation of trade links with the West, its declaration of ‘non-aligned’ status, and its support for imperialism in the Korean War. While the bureaucracy strengthened its independence vis-a -vis the Kremlin by forging a new alliance with imperialism, to this day, no qualitative change in the character of the state has taken place.”(30)

Hence Workers Power dismiss the role of workers self management as a sham. But what is not acknowledged is that even the actuality of the semblance of economic democracy is different to the command economies of the USSR and most of Eastern Europe. The point is that the break with the USSR meant that some expression of economic and political democracy had to be at least formally expressed in order to establish popular legitimacy for the Yugoslav regime. This meant there are distinct aspects of the Yugoslav society that were not identical to the USSR. Furthermore, it is a slander to suggest that the break with the USSR led to Yugoslavia becoming closer to the forces of imperialism. This economic and political isolation of Yugoslavia meant that it had no option other than to trade with capitalist countries, and in 1955 Yugoslavia was reconciled with the post-Stalin regime in the USSR. (Yugoslavia after 1955 increasingly adopted a world view that was based on its reconciliation with international Stalinism) But the point was that the distinctive changes of the 1948 split with the Soviet Union were never rejected by this process and so Yugoslavia remained a society that was different to that of the USSR. Hence Yugoslavia was never structurally assimilated into the USSR. Workers Power has to deny the empirical fact that a type of revolutionary process occurred in Yugoslavia because this would mean defining this country as a type of healthy workers state. Therefore in order to characterise Yugoslavia as a bureaucratised workers state they reject any conception of a revolutionary break between Yugoslavia and the USSR. However if we reject the dogma of the standpoint of the degenerated workers state theory we can establish that the break between Yugoslavia and the Soviet Union led to the flourishing of a leftwing form of Stalinist ideology and the development of limited forms of economic and political democracy. Therefore Yugoslavia was a country with possibilities for more profound revolutionary change but it still remained a distinctive type of bureaucratised nationalised state as described by Adam Westoby. (31)

In other words the theoretical problem was that the conception of the degenerated workers state could not explain empirical events adequately. Any break between the USSR and another Stalinist society had to be described in terms of the formation of a healthy workers state, or else dogmatic rejection that any change had occurred. But the latter stance meant that the fact that some type of popular revolution had occurred when Yugoslavia broke with the USSR was rejected in the name of political principles and opposition to the type of opportunist reasoning upheld by Pablo. Ironically, the merit of Pablo’s position was that he was at least able to establish that some type of change had occurred in Yugoslavia. Hence the choice seemed to be between dogmatists who denied that anything had effectively happened and Pablo’s increasing adaptation to the standpoint of the Tito led bureaucracy. The real problem was the clinging to a conception of the formation of workers states that could not explain what had happened in flexible terms. However this situation has been confused by the fact that the followers of Max Shachtman, who defined the USSR as bureaucratic collectivist, also could not accept that some type of break with Stalinism by Yugoslavia had taken place. (32) Consequently the imposition of inadequate definitions of social formations in place of empirical analysis has undermined the prospect of being able to understanding the concrete character of Yugoslavia. In this context the distinctiveness and hybrid character of Yugoslavia has not been recognised. The domination of the bureaucracy has not been overcome by the break with the USSR but the very historical importance of this break has enabled specific characteristics to arise that have significant anti-Stalinist aspects. In contrast the various theorists of the degenerated/deformed workers state theory adhere to the static conception that either a principled or unprincipled break with the USSR has occurred. This absolutist approach cannot recognise partialities and limited breaks because of this all or nothing stance. In contrast in a brief and unsatisfactory manner Westoby hints at the distinctiveness of the Yugoslav events when he maintains: “The Yugoslav revolution, its autonomy and its success, is strikingly different from the course of events in wartime Europe. The very different outcome came about not because social and political forces essentially different from those in other countries were at work, but because in Yugoslavia they interacted and combined in a different manner, with very different relative strengths.”(33) The problem with this comment is that its understanding is not applied to the events of 1948. It was the very independence of the Yugoslav revolution that enabled it to break with the USSR in 1948. Instead his analysis of the reluctant break of loyal Stalinists with the USSR could be reconciled with the dogmatic no change stance of Workers Power. (34)

The Foreign Policy of Yugoslavia

The initial approach of the Yugoslav government after the split with the USSR in 1948 was an attempt at reconciliation and only in the middle of 1949 did it refer this dispute to the United Nations. In October 1949 they outlined to the UN a proposal, the ‘Declaration to the United Nations of Rights and Duties of States’, which advocated the principle of national security through support for the principles of the UN charter and its support for self-determination. (35) This was not an expression of a definite foreign policy perspective and instead was a reaction to the attempt of the USSR to dominate Yugoslavia. All that was implied was the attempt to establish UN support for opposition to a Soviet invasion of Yugoslavia. However the government of Yugoslavia also declared it would not join NATO despite obtaining aid from the West. Opposition to North Korean aggression in 1950 did not result in support for the expansionist aims of the USA to develop an aggressive war that would bring about the end of the North Korean regime. The UN decided to support Yugoslavia against the threat of Soviet aggression in a similar manner to that taken in Korea. The Yugoslav government also settled border disputes with Austria and Italy in order to enhance Western sympathy for its opposition to the USSR. In the period between 1949-52 the perspective of the Yugoslav government was unavoidably pro Western in order to establish allies against Soviet aggression.

The decline of the Soviet threat by 1952 combined with increasing Yugoslav contacts with third world countries led to the development of a new foreign policy. One of the most important results was the declaration of non-alignment made by Yugoslavia and India.(1955) This was a policy that actively promoted peace and collective security and respect for national sovereignty and opposition to blocs.(36) The policy that was evolving was based on the assumption that the new nations could democratise international relations, but this approach was not yet consolidated because the establishment of a new regime in the USSR raised the prospect of a return to the socialist camp led by the USSR: “During the 1955-1957 period, some Yugoslav officials toyed with the possibility of a return to the socialist camp; their inherent emotional attachment to the Soviet Union and to the internationalism implied in Marxist-Leninist ideals predisposed them to view the changes in Soviet outlook and policy over-optimistically.”(37) But the Soviet intervention in Hungary in 1956, and the alliance in 1957 of the USSR and China against Yugoslav revisionism, brought an end to illusions of a return to the socialist camp. Yugoslavia also gained more prestige, and an end to its diplomatic isolation, by making progress in its policy of non-alignment. At the 7th congress of the League of Yugoslav Communists in 1958 the decision was formalised not to join the Soviet camp and criticism was made of the view that socialism could only be constructed in the manner outlined by the USSR, and the programme adopted upheld the foreign policy approach of active co-existence and an end to the role of blocs. This approach extended the influence of Yugoslavia in Asia and Africa, and enabled it to extend its economic trade. Yugoslavia has been able to utilise its political ties with Asia and Africa in order to develop support for socialism and has supported anti-colonial objectives such as solidarity with the Algerian war of national independence. The culmination of this activity was the Belgrade Conference of non-aligned countries that was held in 1961. Tito established a long standing relationship with Nehru the leader of India in order to promote non-alignment: “Yugoslavia made a virtue of its adversity. To end its isolation, it pioneered non-alignment. The conditions were ripe…..but without Yugoslavia nonalignment would not have taken hold as quickly and firmly as it did. In Tito there coalesced the combination of example, purposefulness and determination that gave essential form and direction to the new nations. Underlying the Yugoslav approach to nonalignment, both within and without the United Nations, is the assumption that intelligent, concerted activism by the weak and less developed nations can influence the policies of the strong and developed nations.”(38)

Yugoslavia has interpreted non-alignment as meaning strong support for struggles against imperialism such as support for Nasser’s nationalisation of the Suez Canal and opposition to French and British intervention. But this support took the form of Yugoslavia having a prominent role within a peacekeeping force that replaced the French and British troops. Support was also given for UN intervention in the Congo and Lebanon. Yugoslavia has also supported the extension of world trade as being important for the ending of Third World poverty and so opposed autarky. They have supported the role of the UN for the promotion of world trade. Non-alignment has also been utilised in order to promote support for socialism, and its one party model has appeal for various third world states. Egypt, Tanzania, Mali, Algeria, and Ghana have consulted with officials of the Yugoslavia League of Communists about socialism. Yugoslavia has also provided trade credits, technical assistance and participated in joint ventures with nations in Asia and Africa. The result has been sustained support for the building of economic infrastructures in third world countries. Yugoslavia has also established close relations with Egypt led by Nasser. The result of this influence was the promotion of a type of socialism and appreciation of the international dimensions of the concerns of Egypt: “Tito helped broaden Nasser’s horizons and served as a model for him to emulate in dealing with the Great Powers; he enhanced Nasser’s appreciation of the problems of bringing an underdeveloped society to socialism and of the importance of international economic issues. Tito involved Nasser in international concerns transcending the Arab world.”(39)

Between 1956-1961 relations with the Soviet bloc were polarised but improved between 1961-68 after the Sino-Soviet split. Relations with India were undermined by the delay of Yugoslavia in criticising the Chinese attack. At the Cairo conference of non-aligned countries in 1964 Tito argued that peaceful coexistence did not undermine opposition to imperialism. This was his alternative to Chinese influenced views. The Yugoslavs also differed from the Soviet view of peaceful co-existence and argued that this should replace the role of antagonistic blocs rather than being the role of the blocs being the expression of peaceful coexistence. Non-alignment has enabled Yugoslavia to generate international influence and end its isolation in the world.

The above analysis has indicated that the foreign policy of Yugoslavia after the break with the USSR has not generally been pro-imperialist and instead could be described as being anti-imperialist because of the perspective of non-alignment. However this does not mean that what was being upheld was a form of support for genuine socialism and world revolution. In other words the policy of non-alignment was effectively the justification of the coming to power of elites that could be defined as bureaucratic social forces that promoted state capitalism instead of genuine socialism based on the self-activity of the workers and peasants, as Tony Cliff explains in relation to the intelligentsia coming to power in the Third World: “They were great believers in efficiency, including efficiency in social engineering. They hoped for reform from above and would dearly have loved to hand the new world over to a grateful people, rather than see the liberating struggle of a self conscious and freely associated people result in a new world for themselves. They cared a lot for measures to drag their nation out of stagnation, but very little for democracy. They embodied the drive for industrialisation, for capital accumulation, for national resurgence. Their power was in direct relation to the feebleness of other classes, and their political nullity.”(39)

Thus the support of the Yugoslav Communists for the economic and political power of the intellectuals in the third world was an expression of the sociological affinity of these social forces with its own domination of a bureaucratic society. In this context the role of self-management was secondary to the fact that one party rule was being utilised in order to sponsor the process of industrialisation and the development of the economy. Thus it is not surprising that the Yugoslav Communists expressed indifference about the prospects for genuine and authentic proletarian revolution as in relation to France 1968. They supported the Czechoslovakian Communists in 1968 because they were an elite that was in control of a process of self-reform of the system. This situation also represents the rebellion of a national state formation against the hegemonic domination of the USSR. In contrast the Yugoslav Communists were always indifferent to the prospect of international workers revolution even if they had sympathy for the rebellions of anti-imperialist forces. Hence their standpoint was based on the conception of an expansion of the domination of a state bureaucracy that was distinct from that of the USSR or China. They promoted a different road to socialism and in this context they opposed the economic and political domination of both the USA and USSR. Support for non-alignment meant they could not adhere to the justification of the status quo held by the USA and were also antagonistic to the claims for domination of world socialism made by the USSR. Instead they supported a type of bureaucratic conception of world revolution based on the increasing influence of non-alignment. The result of this process would be the promotion of a distinct type of bureaucratic socialism or state capitalism. Only in the period of the intense isolation of Yugoslavia caused by the split with the USSR did this regime express a pro Western stance. But the development of the perspective of non-alignment meant that this Western stance was temporary and was replaced by this alternative policy.

In other words we could consider the foreign policy of the Yugoslav regime as being anti-imperialist, against both the USA and the USSR, and yet also against proletarian socialism. This standpoint expressed its distinct interests as being a different form of domination by a bureaucratic ruling class. The approach of non-alignment was an effective policy that enabled Yugoslavia to overcome the national isolation of the 1948-51period. In ideological terms this situation also meant that the Yugoslav regime promoted a type of socialism that was compatible with its own distinct national interests. This was a form of bureaucratic socialism based on the principles of national self-determination. Consequently given the empirical success of the anti-imperialist standpoint of non-alignment we must consider that the views of Workers Power concerning Yugoslavia becoming pro-imperialist are false and dogmatic. Whether Yugoslavia became a principled opponent of imperialism is a matter of argument and theoretical discussion, but in terms of the facts we have to accept that Yugoslavia was an ally of the Third World against the domination of imperialist powers like the USA. Indeed there is an argument that could suggest that Yugoslavia was the most principled opponent of the forces of economic and political domination because of its intransigent support of non-alignment.

Understanding Self-Management of the Economy

The split with the USSR led to discussion about what constituted socialism. It was suggested by Yugoslav intellectuals that state ownership did not represent socialism and instead what was required was the self-management of the producers. The principle of self-government of the economy by the workers and social ownership replaces state ownership, and the role of the market replaces strict adherence to the targets of planning. The programme of the League of Communists of 1958 describes what is meant by socialism: “In it, socialism is defined as the “social system based on socialized means of production in which social production is managed by associated direct producers, in which income is distributed according to the principle of to each according to his work and in which, under the rule of the working class itself being changed as a class, all social relations are gradually liberated from class antagonisms and all elements of exploitation of man by man.”(41) The system is based on the election of a workers council by the secret ballot of the enterprise. This council potentially takes the most important economic decisions. The council elects a managing board and appoints a manager. It has been argued that the managers make the effective decisions but it could also be argued that this possibility is counteracted by the importance of the workers council. What could be more problematical is the fragmentation of decision making between the various work units of the enterprise and the influence of the communal authorities. It has been thought necessary to simplify the decision making process either by increasing power s of the manager or the workers council, but instead of this simplification being implemented there has been the multiplication of decision making entities. The situation is also complicated by the influence of the banks over investment decisions and the ability of enterprises to control other workplaces and to dictate their economic behaviour. There is also a constant tension between the aspiration for high wages and recognition of the necessity to increase the funds for investment. An important theoretical result of the various contradictions and limitations of the process of self-management is that the dispute about what constitutes social ownership is continuous and unresolved. There is a basic recognition that autonomy and participation of the workers in economic activity has not been realised even if self-management has also resulted in years of economic growth. (42)

Horvat argues that the question of the conception of socialism cannot be reduced to that of the distinction between market and plan, or private enterprise versus state ownership. Instead socialism is about the success of self-management based on the realisation of economic democracy. He argues that if the autonomy of the enterprise is to be real and effective the role of the market in the form of the distribution of resources becomes indispensable. In this context planning is reduced to what is acceptable to the importance of market mechanisms in the process of the allocation of resources, investment decisions and the level of wages. However some would argue that this situation results in the contradictions of the Yugoslav economy such as the tension between the interests of the enterprise and society: “D. Misic sees the shortcomings of self-management as it exists today in Yugoslavia to lie primarily in the fact that it is confined to the enterprise. Investment resources are not allocated rationally; in the present situation, self-management and planning contradict each other; the socialist distribution principle is negated; and there is a tendency for group ownership to arise.”(43) The point being made is that the absence of effective democratic planning means that the conception of self-management becomes distorted in terms of the justification of the domination of the market. What results is a tense relationship between self-management and the tendencies for the complete flourishing of the market. But Horvat cannot conceive of any alternative because he conceives of planning in terms of rigid targets and the authoritarianism of state control. He also does not discuss whether self-management is actually being realised, are forms of hierarchy undermining the prospect of economic democracy?

However Rudolf Bicanic argues that the only alternative to the system of rigid centralised planning is expressed by the ability of the workers of each enterprise to make their own plans which are part of the development of an overall plan: “Workers councils, pursuing the economic interests of the working collective of the enterprise, made their own autonomous plan and in doing so implemented the planning targets and so fulfilled the objectives of the social plan. Thus, instead of the administrative instruments economic instruments were introduced, and at the same time the initiative of the workers was freed from the restrictions imposed by the state bureaucracy.”(44) The point he is making is that the only alternative to a centralised plan instigated by an unaccountable economic agency is the role of enterprise autonomy. However this possibility was undermined by the interference of centralised state agencies that dictated the character of the economic activity of the enterprise. The only alternative to this situation was the development of more decentralisation which was introduced by the measures of 1965. This represents the polycentric system in which the heterogeneity of the different economic aspects has crucial importance. In the second system of planning the initiatives of the enterprise were undermined by the criteria established by the central planning agency. Only with the polycentric system was full autonomy for the enterprise established. The form of planning between the early 1950’s to 1965 was undermined by the extent of the demands of the state bureaucracy and the tendency for subsidies to replace the prospect of market prices. Hence distortions resulted in the economy. In this system the enterprise had only 14% of the funds and 60% of the funds was controlled by the state at republic or central level and by the communes: “In the third model the principle was accepted that the income of the enterprise belongs to the workers of that enterprise and that redistribution by the government is an imposition of an outside body. The principle adopted was that income should be disposed of where it is earned, i.e., in the enterprise, as required by the labour theory of value. It was considered reasonable that the government should take from the enterprise 30% of the gross income, but it was held that the division of the rest between the personal income of the workers and the investment funds of the enterprise should be decided by the workers management. As a result, 70% of the income of the enterprise income will ultimately be exempt from redistribution by the annual social plans and left to be allocated by the autonomous plan of the enterprise. The justification given for this is the need to modernize and replace obsolete capital equipment, which can best be done by the enterprises themselves. No central authority, despite its experts, can have a detailed knowledge of modern innovations and as much information concerning the situation on the spot and the requirements for modernization in 8,500 factories as the business enterprises themselves.”(45)

In other words Bicanic does not recognise the dilemmas of the present economic system as representing the demands of the market versus the plan. Instead he considers that what has resulted is improvement from a situation of unsatisfactory centralisation and the realisation of the efficiency of decentralisation. This means that the enterprise has finally been able to establish effective control over its activity and so the principle of workers self-management has been ultimately realised with the reforms of 1965. The role of the market is essentially an expression of the ability of the enterprise to be able to determine its own investment and production levels and to establish its own prices without state interference. The capacity to realise workers self management cannot be upheld without enterprise autonomy and effective freedom of the market to allocate resources. The alternative is a centralised plan in which the producers act in accordance with the requirements of the plan and not in terms of their own creativity via the democratic role of the organs of self management. However what has been glossed over by this analysis is that the managers and the state still have important powers of decision making that undermine the possibility of the realisation of effective self-management. Formally the 1964 programme of the League of Communists maintained that the direct producers were able to decide issues of capital development and investment but the agencies of the Federation were still responsible for realising ‘harmonious economic development’.(46) The plan became the expression of a guide to economic activity rather than the expression of the establishment of rigid targets, but the problem remained of the undue influence of the Party that could distort the ability of the enterprise to realise truly decentralised production and distribution. Various organisations of state and party still ensured that the autonomy of the enterprise was not realised in an effective manner.

The principles of the economy since the mid 1960’s are based on the polycentric conception of the importance of the autonomy of the enterprise. But the process of decision making has been influenced by the role of the banks in providing investment funds and by the intervention of state institutions like the communes and the role of the party. The 1965 reforms were supposed to establish the effectiveness of the autonomy of the enterprises and therefore it had control over allocation of investment and the payment of incomes to workers. But this development also led to the banks imposing a restrictive credit policy that undermined the ability of the enterprise to raise funds and the result was that many enterprises could not generate their own investments. (47) The banking system is not organised in relation to the requirements of the enterprises and the result has been a division of enterprises between those that are successful and those that make losses. What would make a difference would be the establishment of genuine connections between workers self-management and planning. (48) But this situation would be different to the planning of a command economy. Instead what would be the aim would be the enhancement of the success of the various enterprises based on the principles of autonomy and decentralisation. The plan would provide a guide that would promote the prosperity of the enterprises. In this manner the role of the plan would be reconciled with that of the market.

This approach seems to be plausible at the level of theory. But what is not established is whether the role of other economic and state agencies actually undermined the possibility of the effective development of workers self-management. One commentator suggests that the party always envisaged workers self-management in terms of the importance of the role of the director because they did not believe in the ability of the workers to make rational economic decisions: “The communist leaders thought that the directors had to be entrenched in this way because they were afraid that otherwise the workers would try to raise the wages fund per unit of production. There was the danger that the workers would spend the revenue at their disposal on their own pay and leave nothing for accumulation and that excessive wage differentials would arise between enterprises. The problem was how to give the workers control over the results of their work and simultaneously prevent anarchy.”(49) But the problem of low wages meant that workers became inclined to increase wages rather than concern themselves with the issue of increasing investment funds. Furthermore this situation also arose because the major economic decisions were taken by the directors. This led to alienation: “The resentment is not surprising since they must have felt that they had little to do with the management of the enterprise. Decisions on production, purchases, sales, etc. require expertise and information so that in practice they remain in the hands of the director. What was worse, most investment decisions continued to be taken or at least influenced by political authorities, that is people who have nothing to do with the subsequent operation of the enterprises or their profits or losses.”(50) Ultimately the contradiction between the problem of low wages and the emphasis on maximum allocation of resources for investment was not resolved and so about 30% of enterprises in the 1950’s were making a loss. Workers refused to take responsibility for losses at their enterprises because losses were often the result of decisions made by directors or public authorities: “In practice workers refused the responsibility by paying themselves personal incomes regardless of the success of their enterprises. In 1964 the Social Accountancy Service reported that all producers, including bad producers, were paying themselves high personal incomes in excess of supplies of goods. In enterprises working at a loss, the increase in nominal personal incomes was 33%, only 13% lower than the average. The demand for parity of wages for people doing compatible work was very much stronger than any feeling that workers should be held responsible for the failure of their enterprises.”(51)

The point was that the workers were exercising negative economic power. They lacked the ability to influence important decisions about investment and the production of goods and so were expressing an influence about the level of wages. A lack of empathy with the management and the political authorities meant that the solidarity of the workers was expressed in a reluctance to support the dismissal of fellow workers in the interests of profit and future investment. The problem of ‘us versus them’ had not been overcome within the relations of production and this mean that the workers were cynical about the plans of management for expansion and the success of the enterprise. Instead the workers acted in a defensive manner in order to defend what they considered to be their class interests against the aims of the management and the party. This situation indicated that genuine workers self-management had not been realised. The response of the state was to introduce the measures of 1965 which encouraged decentralisation and the autonomy of enterprises and enhanced the possibility of business mergers. Legislation was also introduced to make dismissal more difficult but this only encouraged low productivity and the workers still did not identify with the aim of the business success of the enterprise. (52) What was not resolved is the tension between the conflicting principles of collective responsibility and hierarchy that would indicate to the workers the importance of the enterprise making a profit. Instead the worker uses defensive power to protect jobs and improve wages: “Collective responsibility cannot replace hierarchical responsibility which is apparently the reason why hierarchy persists in Yugoslav working organisations…..Not only is it almost physically impossible for everybody to participate, but workers also cannot participate in entrepreneurial activity because this would mean bearing risks, while the individual producer does not ‘perceive’ the link between his individual income and the income of the enterprise nor its dependence on the market…..Workers reason in terms of physical output and in particularly of their own physical output rather than in terms of enterprises revenue, i.e., output valued in the market.”(53)

However the actual important point is not the apparent inability of the workers to understand the role of the market and the economic situation of the enterprise, instead what is crucial is their lack of power over the relations of production. The actual inability of the workers to take decisions about investment issues means that they conceive their interests primarily as being about wages and job conditions. The disconnection between investment decisions and the consciousness of the workers is caused by the continuation of the effective division between management and labour. The fact is that the role of labour is not the expression of management and therefore questions about investment and profit levels become matters of indifference. In contrast Sirc suggests that the workers are inherently not interested in making decisions about investment: “Under Yugoslav self-management, the workers have the right to decide on the most technically involved questions, for example, about investment worth hundreds of millions….However, what workers want is not participation in investment and similar decisions but participation on the shop floor…..and in decisions which affect them as individuals, which mean those concerning working conditions and, above all, their own incomes”.(54) This elitist rationalisation of the apparent indifference of workers about questions of investment glosses over the actual fact that the working class lacks the capacity to make these choices because of the continued domination of management in the relations of production. Only the actual effective realisation of workers self-management would provide satisfactory answers as to whether the workers could become concerned about issues like investment and profits. Sirc also question the ability of the workers of enterprises to uphold the interests of consumers in terms of achieving low prices for goods, but this issue can also only be resolved in terms of the character of the relations of production. The fact was that the question of prices was generally decided by management as was other important issues, as Sirc readily admits. (55)

The answer that Sirc provides to the various problems of Yugoslav self-management is business norms: “Business norms are needed which should include norms on depreciation and amortisation. Only those workers collectives that can live up to business norms that are ‘socially mature’, should be allowed to self-manage. But a collective can be responsible as a whole only if its internal relationships are clear, which would require some kind of collective contracts between managers and self-management organs which would guarantee minimum wages. In parallel, there would also be contracts between ‘the society’ (probably government) and enterprises.”(56) This standpoint would seem to have some merit in terms of the establishment of a coherent conception of the relations of economic power within the enterprise, and if the contract was an accurate reflection of the actual economic situation it could establish what has to occur if true enterprise autonomy is to be realised. However this possibility is also doubtful because it could be argued that the party leadership and managers do not have an interest in establishing an understanding of the economic situation. Only the working class has an interest in describing its situation as that of negative economic power that lacks responsibility. Instead of effective movement towards the development of a conception of coherent economic power within enterprises the reforms of the 1970’s increased de-centralisation to the extreme. Economic units were given the power to leave the enterprise in the name of efficiency. (57) There was also discussion about contracts as the basis of agreements between enterprises. It was accepted that the logic of the market was not always satisfactory but the question of how self-management should develop was not resolved. In other words the various limitations of the existing form of self-management had resulted in an ideological crisis by the 1970’s. The claim that planning should become prominent was combined with continued emphasis on the role of the market. What did not seem to be apparent was that the economic problems of failing growth and unemployment were connected to the limitations of the existing process of self-management.

Sirc argues that the answer to the problems of the economy is by recognising that workers self-management cannot succeed and its relationship to Marxism is an expression of dogma that can only lead to failure. The most effective basis to organise production and generate investment is to return to capitalism. (58) This is why he is in favour of some form of managerial emphasis that can overcome the limitations of workers self-management. This standpoint is based on the elitist view that workers are unable to take economic decisions. Principled Marxism would reject this understanding as unsatisfactory and instead attempt to promote a more effective conception of economic democracy. The primary problem is that the bureaucratic nationalised system cannot generate the necessary relations of production that would sustain economic democracy. However this does not mean that self-management is merely a sham because aspects of its logic are part of economic activity. In this context the economy of Yugoslavia is different to the command system of Eastern Europe and the USSR. The role of self-management is a historic gain that expresses the distinctiveness of Yugoslavia in comparison to the rest of the Stalinist system.

The Demise of Yugoslavia

Bogdan Denitch does not consider that the increasing prospect of change in Yugoslavia was based on features of decline. On the contrary he argues that the economic reforms of the 1960’s were a success and had resulted in the advance of the distinctiveness of Yugoslav socialism: “That practice, beginning with plant autonomy of the managerial elites, led in time to the economic reforms of 1964, designed to weaken the centralized power of the party and state over society by introducing the idea of a socialist market economy. Throughout the sixties and seventies, two processes were taking place: greater autonomy of the enterprise from the central plan and political direction on the one hand, and on the other, greater influence of workers self-management over the managerial elites within the enterprise.”(59) The result was the temporary success of workers self-management which was considered to be authentic communism. But the increasingly acute economic problems of the 1980’s led the party elite to consider other policies as the basis to resolve the issues of declining growth and living standards. The call for further reductions in the standard of living in order to promote cheap exports only resulted in strikes and demonstrations by workers. This situation led to some questioning of the credibility of the self-management system but Denitch suggests that the rule of the party became incompatible with the prospect of realising economic efficiency. The potential of the economic system contradicted the system of privileges that was upheld by the political system of monolithic one party rule. (60)

To Denitch the possibility of the realisation of socialism depends on the following: “By a socialist polity I mean a society in which the working class, in which I include both the traditional and the new working class, controls the means of production and distribution through its democratic control of the state, which has a major role to play in planning at least on a macroeconomic level, and the demands of the various sectors of the people are democratically fought out or mediated in a political arena in which there is the posing of alternate policies. This can very well mean that the traditional and new working classes exercise their control over the state through a coalition of parties and social movements.”(61) This vision of principled socialism, which is spontaneous expressed by the opposition of the Yugoslav working class to the policy of capitalist restoration, is a possibility dictated by the impulses for the formation of a capitalist class. In the 1980’s the small private sector did not generate the sufficient funds for private capitalists to become the expression of a system that could replace socialism. But the situation is complicated by the demands of the IMF and World Bank to create a market economy and the increasing influence of nationalism within the various Federal Republics.(62) Therefore the prospects of democratic change in Yugoslavia are greater than in Eastern Europe and the Soviet Union because the Communist Party is genuinely more committed to pluralism, but this prospect for democratisation may be undermined by the economic demands of the international institutions and the increasing influence of national populism within the various republics. To Denitch the question is whether the League of Communists can reject their present hegemonic stance and instead become part of a genuinely democratic socialist system: “In a word, it means that the League of Communists must give up its monopoly of political power. It will need to visualize a system within which it is a player, possibly the major player, but only one of the players in a democratic, politically competitive political system. These reforms are essential not in order to put socialism in question, but on the contrary, because a fundamental democratization is the only road to saving a worthwhile Yugoslav variant of socialism.”(63)

But this is precisely what did not happen. Instead of the party acting in terms of what would be in the best interests of socialism it instead rejected a policy of democratisation in favour of what was necessary in order to keep the party in power within the various republics. This is why a perspective of democratic socialism based on the importance of self-management was not promoted and instead national forms of capitalist restoration became the effective policy. Consequently Denitch was right to argue that ending the monopoly of political power of the party was the most important issue. Ending this monopoly was the most effective basis to uphold a democratic conception of socialism based on the alliance of the technical intelligentsia and the working class. Hence the crucial issue is whether the party will allow the development of genuine democratisation based on competition between rival parties in order to facilitate the prospect of the flourishing of market socialism? Denitch is already aware that his schema may be undermined by the national populism of the Serbian party. He concludes his work with the following comment: “It is a dated romantic illusion that nations should be homogeneous, or even that they can be homogeneous, in an increasingly interdependent Europe and world. Romantic and historic nationalism is an obstacle to building a multiethnic democratic and socialist Yugoslavia polity based on the voluntary consent of its peoples.”(64)

His concerns were realised. In order to undermine the collective resistance of the working class to an economic policy that undermined their living standards, the various party elites resorted to nationalist populism in order to sustain their rule. The result was the fragmentation of Yugoslavia and the development of horrific conflict. The approach of Denitch could have been credible if the party was truly motivated by the interests of the working class and socialism. Instead they could only envisage an alternative to the bureaucratic nationalised system in terms of the ideology of national populism combined with the effective restoration of capitalism. These elites rejected democratic socialism because it would mean an end to their monolithic rule over society. The reactionary imperatives of power for the party meant that the aspirations of socialism were actually upheld by the Marxist intellectuals grouped around the journal Praxis and also expressed in the militancy of the working class. These forces were not sufficient to undermine the increasing dynamics of capitalist restoration. The process of reactionary change was ultimately similar to that which occurred within Eastern Europe and the Soviet Union. Important groups of bureaucrats upheld nationalism as the alternative to the possibility for democratic socialism within Yugoslavia: “Mass strikes and protests broke out in 1988 against IMF loans and privatisation, offering the possibility of a political revolution against the Stalinist regime. These strikes could have developed in the direction of a democratic movement, as in other countries and, perhaps, even on a more radical basis because the working class was more conscious of ideas of self-management and anti-bureaucracy than in other Stalinist countries. It was not to be; the working class was divided along national lines, both as legitimate national grievances against the centre came out into the open and as chauvinist demagogues like Slobodan Milosevic sought to divide the spoils of state by promoting a violent nationalism.”(65)

Despite the terrible demise of Yugoslavia it historically did have some important progressive features such as the development of forms of self-management. This represented the first time in history in which a society promoted the principles of economic democracy. It may have been the fact that this expression of workers control was limited and restricted by the role of the party and the influence of the managerial elite but at least in a negative manner the system of economic self-management had operative power. Therefore despite being a bureaucratic nationalised society similar to that of the Soviet bloc, Yugoslavia had distinctive features that meant it would be dogmatic to merely describe it as Stalinist. It had an economy that was not identical to the command economy of the USSR, and it expressed its political independence with the distinctive foreign policy of non-alignment. It also had an ideology that rejected important aspects of Stalinism such as the leading role of the Soviet Union and denied the dogmatic identity of nationalisation with socialism. Until the 1970’s Yugoslavia was an inspiration for that section of the working class that was critical of both Stalinism and Social Democracy. Hence the support of the Fourth International for Yugoslavia in 1948 was principled and justified. These progressive economic aspects were to be developed in the 1950’s and 1960’s. But ultimately the ideology and policy of Yugoslavia was based on a conscious rejection of the Trotskyist standpoint of permanent revolution. Non-alignment replaced the approach of international class struggle in the perspectives of the Yugoslav League of Communists.

Ultimately Yugoslavia was an unstable and hybrid society that was based on the tensions and contradictions of the struggle between capitalism and socialism. The tendencies for capitalism were based on the influence of the market and the rule of the bureaucracy and socialism was expressed by economic self-management. In the last resort either the forces of capitalism or socialism would become dominant. The continued hegemony of the bureaucracy led to capitalist restoration and the national fragmentation of Yugoslavia. However the period between 1945-1988 should be remembered as the creation of a society that was the closest approximation of socialism. In the last analysis the domination of the Communist Party ensured that it was a bureaucratic nationalised society rather than socialism.

FOOTNOTES

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