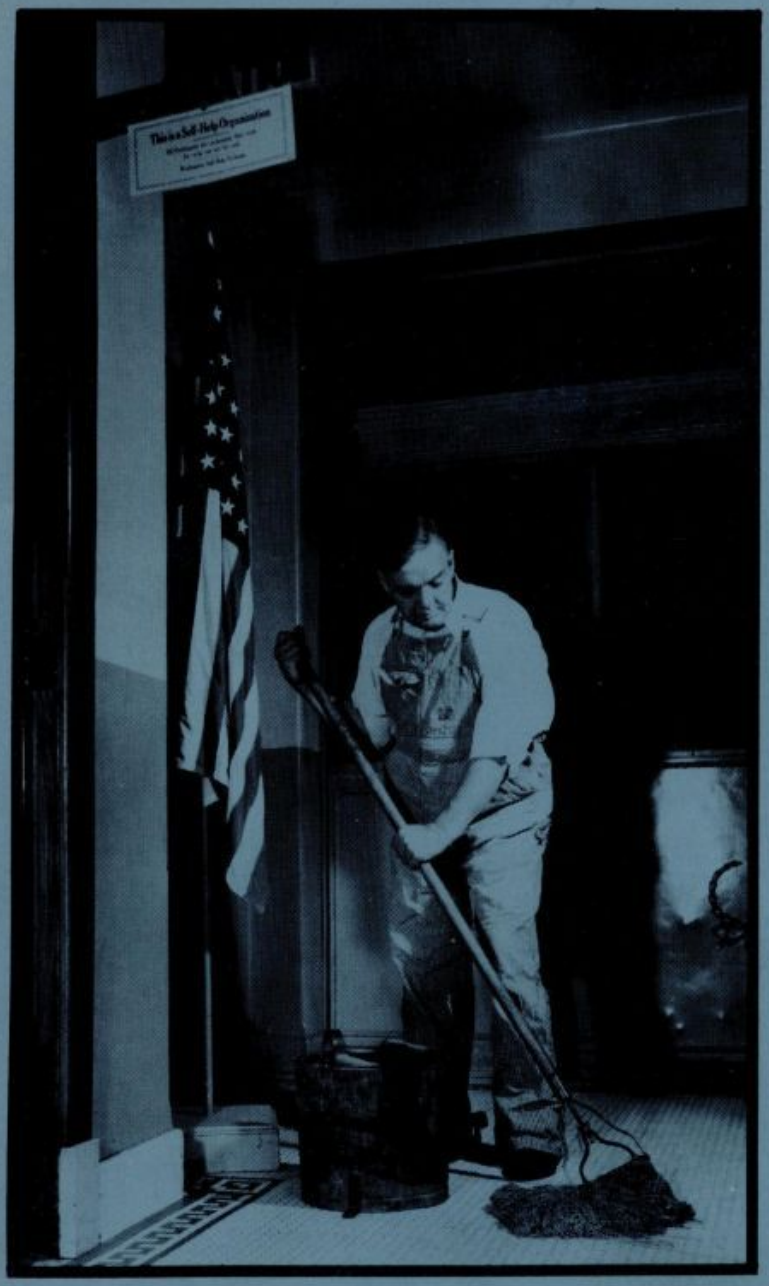
£120

ROOT & BRANCH 7

A LIBERTARIAN MARXIST JOURNAL

$2.00



ARE WE HEADED FOR ANOTHER DEPRESSION? ■ AUTHORITY AND DEMOCRACY IN THE UNITED STATES ■ WHEN MEN BECOME GODS ■ MINI-PAMPHLET: ANARCHISM VS. MARXISM

Publications of Interest to Readers of **Root & Branch**

Synthesis
P.O. Box 1858
San Pedro, CA 90733

The New Socialist
Box 18026
Denver, CO 80218

Spartacus
5, rue Ste-Croix-de-la-Bretonnerie
Paris 4, France

Collegamenti
Per l'organizzazione dretta de classe
Gianni Carrozza
C.P. 1362
50100 Firenze, Italy

Marxiana
C.P. 5
Bari-Palombaio
70036 Italy

Red Menace
P.O. Box 171
Station D
Toronto, Ontario
Canada

Now and After
A World to Win
P.O. Box 1587
San Francisco, CA 94101

Available from **Root & Branch**

Root & Branch Pamphlet 1: **Workers Councils,** by Anton Pannekoek. $1.00.

Root & Branch Pamphlet 6: **Portugal: Anti-Fascism or Anti-Capitalism?** $1.50.

Root & Branch 5: contains an interview with Paul Mattick, and articles on the new workers' movement in Spain, the "revolt against work," and the Ehrenreich class theory. $1.50.

Root & Branch 6: contains articles on the obsolescence of economics, CIO history, trade unions, and Rosa Luxemburg. $1.50.

Paul Mattick, **Marx & Keynes: Limits of the Mixed Economy.** $3.95.

Please add $.50 per item to cover postage and handling.

We regret to say that the **Root & Branch** book is out of print, as are all issues previous to number 5. To be sure to get all future issues, subscribe.

RATES:

Domestic	$6.00/4 issues $2.00/copy	Root & Branch Box 236 Somerville, MA 02143
Foreign	$8.00/4 issues $2.00/copy	

Let us know which issue you want your subscription to start with (5, 6, 7, or 8).

INTRODUCTION

The economic prosperity of the sixties and the political stability that rested on it have eroded to such an extent that falling profits and inflation, on the one hand, and governmental crises and a distinct trend toward authoritarian politics, on the other, have now spread to the entire capitalist world. The developing crisis and its social implications are the focus of this issue.

Mose's article examines the prospects for a full-scale depression as the outcome of the current economic downturn. Having previously discussed the economists' inability to control or even explain this situation (see *Root & Branch* 6, "The Obsolescence of Modern Economics"), he outlines Marx's theory of capitalism in order to demonstrate its usefulness in analyzing the current crisis. Summarizing from a Marxian perspective the most important factors determining the structure of the economy, Mose concludes that both the squeezing of workers' living standards and government economic interventions can, at best, only prevent a sudden collapse of the system.

If then we can expect a continuing decline in the standard of living in each country accompanied by a heightening of international tensions, what are the consequences for American politics? Paul Mattick shows that corresponding to the absence of a socialist movement in America is the absence of fascistic movements as attempted resolutions of extreme class conflict. The complacency of the American working class, however, depends upon continuing capitalist expansion. Thus, the limits imposed by the developing crisis create the possibility of a break with the belief that politics can be safely left to the bourgeoisie.

Mattick's book, *Marx and Keynes*, is the subject of a lengthy review by Rick Burns, who focuses on its critique of Keynesian theory on the basis of Marx's theory of value. In his review of Lappe and Collins's *Food First*, Gary Roth deals with agriculture as an example of the problems set by capitalism for the satisfaction of human needs.

While Maoism seems to be on the wane in China, statues of the Great Helsman still standing in public places provide a starting point for a look at the intersection of politics and art. In a picture essay and an article by Alan Walloch the meaning of monumental figure sculpture in the western past is examined through its reflection in China's present.

Finally, this issue includes our first "mini-pamphlet," a reprinting of two pieces on Anarchism and Marxism.

CONTENTS

On the Class Situation in Spain 2

Are We Headed for Another Depression? 3

Authority and Democracy in the United States 10

Mini-Pamphlet: Anarchism and Marxism 13

When Men Become Gods 29

Reviews—

Food First: Beyond Myth of Scarcity 32

Marx and Keynes: The Limits of the Mixed Economy 35

Correspondence 40

ON THE CLASS SITUATION IN SPAIN

The balance of power between the unions and the ranks of workers in Spain is clearly shifting to the advantage of the former at the expense of every extra-union form of organization, especially the general assemblies. The recent practices of the Socialist (UGT) and Communist (CCOO) unions indicate a modification of their strategy toward the assemblies, whose status as a recognized and privileged form of the workers' movement appears to be waning. This at any rate is the conclusion of an analysis of two recent strikes by the comrades of the Barcelona collective publishing the journal, *Bicicleta*.

Although the transport maintenance workers had controlled their strike through daily assemblies and had fought to the point where 400 were arrested, the UGT and CCOO managed to end the struggle by a mere decision of the negotiating committee. The rank-and-file opposition to this was so great that the bureaucrats had to appeal to the police for protection during the last general assembly; nevertheless, the unions succeeded: the majority returned to work. Then, in a strike in graphics arts, the UGT and CCOO left the strike committee and again negotiated a back-to-work. As *Bicicleta* put it:

> These experiences have been useful to the UGT and the CCOO. Finding it impossible to control the assemblies, they hastened to change the decision-making machinery before the metal-, construction-, and textile-workers' contract talks began. Decisions will no longer be made by general assemblies of the workers, but by assemblies of union stewards, either directly designated by the CCOO and the UGT or elected during the last union elections, which were held when acceptance of the State's version of union liberty set strict limits on things . . . Now the CCOO and the UGT criticize the general assemblies as manipulative and "anti-democratic" because they don't represent "the totality of the workers of each sector." (As if this totality had voted during the union elections!) These familiar arguments of the bosses under Franco are now used to run down every strike not controlled by the CCOO and the UGT. What is "correct" for the unions is the "legal way," a way that increasingly resembles the old [fascist] vertical unions.
>
> But transferring the decision-making power from the general assemblies to the representatives hasn't been enough. Because not all representatives are controlled by these unions, the latter press harder whenever they can. Thus, for the national chemical contracts the UGT and the CCOO were the sole negotiators. As justification they claimed that an agreement with the employers had given negotiating rights to only those unions with more than ten percent of the votes.
>
> The truth is that the *movimento assambleario*, the CNT, and the organizations of the working-class left—perhaps as a result of their limited influence in the factories—have not been able to respond effectively to this control of the situation by integrative unionism and the parliamentary left.

In this connection may it be said that to explain this predicament as the result of manipulation of the masses by the unions seems simplistic and insufficient. We are witnessing today the establishment of a balance of forces within capitalist Spain that favors the normalization of struggles and frustrates radical minorities of workers. The majority of workers accept and follow the line of the reformist unions. Some comrades (for example, those of *Emancipacion*) attribute this state of affairs to the revolutionaries' failure to act in a clear way on the union question. This criticism is to a degree true, when addressed to the CNT militants who, despite their revolutionary spirit, find themselves reduced more and more to just keeping a purely trade-unionist project alive. But, on the other hand, this explanation is too colored by a subjectivist and voluntarist image of the class struggle. The power of ideology does not explain everything; it is necessary to analyze the material conditions behind the support that Spanish proletarians render to the UGT and the CCOO. The strength of these unions is rooted in their capacity to respond successfully to the immediate needs, reformist but real, of wage-earners. As the economic crisis lays bare the inadequacy of the social infrastructure necessary to reproduce the labor force (education, housing, health, transportation, etc.), the unions can present themselves as the managers of services indispensable to Spanish proletarians. Since they command significant funds (stemming partially from the massive financial aid received from the German Social Democrats), the UGT, for example, can support such projects in the field of housing and food coops as were recently reported by *Triunfo*. These displays are aimed at convincing workers that unions

unfo. These displays are aimed at convincing workers that
unions, rather than direct action, offer the least risky means to ameliorate their immediation condition.

Charles Reeve

ARE WE HEADED FOR ANOTHER DEPRESSION?

The world has been slow to realize that we are living this year in the shadow of one of the greatest economic catastrophes of modern history. But now that the man in the street has become aware of what is happening, he, not knowing the why and wherefore, is as full today of what may prove to be excessive fears as, previously, when the trouble was first coming on, he was lacking in what would have been a reasonable anxiety. He begins to doubt the future. Is he now awakening from a pleasant dream to face the darkness of facts? Or dropping off into a nightmare which will pass away?

These words were written by John Maynard Keynes in 1930, at the beginning of the Great Depression. Unfortunately, the "darkness of facts" to which Mr. Keynes referred turned out to be far worse than anyone in 1930—either "the man in the street" or the wise Mr. Keynes himself—had imagined. No one expected the fifteen horrible years that lay ahead—ten years of deep and unremitting depression that finally resulted in another five years of global warfare. President Hoover confidently declared in a speech to the U.S. Chamber of Commerce on 1 May 1930: "I am convinced we have passed the worst." But, the striking feature of the Great Depression was that the "worst" continued to worsen. What looked one day like the end of it proved on the next day to have been only another beginning.

Now the 1970s can be added to Keynes' list of modern economic catastrophes. The combination of the highest levels of unemployment since the 1930s and unprecedented double-digit rates of inflation has brought a sudden end to the "post-war prosperity" of the 1950s and 1960s. Instead of prosperity, we now have austerity. For most people in the 1970s, things are no longer getting better; living standards are no longer improving, as they did in the 1950s and 1960s. For some people, particularly those unemployed or with fixed incomes, things are clearly getting worse.

Therefore, it seems reasonable and increasingly urgent for those of us who are standing in the street in the 1970s to consider the same question raised by Keynes in 1930. To paraphrase Keynes: Will the current nightmare soon pass away? Or, are we awakening from a pleasant dream to face an ever greater darkness of facts?

In other words, are we headed for another depression, similar to that of the 1930s or even worse? That possibility, unthinkable though it may be, should nonetheless be seriously considered. The misery that lay ahead for the man in the street in 1930 was no doubt just as unthinkable to him.

In the following pages, I will discuss this question—are we headed for another depression?—using the Marxian theory of capitalism as a general theoretical guide to the nature of the current crisis of world capitalism. What I have to say is divided into three parts. First, I will describe the most important features of the current crisis which must be explained if we are to assess whether this crisis will persist and deepen into yet another world capitalist depression. Then, I will present a brief summary of Marx's theory of capitalist crises. Finally, I will discuss what Marx's theory tells us about the severity of the current crisis and the likelihood of recovery.

The Economic Crisis of the 1970s

One very important characteristic of the 1970s, which is most responsible for the general economic malaise, is *a world wide decline in the pace of capital investment* (i.e., a decline in the rate at which money is invested in capitalist enterprise from year to year). The rate of capital investment is the single most important factor in determining whether capitalism is in a period of prosperity (as characterized by fuller employment) or in a period of depression. The number of jobs available rises and falls with the pace of capital investment.

If capital is being invested at a faster than average rate (i.e., businesses are expanding their operations and hiring additional workers at a fairly brisk rate), then there will be relatively more jobs available and unemployment will decline. If, on the other hand, the rate of capital investment slows down or ceases altogether, unemployment will rise as fewer additional jobs are created and maybe even more jobs are eliminated (as happened in 1932, when there were 20% fewer jobs than in 1929).

The fact that the alternating conditions of prosperity and depression in a capitalist society depend on the rate of capital investment is just another expression of the general dependence of

the working population on the owners of capital. The best we can hope for, in capitalism, is that the owners will invest enough capital to hire us all.

Of course, even when this is the case, we still have to spend eight hours a day, forty hours a week, working *for* the owners of capital, who have purchased our labor. This usually turns out to be unpleasant and sometimes downright dangerous; but, at least, then we have some money coming in and don't have to worry about month-to-month economic insecurity.

In a depression, however, even these few carrots are taken away and nothing is left but the stick. In such "hard times," the majority of the population suffers drastic cuts in its living standard because the rate of capital investment has slowed down or ceased altogether.

In the 1970s, there has been a marked decline in the pace of capital investment all over the capitalist world. The rate of capital investment dropped off sharply during the "Great Recession of 1974-75" and has recovered only feebly since then. Economists refer to capital investment as the "weak link" or the "missing link" in the recovery from the Great Recession. The overall result is that the pace of capital investment has slowed down significantly since 1973 (as compared to the previous twenty-five years), as can be seen in the following charts taken from a recent issue of *Business Week*.

The business press frequently discusses this decline in investment, which businessmen and economists unanimously deplore. For example, *Business Week* in October 1977 carried a special report entitled, "The Slow-Investment Economy," which began as follows:

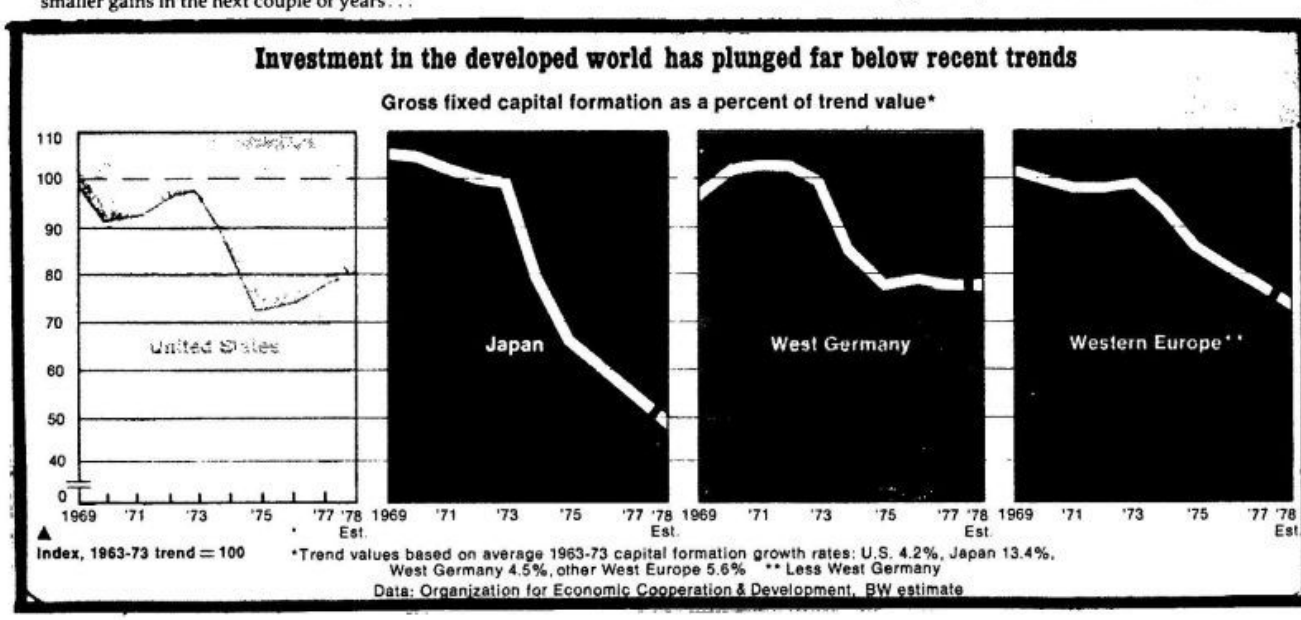
> It is more than two years since the economy emerged from recession, and U.S. business still is not investing in new plant and equipment as it has in past recoveries—or as it must to keep economic activity high and unemployment low...
>
> Unless the pace of investment worldwide rises soon, the result may be the inflation and recession that so many fear. But the distressing fact is that the level of capital investing in the U.S. is still lower than it was in 1974, with the increase in investing coming more slowly than in any previous postwar recovery...
>
> Most sobering, capital spending may have already peaked for this economic cycle. Economists are generally forecasting smaller gains in the next couple of years...
>
> There is no longer any serious dispute that capital spending has become the weak link not only in the U.S. but in the whole worldwide economy. After nearly three years of fairly optimistic promises from economists and government officials alike, no major industrial country has been able to sustain a powerful rise in investment, and the effects have left the worldwide economy only partially emerged from the 1974-75 recession.

As investment continues to stagnate and forecasts for the future remain "sobering," *Business Week* a year later (20 October 1978) has featured another such article, "Capital Spending—Going Nowhere in 1979."

This slowing pace of capital investment is itself the result of another important feature of the 1970s—*a general decline in the rate of profit*. (The rate of profit is the ratio of the profit of a given year to the amount of capital invested. Businessmen often refer to the rate of profit as the "rate of return," since they consider profit to be an "appropriate return" for the money they invest as capital.) A decline in the rate of profit affects capital investment adversely in two ways. Most importantly, profit is the fund out of which investment for expansion is financed. If that fund is reduced, then sooner or later investment must also be reduced. In the second place, profit is the "incentive" for investment—the reason why money is invested in capitalist enterprises. If the rate of profit is significantly reduced, then this incentive is blunted, and the wealthy may choose to spend their money in other ways.

It is hard to get reliable statistical information on the rate of profit, mainly because it is calculated differently depending on whether profit is counted before or after taxes, on the precise definition of capital, etc. But all the estimates of the rate of profit during the post-war period exhibit a striking similarity—they all indicate that the rate of profit has declined significantly since the early 1960s. After about 1965, the graphs of the various estimates of the rate of profit all begin to slope downward. To pick one example, Standard and Poors reported recently that the average rate of profit on capital invested in the U.S. fell from around 14% in the mid-1960s to around 9% in the mid-1970s.

The decline in profit rates seems to have been even more severe in Europe (as has the decline in investment and the general economic stagnation). *Business Week* reported recently that one in sixteen of the 750 largest corporations outside the U.S. actually



lost money in 1977 (that's a negative rate of profit). Sweden, Denmark, Italy, France, Belgium, and Canada were mentioned as having particularly severe "profit problems." Compared with the rest of the world, *Business Week* commented, the U.S. looks like a "pocket of prosperity."

The general concern among businessmen over the decline in the rate of profit was expressed recently by Reginald Jones, Chairman of the Board of General Electric. Mr. Jones told *Business Week:*

> There has been a basic longterm decline in the rate of return that a businessman can expect from his investment. The rate of return today is simply not much of an incentive for future investment.

This theme was echoed by Secretary of the Treasury Michael Blumenthal in what was described as a "major policy making speech" last May (1978). Mr. Blumenthal told a group of stockbrokers:

> Investment is lagging for the simple reason that it has become less profitable. . . after-tax rates of return have declined from around 8% in the mid-sixties to around 3% in recent years. We are underinvesting because it no longer pays to invest.

Secretary Blumenthal added that President Carter is "acutely aware" of the problem of lagging investment and has "oriented his entire fiscal policy toward solving the problem."

The decline in the rate of profit is responsible not only for the slowdown in investment (and the consequent rise in unemployment), but also for the inflation that has increased so dramatically in the 1970s. As the above quotations suggest, businessmen are well aware of and much concerned about the decline in the rate of profit. They are diligently searching for ways to boost the rate of profit back up to what they consider an "adequate return" on their investment.

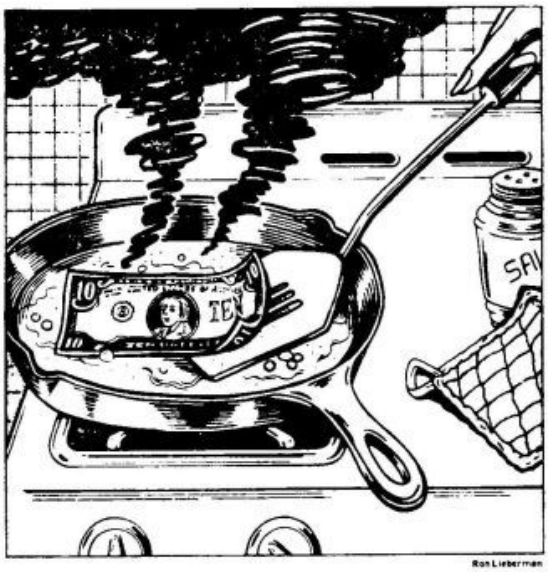
One obvious way to increase the rate of profit or at least to prevent a further decline is to raise prices whenever the opportunity arises. As one leading investment banker (quoted in the *New York Times*) summed up the "order of the day":

> The industrial order of the day is this—whenever you can, raise the price. Businessmen are now rushing to raise their prices because they think they can get away with it and because they see a chance to raise their profits. And with unemployment still high, they expect wages to lag a bit behind.

Therefore, an analysis of the economic crisis of the 1970s should begin with an explanation of why the rate of profit has declined. What are the reasons for this trend which limits the expansion of capital investment and which thereby brings on a general crisis?

In attempting to answer this question, it should be remembered that this is not the first time a decline in the rate of profit has resulted in a decline in investment and a general capitalist crisis. Rather, the crisis of the 1970s is the last of a long series of crises that have occurred throughout the last century-and-a-half in all capitalist nations.

The Great Depression of the 1930s has already been mentioned. Before the 1930s the periods of downturn did not last as long as the Great Depression, but were, by all accounts, equally as severe in terms of the miseries inflicted on the majority of the population. One of the worst such periods of depression in the U.S. occurred in the 1870s. Historians used to refer to the 1870s as the "Great Depression" before the 1930s stole the name. Between the 1870s and 1930s the U.S. economy was in a depression in at least as many years as it was not.



Thus, the history of capitalism has been characterized by what is commonly called the "boom-bust cycle." In every boom, promises are made by economists and politicians that depressions are now "a thing of the past" and that capitalism has entered a new era of "permanent prosperity." But every boom so far has turned out to be just as temporary as the previous one. Sooner or later, every boom has collapsed into yet another depression.

In every case, these periodic depressions have been the result of a decline in capital investment brought on by a fall in the rate of profit. Thus, history suggests that there is a general tendency for the rate of profit to fall during every period of capitalist expansion and that this tendency ultimately brings the period of expansion to a halt. The decline in the rate of profit in the postwar period is simply another manifestation of this general historical tendency.

Very early in the history of capitalism, Karl Marx recognized this general tendency of the profit rate to fall and its importance for the future of capitalism and for the necessity of a working-class revolution. As the main objective of Marx's theory of capitalism was to explain this general tendency on the basis of capitalism's own inherent dynamics and patterns of development, the next section will briefly review his theory.

Marx's Theory

Marx argued that the fundamental cause of the decline in the rate of profit is that *the amount of capital invested in capitalist enterprises tends to increase at a faster rate than the number of workers employed.* The ratio of the total amount of capital invested to the number of workers employed Marx labelled the "composition of capital." Marx's theory of the falling rate of profit focuses on the trend of this key ratio—on the increase in the composition of capital.

The composition of capital tends to increase during any period of expansion because new labor-saving technology (new machinery, processes, etc. which require less labor to produce the same—or an even greater—quantity of commodities) is continually introduced into the capitalist production process. Capitalist enterprises introduce such labor-saving technology because it lowers their production costs, gives the most innovative firms an advantage over their competitors, and enables them to collect a

higher-than-average rate of profit (temporarily, until their competitors catch up with the new technology). This more productive, labor-saving technology usually requires that more and more capital be invested in the materials of production (machinery, raw materials, etc.) for each worker employed. For the economy as a whole, the overall result of this process is that the total amount of capital invested increases more rapidly than the number of workers employed.

Since profit is produced by workers (profit is simply the monetary form of the surplus labor of workers), the amount of profit produced in a given year depends primarily on the number of workers employed during that year. Therefore, if the total capital invested increases faster than the number of workers employed (i.e., if the composition of capital rises), then the total capital invested will also tend to increase faster than the amount of profit produced by these workers. In other words, the rate of profit will tend to fall.

This depressing effect on the rate of profit of a decline in the number of workers in relation to the capital invested may be partially offset by an increase in the profit produced by each worker. In Marx's terms, an increase in the composition of capital may be partially offset by an increase in the "rate of surplus value" (the ratio of the profit produced by the average worker to the average worker's wage). The rate of surplus value tends to increase as a result of the same process that causes the composition of capital to rise—the continual increase in the productivity of labor due to technological innovation. An increase in productivity reduces the portion of the total working-time of society which must be devoted to the production of goods and services consumed by workers, and thereby increases that portion of the total working-time which can be devoted to the production of profits for capitalists. The "surplus labor-time" is increased, or the rate of surplus-value increases, as a result of the increased productivity of labor.

However, as the surplus portion of the working-day increases and takes up more and more of the total working-day, it becomes harder and harder to squeeze out additional surplus labor through increases in productivity. The amount of extra surplus labor-time that results from an equivalent increase in productivity becomes smaller and smaller as the surplus labor-time itself increases. Therefore, it becomes more and more difficult to compensate for an increase in the composition of capital by further increases in the rate of surplus-value. For this reason, Marx concluded that the increase in the composition of capital would sooner or later prevail, and that the rate of profit would tend to fall.

In summary, Marx's theory suggests that the fundamental cause of the decline in the rate of profit is the increase in the composition of capital—the faster growth of capital invested in relation to the number of workers employed. As Marx expressed the conclusion of his theory:

> The rate of profit falls not because the worker is exploited less, but because altogether less labor is employed in relation to the capital employed.

Just as a depression is brought on by a fall in the rate of profit, a return to prosperty requires a significant increase in the rate of profit—an increase large enough to generate another round of rapid capital expansion. How is such an increase in the rate of profit accomplished? What happens during a depression to increase the rate of profit, thus making possible another "upswing?"

Since the fundamental cause of the decline in the rate of profit is the increase in the composition of capital, the decline in the rate of profit can be reversed only if the composition of capital is reduced. The source of the problem is that the amount of capital invested increases faster than the number of workers employed. The solution to this problem is the reduction of the amount of capital invested—what Marx called the "devaluation of capital" or the "destruction of capital."

The destruction of capital is accomplished during a depression by the bankruptcy of large numbers of capitalist firms, which has been characteristic of every depression of the past. When a company goes bankrupt, the owners of the company lose all, or most, of the money they had invested as capital. The overall effect of many companies going bankrupt at the same time is that a significant portion of what counted as capital during the previous boom is simply written off the books. On the basis of very scant statistical information, it appears that the total capital invested in the U.S. was reduced by roughly one-third as a result of the widespread bankruptcies during the Great Depression.

Most bankrupt companies are taken over by larger, surviving companies. The purchase price the surviving company must pay for the assets of the bankrupt company is much lower than the capital originally invested in those assets. As a result, the same physical assets, capable of producing just as much profit, now require a much smaller investment of capital. In other words, the potential rate of profit is increased for the surviving companies.

Thus, a significant devaluation of capital, accomplished through the bankruptcy of capitalist firms, is a necessary precondition for the restoration of the rate of profit and another round of capital expansion. At the same time, of course, the bankruptcy of capitalist firms is also the cause of much of the misery suffered by the working population during a depression.

The devaluation of capital during a depression is accompanied by other developments that serve to increase the rate of profit (i.e., intensify the exploitation of workers) and thereby contribute to the restoration of the rate of profit. The most important of these developments in depressions of the past has been the reduction of wages. Typically, employers would unilaterally announce a 10% or 15% wage cut (and sometimes two or three such cuts if the depression lasted long enough). Employees would then be forced to accept these cuts, or quit and look for another job in the middle of a depression—or go on strike to resist the wage cuts. The most bitter strikes of the nineteenth century were precipitated by attempted wage cuts during years of depression.

One such example has come to be known as the Great Upheaval of 1877—a nationwide railroad strike that grew out of a series of wage cuts during the years of severe depression in the 1870s. The strike was finally ended by the U.S. Army taking over and running the trains, despite the armed resistance of the railroad workers. A reminder of this particular strike still stands in the center of most cities in the U.S.—the national guard armories built soon after the Great Upheaval of 1877 in case the Army should have to be used again to put down workers' rebellions.

Another tactic used by employers to increase the rate of surplus-value during a depression is commonly referred to as "speed-up" (increasing the quantity of output required of each worker without a change in technology). Of course, this tactic is also practiced in periods of prosperity, but it becomes more widespread during depressions, as employers attempt to avoid bankruptcy by forcing more work out of their employees. Intensive speed-up campaigns were very common in the 1930s, especially in those industries, like the automobile industry, in which production was organized on the basis of an assembly line. In those

industries, speed-up was accomplished by simply turning the knob that increases the speed of the line. The "sit-down" strikes and the mass movement for unionization in the auto industry in the 1930s were largely a response to a continuing and brutal speed-up campaign by the automobile companies during those years.

This, then, is what Marx's theory tells us about why the rate of profit falls during an expansion and how the rate of profit is increased during a depression. Marx's theory has been confirmed by the history of all capitalist nations, both by the fact that that depressions have happened over and over again, and by the fact that these depressions have ended only after a significant devaluation of capital.

What does all this suggest about our current situation, and about the likely course of events in the 1980s?

What Lies Ahead?

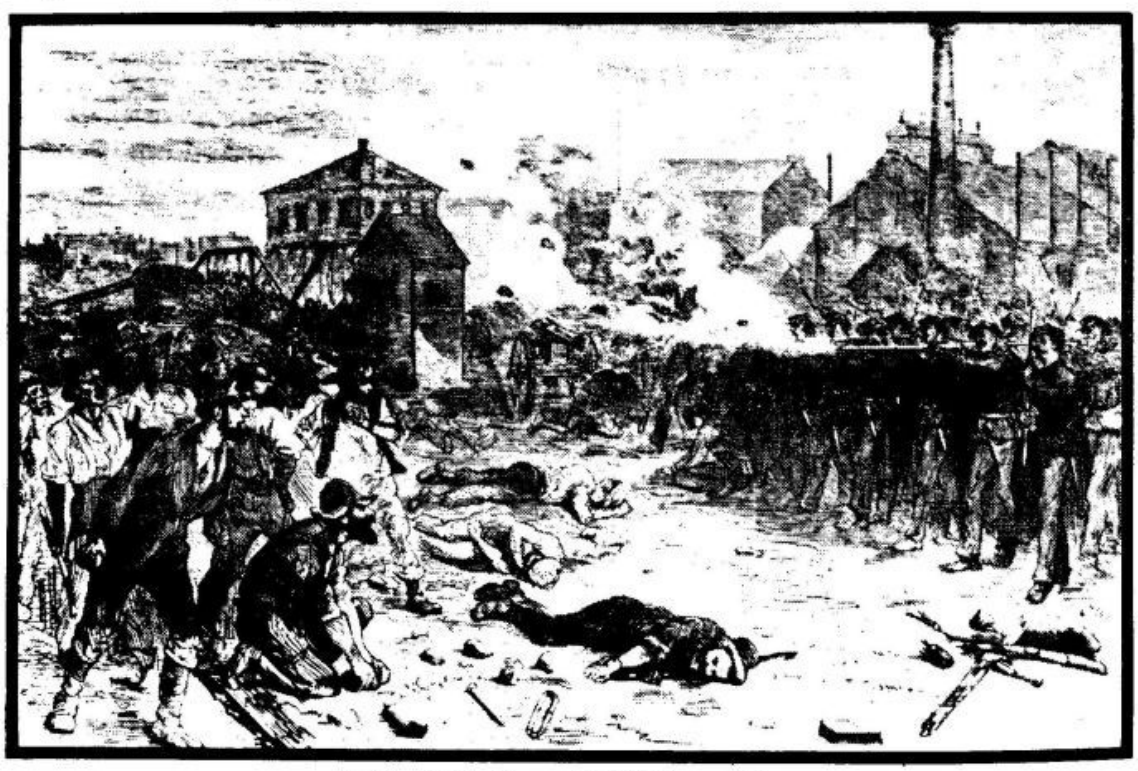
So far, the economic crisis of the 1970s has been characterized by widespread attempts to increase the rate of surplus-value without, as yet, a significant devaluation of capital. Let's first discuss the attempt to increase the rate of surplus-value.

In the 1970s, capitalists have not (yet) attempted to cut wages directly, but have accomplished the same objective by the indirect means of increasing prices faster than wages. This strategy avoids (or rather, postpones) the direct confrontation between employers and employees over wages, and allows the employer to blame the government for inflation. This strategy was first suggested by Keynes in the 1930s. Keynes thought that workers had a "money illusion"—that they were only concerned about the size of their paycheck and would not notice that price increases were eroding the purchasing power of their bigger paychecks.

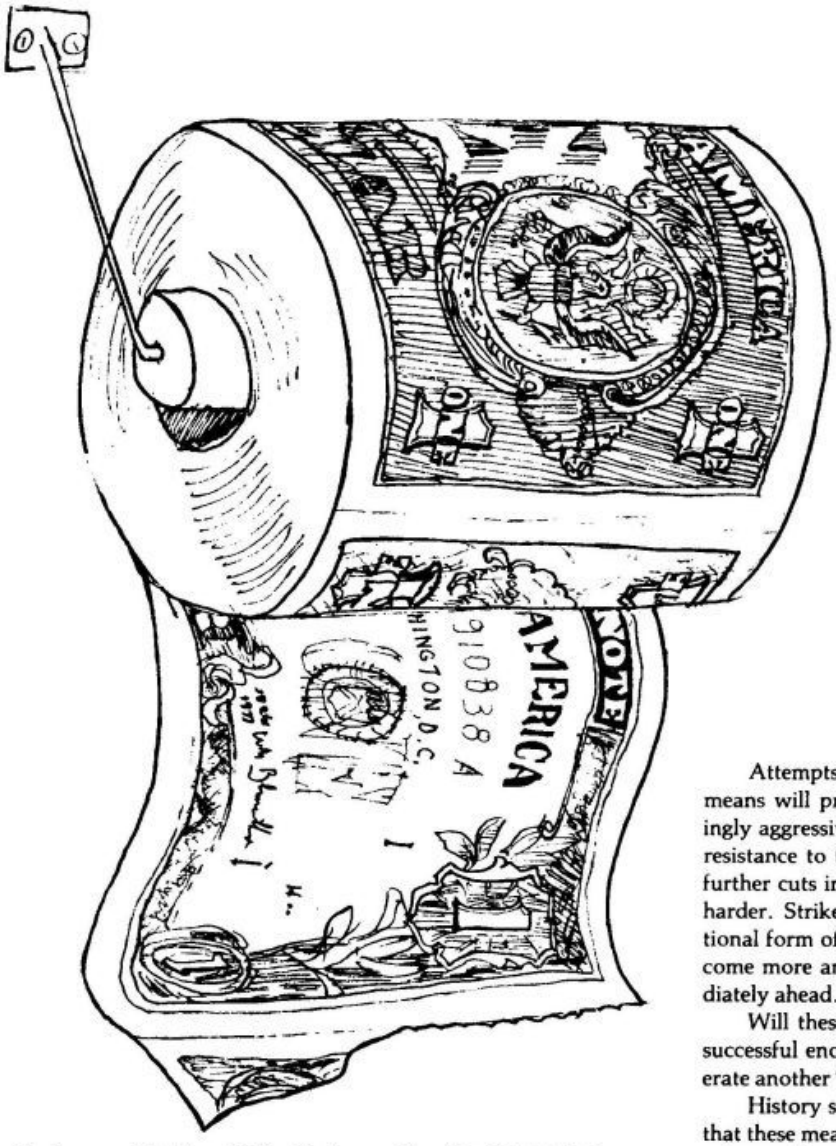
This strategy has been only modestly successful in the 1970s. Contrary to Keynes's expectations, workers have paid close attention to price increases and have attempted to secure wage increases at least as large. Nonetheless, the overall result in most capitalist nations has been that prices on the average have increased 5-10% faster than wages since 1973. For capitalists, this means a small increase in the profit produced by their employees. For the employees, it means a corresponding decline in the purchasing power of their wages.

Another somewhat novel strategy used in the 1970s by capitalists in some industries to reduce their wage costs has been to build their factories in areas of the world where wages are very low. This international transfer of capital has been most prevalent in the textile and electronics industries, but recently has increased in such basic industries as steel and shipbuilding. The most popular cheap-labor areas have been Asian and Latin American nations such as South Korea, Hong Kong, Taiwan, Brazil, Mexico, etc.

This strategy is most obvious when corporations in the advanced capitalist nations close down domestic production facilities and build new ones in one of the low-wage nations. One of the most dramatic examples of this transfer of capital in recent years was the decision of Zenith Corporation, in September 1977, to transfer a substantial part of its production and assembly operations to Mexico and Taiwan (following a trend in the industry over the last decade). As a result, Zenith laid off one-quarter of its domestic U.S. workforce (about 6,000 in all). Prior to this move, advertisements for Zenith's products often boasted of the skill of American workers ("The quality goes in before the name goes on"). But when it became possible to hire sufficiently skilled, but much lower-paid, workers in Mexico and Taiwan, then the need to increase the rate of profit determined the outcome. As



The Great Strike: Scenes of Riot in Chicago, 1877.



Chairman of the Board John Nevin explained Zenith's decision:

> This action means that we recognize we've got to reduce costs if we are going to restore profitability.... We have no way to increase revenue, so we'll have to cut costs.... We're very disappointed. We spent a tough day telling our employees. We'll be sad to see them go. (*New York Times* 28 September 1977)

Capitalists in the 1970s have also attempted to increase the rate of surplus-value by the old strategy of speed-up. This goes on behind the scenes and is largely invisible to outside observers. But a lot of evidence—of such actions as increasing the speed of assembly lines, increasing production quotas, reducing break times, eliminating wash-up time, reducing the size of work crews (the main issue in the recent railroad strike), etc.—suggests a general trend toward the intensification of speed-up in the 1970s.

One of the most drastic attempts to speed-up the pace of production has become famous for the rebellion it generated—the wildcat strike at the General Motors factory at Lordstown, Ohio in the fall of 1971. This strike was triggered by GM's attempt to increase the speed of the assembly line so that, instead of sixty Vegas being produced every hour, the same number of workers would be required to produce one hundred cars per hour. The wildcat strike forced General Motors to "compromise" at a new speed of seventy-five cars per hour.

Attempts to increase the rate of surplus-value by all these means will probably become increasingly frequent and increasingly aggressive in the next few years. So too, no doubt, will the resistance to these attempts by employees who refuse to accept further cuts in their living standards, or who refuse to work still harder. Strikes over wages and working conditions—the traditional form of class conflict within capitalism—will probably become more and more bitter and hard fought in the years immediately ahead.

Will these attempts to increase the rate of surplus-value be successful enough to raise the rate of profit high enough to generate another "investment boom?"

History suggests that the answer to this question is negative, that these measures to increase the rate of surplus-value, by themselves, will not be sufficient to end the current stagnation of investment. In every depression of the past, increases in the rate of surplus-value, drastic as they have been in some cases, have never been sufficient to raise the rate of profit high enough to end the depression. Every previous case has required in addition the destruction of a significant portion of the existing capital, by means of the losses and bankruptcies incurred during a depression.

Marx's theory explains why increases in the rate of surplus-value are not sufficient to reverse the decline in the rate of profit. The explanation, as we have seen, is that the cause of the decline in the rate of profit is an increase in the composition of capital, not a decline in the rate of surplus-value. Therefore, attempts to raise the rate of profit by increasing the rate of surplus-value involve not the reversal of an adverse trend, but rather the acceleration of a favorable trend. However, there are limits beyond which further increases in the rate of surplus-value become more and more difficult. Wages can be cut only so much, or the pace of work can be increased only so much, before these actions begin to cause a reaction—the resistance of the working population.

Therefore, if the decline in the rate of profit is to be reversed, the underlying trend which is responsible for this trend must itself be reversed—the composition of capital must be reduced. This requires, as we have seen, the destruction of capital, which only

takes place as a result of widespread bankruptcies of capitalist firms.

Thus, Marx's theory (and the historical evidence) suggests that a restoration of the rate of profit sufficient to bring about another upswing in the world capitalist economy is impossible without a prior depression. In other words, Marx's theory suggests that the economic crisis of the 1970s is but a mild prelude to the real depression that lies ahead—in the 1980s. Just as in 1930, the worst is yet to come.

One final question needs to be at least briefly discussed: What can the government do about all this? Can the right kind of government economic policies reverse the slide into depression and make possible another round of capital expansion? Throughout the 1950s and 1960s, Keynesian economists claimed that the proper use of government economic policies could eliminate forever the danger of a depression. Where are the Keynesians now just when capitalism needs them most?

The Keynesian solution to the problem of depression was essentially this: whenever capital investment slowed down (and unemployment increased as a result), the federal government should take up the slack by increasing its own spending. However, as Paul Mattick pointed out a long time ago, government spending is financed by taxing or borrowing income produced in the capitalist sector. Therefore, an increase in government spending generally requires that a greater portion of the total surplus-value be taxed or borrowed by the government. A correspondingly smaller portion of the total surplus-value is available for investment as capital. As a result, the increase in government spending further aggravates the shortage of surplus-value, which caused the decline in capital investment in the first place, and ultimately leads to a further decline in investment.

The negative effect that increased government spending has on capital investment is being emphasized these days by conservative economists, who are suggesting *cuts* in government spending as a stimulus to investment. However, these conservative economists forget the reason why government spending has increased in recent years—to offset a prior decline in investment. Therefore, cuts in government spending will most likely bring, not a revival of capital investment, but rather, a sharp rise in unemployment.

Another problem with the strategy of increased government spending as a solution to the stagnation of investment is that it tends to increase the prevailing rate of inflation. Very briefly, the explanation of this inflationary side-effect of increased government spending is as follows: capitalist enterprises experience the increase in government spending as an increase in their sales, as an increase in the demand for their products. This increase in demand provides these enterprises with an opportunity to increase their profits by simply raising their prices, without the expense and risk required to expand output. (Remember the words of the investment bank quoted above: "Whenever you can, raise the price.") It would be bad business to pass up such an opportunity, especially these days when profit rates are lower than they used to be.

This inflationary side-effect of increased government spending has made politicians increasingly reluctant to adopt this strategy in the 1970s, when inflation is already so high and already a serious problem in itself. Prime Minister James Callaghan of England expressed the prevailing wisdom of political leaders in a speech to a Labor Party conference in September 1976:

> We used to think you could just spend your way out of a recession and increased unemployment by cutting taxes and raising government spending. I tell you, in all candor, that that opinion no longer exists. It only worked in the past by injecting bigger doses of inflation into the economy, followed by higher levels of unemployment as the next step . . . the cozy world, which we were told would last forever, where full employment could be guaranteed by a stroke of the Chancellor's pen, is gone.

The New York Times reprinted excerpts from this speech with the title, "Mr. Callaghan Talks Business."

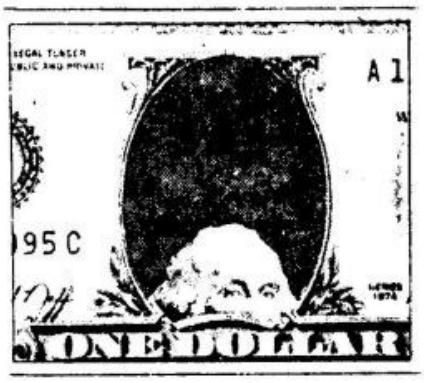
Therefore, although government economic policies may make it possible (for a while longer) to avoid a sudden and total collapse of the world capitalist economy (like what happened in the early 1930s), these policies will not be able to reverse the downward slide into yet another worldwide depression. This means that the most likely prospect for the next few years is a continuation of the slow, steady decline we have experienced so far in the 1970s. Capital investment will remain stagnant; the peaks and troughs of unemployment will gradually increase; rates of inflation will continue to accelerate; and our living standards will continue to decline.

Even this rather dismal, but less than catastrophic, course of events cannot last forever. At some point, galloping inflation will make profitable business so difficult and so uncertain that further investment will stop altogether. Or politicians will decide that accelerating inflation is too high a price to pay for avoiding a depression, and will stop trying to prop up the economy and let the depression happen. Some conservative economists, led by Nobel prize winner Milton ("let's have a real one") Friedman, are already suggesting this course of action. When this point is reached, the bankruptcies will begin and things will suddenly get much worse.

Of course, this "purely economic" scenario could, at any time, be interrupted by the Third World War, and that would be "it," as Lenny Bruce used to say. In fact, the gradual slide into depression has already intensified the economic competition among nations, as each nation tries to solve its economic problems at the expense of other nations (by such means as export subsidies, import quotas, "trigger prices," etc.). In the 1930s, such "beggar-thy-neighbor" policies (initiated largely by the U.S.) resulted in a virtual halt to international trade and finally led to the Second World War.

The obvious conclusion to all this is that the next decade will probably turn out to be a crucial one in world history. The odds are greater than ever before that it will be the last decade in world history. But there is still the chance that the world's population will become so fed up with the misery inflicted on them by yet another capitalist depression that they will do whatever is necessary to wrest control of the world's productive resources from their present owners and reorganize society with the aim of satisfying their own needs, rather than producing profit for capitalists. Needless to say, we should all direct our efforts toward that end.

Mose



Authority and Democracy in the United States

Reflecting on the *New Deal*, Franklin Roosevelt once said that his government "has done everything that Hitler has done, but by other means." These other means, however, were not able to overcome the Great Depression which occasioned the large-scale governmental interventions in the American economy. It was finally only the resort to Hitlerian means—that is, participation in the imperialist war—which overcame the unrelenting crisis. Still, the internal situation in America differed greatly from those prevailing in the fascist nations. The United States remained democratic, not only ideologically, but also practically, with an absence of terroristic measures. A social consensus and an efficient prosecution of the war could be assured without much interference in the customary social and political institutions. To be sure, there were some violations of civil liberties such as the incarceration in concentration camps of Americans of Japanese extraction. But by and large the arbitrary discriminatory actions on the part of government were not comparable to the dictatorial policies of the totalitarian regimes. The manufactured mass hysteria of World War I reappeared, of course, but in a more subdued fashion. The actual outbreak of the war united interventionists and isolationists behind their war-happy government. The acquiescence of the population was obvious and in part based, no doubt, on the intuitive recognition that the war would bring the depression to an end.

Emerging out of economic crisis, fascism was an attempt to secure the threatened capitalist system by political and organizational means. These means were necessarily directed against the interests of the working class, in order to create the preconditions for new imperialistic adventures. This involved the destruction of the relative independence of the existing labor organizations, so as to establish that degree of class collaboration and national unity required for a political solution of the crisis at the expense of other nations. A repetition of the voluntary acceptance of the imperialist imperative by the labor movement, as during World War I, could not be expected under the prevailing crisis conditions, characterized as they were by an intensification of the class struggle. A new ideology, apparently directed against both the warring classes, had to be brought forth to transform class interests once again into national interests. This ideology could only be given practical form by way of political struggles, through the creation and growth of new organizations, which issued in the establishment of fascist dictatorships. In this sense, fascism expressed the capitalistic need for a total control of the working population, which seemingly could no longer be achieved within the confines of bourgeois democracy.

It was, and still is, the total absence of a class-oriented labor movement which helps to explain the persistence of democracy in America, even under conditions of great social stress. This absence finds its reasons in the particularities which have distinguished the development of capitalism in America from that in other capitalist countries. Although interrupted by crises and depressions, American capitalism unfolded progressively, until the United States became the most advanced and the strongest capitalist power. It became therewith less susceptible than others to the formation of anti-capitalist movements, for it proved able at the same time to accumulate capital rapidly and to improve the living standards of the great mass of its population. To a lesser extent, this was true also for the European nations, yet the very rise of capitalism there was accompanied by a far more intense exploitation and a greater misery of the working population than was the case in the United States. At any rate, the specific European conditions led to the formation of socialist ideologies and organizations, which persisted even after conditions began to improve.

We will not dwell here upon the rather complex reasons which hindered the development of socialist movements in the United States, but merely register the absence of such movements as a specific American characteristic. This is not contradicted by the sporadic appearance and disappearance of socialist and syndicalist organizations, which, at times, agitated both the bourgeoisie and the working class. These organizations did not represent the real aspirations of the mass of the working population, which was resigned to accept the capitalist system as its own. The only movement which achieved some social significance was trade-unionism: the utilization of the labor market for the improvement of wages and working conditions within the—unchallenged—capitalist relations of production. It had no political ambitions but was happy with the conditions of democracy in its American form, that is, the two-party system, which provided no more than the semblance of democracy in its traditional European sense. Politics was left to the ruling class, as a matter of resolving those differences within the bourgeois camp which do not impinge upon its common needs. The illusion arose nonetheless that political frictions within the bourgeoisie provided a lever for the working class to affect policy by siding with either one or the other of the bourgeois parties. A kind of blackmail politics took the place of the political class struggle.

The lack of political initiative on the part of American labor, reflected in the apolitical nature of the trade and industrial unions, led to the complete ideological integration of these organizations into the capitalist system. Of course, just as capital competition continues within the general trend of its concentration and centralization, so the fight between profits and wages goes on in spite of the apparent community of labor and capital. It is a struggle for shares of the social product brought forth by the capitalist system which both sides agree to uphold and to defend. The mass of the American workers does not object to the capitalist system, but merely to its pressure upon wages, caused, in their view, by the greediness of their employers rather than by the system as such. They are prepared to fight for the maintenance of once-reached living standards, or even for a larger share of the pie, but within—not against—the capitalist system. The wage struggles are carried on, often with great militancy, in the belief that the capitalist system is capable of doing justice to both labor and capital. And with a rapid rate of capital accumulation, implying the increasing productivity of labor, both profits and wages may rise, if only in unequal measure. It is then the experience of the past, which still determines the attitude of American labor with respect to the capitalist system.

Only a minority of American workers are unionized and the unions themselves vary greatly with respect to their bargaining power and the character of their bureaucracies. But all exclude

effective control on the part of their membership; which is to say, the workers accept the unions in the same sense in which they accept American capitalism as a whole. With the legalization and institutionalization of the unions, which dates back to the New Deal of the Great Depression, "organized labor" itself became a part of the system, confronting the workers as an objective reality outside their own control. Union dues are paid in the same spirit as taxes are paid, but there is neither a way to, nor as yet a demand to participate in union affairs. Everything is left to the bureaucracies, just as politics is left to the bourgeoisie. In both cases the democratic forms are often maintained, of course, via elections and referenda, but they do not affect the authoritarian controls of either governments or unions. The personnel may change; the system remains the same.

The concentration and centralization of capital in the United States has progressed to a point where the specific interests of the big corporations determine the destiny of the system as a whole. It was no joke when it was said that "what is good for General Motors is good for America," for it does depend on the fortunes of General Motors, and on those of all the other similar corporations, whether the economy expands or contracts. In this situation, the state is the state of the corporations and depends on their profitability. Whatever differences may have existed between state and capital, they have since long been dissolved; the state is not a mere tool of the ruling class, the latter is also the state. It is for this reason that the people in government office, or any public office, need not be pressured by the big corporations to do their bidding; they do so on their own accord. Moreover, the person-

nel of state and capital are interchangeable; corporation managers enter government service, while state officials move into the management of corporations.

If government and capital are one and the same, this entity finds its support in the Senate and the House of Representatives. Democratically elected, the congressmen have been chosen to uphold the capitalist system and its state. They do so not only out of conviction, but also because of their direct capitalistic interests. As, according to Calvin Coolidge, "the business of America is business," politics itself is seen as just another money-making enterprise, to be supplemented by branching out into other businesses, or by maintaining those already engaged in. The *New York Times* of 8 May 1978 reported a computerized study of the personal financial interests of almost all the members of Congress, which demonstrated that these people are also investors in all sorts of enterprises, often using their official positions to advance their business interests. As the information on which the study was based was supplied by the congressmen, the data were of course understatements serving to distract attention from or conceal their true but unascertainable financial holdings. For our purpose, however, the study substantiates the fact that the representatives of the people are also capitalists who secure their privileges through the democratic process.

The relegation of all decisive economic and political power to the hands of capital and its government has not as yet destroyed the myth of American democracy. People can vote, and those who vote—about half, or less, of the eligible population—can exchange a Democratic administration and presidency for a Republican administration and presidency; that is, they can exchange one set of people for another, equally determined to maintain the system which, in turn, determines the range of their own activities. Thus, although big business dominates the United States and cannot be dislodged short of destroying the capitalist system itself, it continues to dress its authoritarian rule in democratic garb. In fact, the more the ideology of democracy is nourished, the less bearing it has upon reality. Originally, political democracy was the goal of the emerging capitalist class and came to express the political aspects of capitalist competition, without ever concerning itself with the exploitative class relations upon which the whole capitalist edifice rests. In the European nations, the illusion nevertheless arose that bourgeois democracy could be utilized by the laboring class to alleviate its lot within the capitalist system and could, perhaps, even allow for the formation of socialistically-inclined governments and thus extend democracy into the socio-economic sphere. In America, however, as we have seen, this illusion never arose, and the private-property relations of capitalism remained generally sacrosanct. This has not changed despite the transformation of a dominantly competitive capitalism into that of the large corporation and the monopolization of capital, which even precludes political democracy in the ordinary bourgeois sense of the term.

In America democracy begins and ends with the ballot-box. But it is also perceived as involving free speech, free assembly, and freedom of the press. Generally, there is no interference with these civil liberties, for they are not made use of in opposition to the capitalist system. What opposition flares up from time to time demands improvements of the system, not its abolition, such as clean government, lower taxes, civil rights and, more recently, the protection of the environment. It is noteworthy that such demands are not raised by the workers but by the middle class, and express its particular frustrations. With their upward mobility increasingly restricted, and their unhappiness at submerging into the working class, they imagine the possibility of a well-functioning capitalism, capable of satisfying all social layers. They have taken up the opportunism and reformism which, in the European nations, transformed the character of the labor movement. Compared with the welfare ideology of the liberal part of the middle class, the American workers appear reactionary, by displaying no interest in social affairs except with regard to their wages. The opinions of the politically conscious elements of the middle class are therefore destined to be voices in the wilderness.

The kinds of politics carried on by elements of the middle class do not transcend the capitalist system. Even in their limited sense, they remain purely ideological, since there is no material force behind them. Still, as long as they are allowed to assert themselves, democracy appears as a reality with some effect on the course of events. This illusion supports the monolithic rule of capital. There is then no need to remove the democratic safeguard, even if this should prove inconvenient at times. In any case, it does not represent a danger that could not be met by the ordinary means of government oppression. The democratic forms are thus maintained as an asset rather than a liability of capitalistic rule, yet kept in bounds by the changing needs of the latter. This often leads to violence, based, on the one side, on the illusion that it is possible to divert the government from a particular course of action through the assertion of democratic rights, and, on the other side, on governmental assertion of authority in response to protest. Yet, after each such emergency, American democracy finds itself restored.

Any temporary abrogation of democratic rights is undertaken in the name of democracy, identified, as it is, with Americanism. Anything more than verbal opposition is at once branded an attack on democracy, which presumably reflects the general consensus. It is seen as Un-American because it goes beyond the prescribed, though ineffective, democratic rules, as they evolved in the United States. Being Un-American, it is perceived as a foreign implant, which could not possibly originate on American soil. While, at first, it was the unassimilated immigrants who were held responsible for all the unrest in the nation, later it was allegiance to social systems other than the American which supposedly carried the germ of discontent into the American fabric. To make the world "safe for democracy" required then the simultaneous pursuit of the internal and of the external enemies of democracy and therefore of American capitalism. Even ordinary wage-struggles were often denounced as the work of foreign agitators, bent on undermining American democracy. Despite the actual insignificance of these political currents, laws were passed against anarchism, syndicalism, and bolshevism. Even the democratic Socalist Party found itself outlawed during World War I; all in the name of American democracy. Fascism, were it to come to America, would not require popular participation as it did in Europe. It would most probably be called anti-fascism, as the American fascist Huey Long supposedly asserted, or simply 100% Americanism. Without popular participation, there would also be no opposition; it would be a matter entirely of the government's decision. Repressive measures could be introduced within the framework of American democracy, preserving its forms while emptying them of all their content. The ruling class, in short, has managed to gain totalitarian control with precisely the instrumentalities that were supposed to curtail the monopolization of power and the absolute rule of the capitalist oligarchy.

Class society implies the systematic manipulation of "public opinion" as an instrument of class rule. The specific interests of the ruling class must be made to appear as the general interest. But in capitalism, ideas are also commodities, whose producers and dispensers find a market only in the ideological requirements of capitalism. It is therefore not surprising that the media of persuasion—the schools, the universities, the churches, the press,

radio, and television, etc.—cater exclusively to the needs of the capitalist system. But where there is a market, there is also competition, and the ideologists may vary their wares to some extent, even though all of them have to serve the same purpose, namely, ideological support of the *status quo*. These variations on a single theme support the democratic illusions within the authoritarian conditions of American capitalism. The most reactionary ideas insist upon their compliance with the democratic ideal, even if this ideal refers to past conditions rather than to present-day reality.

Notwithstanding the conditions of monopoly, politics remains not only a business but a competitive business. This competition expresses itself in ideological terms. Although everyone agrees on the merits of American democracy, there is no agreement as how to serve it best. This makes for the subjective element in American politics, that is, the struggle of politicians to gain entry into the political institutions, or to increase their importance within them. The subjective strivings of the politicians becloud the fact of their objectively determined identical functions. But their antics are often topical enough to find a wide response, particularly if this suits governmental policies and specific capitalistic interests. Irrational assumptions become, at times, the reality of the day, as did, for instance, the Red-scare in the wake of World War I and McCarthyism during the cold war period. In the first case, a nationwide hunt for subversives was instigated as a kind of publicity stunt to further the presidential ambitions of the then Attorney General, A. Mitchell Palmer. At the same time, however, in the context of the Russian Revolution and its international repercussions, the fabrication of a threat to American capitalism could be used not only to ferret out an incipient radicalism but to subdue the working class as a whole. Similarly, McCarthyism, despite its source in the private political ambitions of its author, could spread as far as it did because it served the ideological requirements of American imperialism.

What is of interest in this context is the susceptibility of American democracy to the same type of demagoguery that created the mass-hysteria and the fear of terror in the totalitarian nations. Only what has been, and remains, more or less the rule in these nations has been an exception in the United States. But it is an ever-ready possibility and another indication of the essentially authoritarian nature of American capitalism. A counterpart to the potential but mostly latent totalitarian tendency are the sporadic extra-legal outbreaks on the part of racial minorities, which strive for equality in a system based on exploitation and therewith on inequalities in all spheres of social life. They know from experience that democracy has nothing to do with their own

Don't vote and the choice is theirs.
Vote and the choice is yours.

conditions and offers no solution for their special problems. Still, they assume that the system could be forced to make some concessions by way of organized protests and direct actions justified in terms of prevailing democratic ideology. But this ideology does not stand in the way of applying the most naked authoritarian measures, if this should be deemed necessary. The apparatus of repression—the army, the national guard, the state-police, the local public and private police forces—are formidable enough to deal with such upheavals.

While the apparatus of repression is ever-ready, it can be held in reserve because of the overwhelmingly positive identification of the large mass of the population with the American system. This identification remains intact even when particular policies of the government are questioned or opposed, or when the government itself loses the confidence of large layers of society. The war in Vietnam, for example, was generally not recognized as an aspect of American imperialism, but was bewailed as a morally wrong policy, or as a mere mistake, on the part of the administrations involved in it, which assumedly could just as well have chosen another course of action to safeguard America's interests in Asia. But this war was fought in the name of democracy, to prevent the further spread of totalitarian regimes, and was therefore most heatedly defended in the beginning by the liberal-democratic and even "socialist" elements in the United States. As far as the working class was concerned, insofar as its interests found articulation at all, it was satisfied with the war-given opportunity for secure jobs and higher wages. What opposition arose came from religious groups and pacifists, soon to be joined by a rebellious student movement unwilling to sacrifice careers and even life to the remote interests of American imperialism. Yet this movement used the phraseology of democracy to expose its actual absence at this particular occasion, and merely expressed the utopian quest for a real democracy, brought about by democratic means, within the conditions of American capitalism.

With all due respect to this anti-war movement, which did play a part in aiding the growth of aversion to the seemingly pointless extension and prolongation of the conflict, the war came to an end not in response to democratically-exercised anti-war sentiments, but thanks to the defeat of the American armed forces, hastened by the war-weary attitudes of the field soldiers, who had lost all inclination to sacrifice their lives for the incomprehensible goal of defending American democracy in Southeast Asia. The fact that the war itself had become a commercial enterprise—not in the wider sense of serving the expansionary needs of American capitalism, but in the narrower, immediate, sense, of a general corruption on the part of the military and their advisers personally to enrich themselves—also aided this war-weariness. Finally, in conjunction with the then existing constellations of imperialist forces, the war could most probably be won only by risking a worldwide war, for which America was not prepared at this particular historical juncture. Capital itself brought the war to an end, apparently as a response to the opposition at home, but in reality because the expense of the war had lost all proportion with any conceivable future gain that might result from its successful conclusion.

Nonetheless, the ending of the war was celebrated as a reassertion of American democracy, as a sign of the power of the people as against that of the government, and even those who at first had endorsed the war as America's commitment to the principles of democracy, now joined the celebration. On the internal scene, a similar situation arose with Richard Nixon's forced abdication of the presidency in the wake of the so-called Watergate affair. A corrupt government was replaced by another corrupt government in a political power struggle lost by the Nixon administration.

The ideological verbage displayed in this process created the impression that, once again, democracy had succeeded in defeating its violators and that it was still a viable political system serving the national needs against the usurpation of power on the part of conscience-less politicians. Presumably, an aroused "public opinion" had overcome the underhanded manipulations of the administration, out to secure its perpetuation in defiance of the "fair play" of democracy. The euphoria created by this fresh sign of democratic power was such as to release a general onslaught against its various abuses, reaching the grotesque point of passing laws which subject the investigatory agencies of government to the scrutiny of their victims.

Whereas in other capitalist nations democratic institutions are increasingly supplemented by more direct administrative police measures, in the United States the instruments of repression have seemingly become more diluted, in favor of a more open and a more participatory political life, even though, or perhaps because, little advantage is taken thereof. It would be an error to assume that the hollowness of the democratic rituals are recognized and that the democratic ideology has spent itself. Quite generally, people continue to believe in this system as preferable to any other, and express their patriotism in terms of American democracy. They are not distressed by its merely ideological nature; rather, it is precisely this reduction to ideology which allows for a persistant complacency of the American population under the authoritarian social conditions.

This complacency is nothing to be wondered at. The Great Depression of the 1930s is only vaguely remembered and then recalled as an act of God, from which no relevant conclusions can be drawn. Since this period, until recently, America was the toast of the world, the victor in war, and beneficiary of an unprecedented economic upswing which benefited both labor and capital. Theories were concocted which assured further economic growth and the elimination of the business-cycle through state interventions in the laws of the market. True, there remained a residue of misery, particularly with respect to racial minorities, but this, too, would be overcome in time, thus demonstrating the superiority of the capitalist system in its American form. This general optimism created the various notions of "post-capitalism," the new "techno-structure," the "end of ideology," and the coming of "one-dimensional man," all signifying that whatever meager expressions of discontent might arise would be absorbed in a truly integrated capitalist society without class conflicts, in which the difference between authority and democracy would have lost its meaning.

All this assumed, of course, the continuous expansion of American capital and therewith its extension on a global scale. The post-war situation was characterized not only by various attempts—some successful, others not—to contain the spread of totalitarian regimes in defense of the free world-market, but also by capital exports on a lavish scale and the intensified creation of multinational corporations, mostly under the American flag. The internationalization of capitalist production (in contrast to international trade) extended the American economy to all parts of the world, a fact of great importance with regard to the identification of American capitalism with political democracy. Business can flourish as well under authoritarian as under democratic conditions, so long as the authoritarianism restricts itself to political institutions. Business has no preferences in this respect, even though some businessmen may prefer one to the other. And in fact a great amount of American capital operates under authoritarian regimes and has a direct interest in their perpetuation as long as they secure and guarantee the profitability of their investments.

There are of course two major types of authoritarianism: the state-controlled systems, which imply the expropriation of private capital, whether foreign or native, and some form of central economic planning; and the various military dictatorships that abound in the capitalistically less-developed countries dependent on the capitalist world market and the import of capital. Most of the so-call "third world" countries are in this latter category, a condition described as "neo-colonialism." Here the authoritarian relations of capitalist production find their support in an authoritarian political structure, to assure the accumulation of capital, despite the precariousness of the general economic conditions in which world capitalism finds itself. The militarily-secured rule in these nations merges the political elites with both the emerging native bourgeoisie and foreign capital, in this manner establishing the unity of capital and government which also characterizes the advanced capitalist nations, although with a shift of emphasis from the civilian to the military aspects of capitalist rule.

Not admitting that American capitalism is based on the exploitation of labor—since each person is presumed to receive what he has contributed to the total social product—and thus sharing with the state-controlled totalitarian nations the notion of to "each according to his work," the economic argument against such totalitarianism is largely based on the comparative efficiency of the "free" and the "regulated" economy, the latter supposedly demanding totalitarian controls and thus dictatorial rule. Democracy is then only mentioned as a political phenomenon, as a question of "individual liberties" and "human rights," which, however, are presupposed by the property rights of capitalism. With the private-property rights maintained, even authoritarian regimes may develop, or return to, democratic institutions. In this sense, then, the various military dictatorships, particularly in the South-American nations, are not opposed but cultivated by American capital, in the apologetic expectation that, sooner or later, they may adapt themselves to more democratic procedures. In fact, the dictatorships themselves pretend to be mere caretakers for democracy in times of social stress, eagerly awaiting the day of their displacement by viable elected governments and parliamentary rule.

The economic and so the political interests of American capitalism touch upon almost every part of the world. Although the nation-state persists, the economic integration of capitalism is international, which strengthens the imperialistic nature of capitalist competition. With respect to foreign capital investments alone, the Government *Survey of Current Business* of February, 1977 showed that the yearly sales of majority-owned foreign affiliates of United States companies totaled more than $500 billion, while American exports totaled only $120 billion. No data is available for sales of foreign affiliates in which American companies have less than a majority interest, nor for the production of unaffiliated companies under license of United States companies. If they were included, the enormous importance of foreign production relative to traditional exports would be even more evident. This implies, of course, that American capitalism must not be equated only with its democratic pretensions at home, but also with the authoritarian regimes under whose protection it exploits an increasing quantity of foreign labor. It thus shares responsibility for their undemocratic dictatorial policies.

It is true, of course, that American capital is not needed to foster authoritarian regimes in countries in which it does business; these nations adhere to dictatorial principles on their own accord. Most likely, the American capitalists would be more comfortable operating under circumstances more akin to their own. But they are also realists and accept the world as it is: democracy is not essential to the making of money. They are also quite ready to

Continued on page 27

ROOT & BRANCH

MINI-PAMPHLET

Anarchism vs Marxism

We are here reprinting two articles by Ulli Diemer—*Anarchism vs. Marxism* and *The Continuing Debate: Bakunin vs. Marx*—which first appeared in *The Red Menace* 2:2.[1] In a clear and concise way they confront the main anarchist misconceptions about Marxism and demonstrate the relevance of these issues for libertarian socialists today. However, there is a major weakness in the *Bakunin vs. Marx* article. In demonstrating that Marx is not an economic determinist, Diemer comes close to denying Marx's materialism. The conflict between materialism and idealism was central to the debate between Marx and Bakunin. More significantly, it remains important for our own attempts to clarify the difficulties and possibilities of revolutionary action.

Idealism and what we may call vulgar materialism both disconnect ideas from the process of people's active transformation of their environment, natural and social. For the latter, people are the passive recipients of ideas forced on them from outside; for the former, conceptions evolve by their own logic, and here too "happen to" people, instead of being developed by people in the course of dealing with their problems and opportunities. As a result of this similarity, both orientations have tended to see world-changing ideas as the property of educated elites. As it has no explanation for the origin of ideas, except earlier ideas, idealism gives those who have the "correct" ideas at any time a key role in the making of history. On this terrain the idealist and the undialectical materialist shake hands on the necessity of placing the reins of action in the hands of the few who, for one reason or another, are in tune with the objective necessities of the situation.

Thus Lenin, the philosophical materialist, was a complete idealist politically, believing that the idea of socialism could develop only in heads exposed to higher learning, and never among the workers, tied to their immediate needs, themselves. Similarly, Bakunin believed in the absolute necessity for an elite organization controlling and guiding the movement of the People, to whose unformed thoughts only the anarchist Alliance (and above all he, Bakunin) could give articulate form.

While such views may be very inspiring to an intellectual elite, they are of no use to the rest of us. It is this problem that Marx was addressing when he wrote in the *Theses on Feuerbach* that "the educator himself needs educating." Marx, in contrast to the left wing idealists whom he criticized (Proudhon, Lassalle, Bakunin), did not see the problem of revolution as that of drawing up plans for others to carry out. His ideas and later theory developed out of his experiences and studies of movements of the emerging proletariat. He noted that this class, unlike the peasantry, was integrated over large areas because it produced for the national or world market instead of for local consumption. Consequently, what happened to workers in one area tended to affect workers in others. But this state of affairs was also relative. In times of capitalist expansion and prosperity, workers' struggles for higher wages, better working conditions, and even political goals could remain more or less localized. On the other hand, capitalist crises threw the working class in general into similar conditions, conditions (mass layoffs, wage-cutting, and generalized misery) which could neither be ignored nor fought on a small group level. They could only be fought collectively and cooperatively.

Marx studied the origin and development of the proletariat in order to clarify the meaning of the ideal of socialism, advanced during periods of crisis. His analysis of capitalism led him to conclude that the system would become world-dominant, that the proletariat would become the large majority of the population in the capitalistically developed countries, and that the continuing crisis cycle would thus become more severe and involve larger numbers of people. At some point in history, he supposed, the world's working class would be so large and the crisis so deep that the direct, collective activity of the proletariat would move from resistance to revolution, expropriate the capitalists, and create a society on the basis of "the free and equal association of producers." These predictions were based in part on empirical observations and in part on scientific abstraction from such observations. Only in this way could theory be a guide to action, rather than an ideological justification or a program for others to carry out. It was in order to aid his comrades in changing the world—the workers—to realize their collective capabilities that Marx wanted to "lay bare the laws of motion of capitalist society" in *Capital*. He wanted to understand, and so help others understand, the social realities that make possible new forms of social action, and the new forms of thinking that such action involves. This was the content of Marx's materialism—the explanation of the origin and content of socialist ideas in terms of the structural dynamics of capitalism.

The Marxian model is, if anything, more relevant today than it was in Marx's time, when large portions of the world were still untouched by capitalism and the working class was a small minority even in the most capitalistically developed countries. At the present time, it is true, the revolutionary workers' movement has reached a uniquely low point. The officially left organizations —parties and unions—have come to devote themselves to the interest of capitalism or its party-ruled analogue in the "socialist" nations. And yet the international working class, larger than ever, and more closely than ever linked through their domination by the world market, faces the very conditions and necessities that Marx discerned a century ago. The current economic decline indicates that government intervention in the economy has not rendered the capitalist crisis obsolete; it is rather the crisis which is rendering obsolete those theories—shared in the sixties by bourgeois ideologists and most of the left—that see crisis as a thing of the past. The Marxian analysis of capitalist development, clarifying the situation faced by the workers, provides no guarantee of a libertarian future. That depends now as before on the workers' response to their conditions. But Marxism does show that such a future is not just a utopian dream but a real possibility worth fighting for.

Root & Branch

1. *The Red Menace*. P.O. Box 171, Station D, Toronto, Ontario, Canada.

"... From the first moment of victory, mistrust must be directed no longer against the conquered reactionary parties, but against the workers' previous allies, against the party that wishes to exploit the common victory for itself along... The workers must put themselves at the command not of the State authority but of the revolutionary community councils which the workers will have managed to get adopted... Arms and ammunition must not be surrendered on any pretext."

K. Marx & F. Engels. *Address to the Central Committee of the Communist League* (1850).

Anarchism vs Marxism: A few notes on an old theme

More than one hundred years after the socialist movement split into warring Marxist and anarchist factions, there are signs, at least on a small scale, that people calling themselves anarchists and people calling themselves Marxists or "libertarian socialists" are finding ways of working together fruitfully. Questions immediately present themselves: To what extent are the old labels still valid? How have their meanings changed in the course of the last century? How solid is the new basis of unity? Have the old divisions been transcended?

But is it necessary to re-examine the old labels and divisions at all? Would it not be best to let sleeping polemics lie and simply concentrate on working together?

The problem is that a socialist movement — or libertarian movement: what terms can we validly use? — that hopes to develop has to confront historical, strategic, and theoretical questions. A socialist movement worthy of the name has to do more than get together for simple actions. It has to ask itself where it is trying to go, and how it proposes to get there: precisely the issues which sparked the fateful anarchist-Marxist split in the 1870's, and which kept the movements separated until today. Political questions which are ignored do not vanish, they only reappear with all that much more destructive impact at a later date. They must be dealt with frankly.

But this does not mean that we are fated to barrenly re-fight old battles and re-live the splits and hostilities of the past. The world has changed a great deal since the 1870's, and the experience of the socialist movement during the past century has changed the problems we face immeasurably. Of no little importance is the re-vitalization of a Marxist current that is militantly anti-Leninist, and the re-emergence of an anarcho-communist movement which accepts (although not necessarily consciously) a good deal of Marxist analysis. There is a good deal of common ground on which we can come together.

It should also be acknowledged that while the differences between Marxists and anarchists have been real, it has also been the case that too often in the past the disputes between them have generated more heat than light. A problem in many polemics is that each side tends to take partial tendencies of the other side and extrapolates them to be the whole, and in that sense misrepresents. A serious analysis has to go beyond the simplicities of black and white (black and red?) argumentation. At the same time, it is true that

posing questions sharply generally implies a polemical tone, so we should not shrink back from polemic if this means that important questions will be glossed over or ignored.

My own position is pro-marxist, and is in many respects quite critical of anarchism. It is therefore imperative to note two things: One, that there are many positive things about anarchism which I leave unacknowledged, because I am attempting, in this, and the subsequent article, to criticize certain specific aspects of the total doctrine which I think greatly weaken it. I am not purporting to give a balanced evaluation of anarchism as a whole. Two: I am far more critical of the "Marxism" of the most "Marxist-Leninists" than I am of anarchism. While I regard most anarchists as comrades in the libertarian movement, I consider the very expression "Marxist-Leninist" to be a contradiction in terms, and consider "Marxism-Leninism" to be an ideology that is diametrically opposed to the emanicipation of the working classes.*

It is naturally not possible to cover the whole anarchist/marxist debate adequately in one or two articles. What I propose to do here, and in the accompanying notes on Marx and Bakunin, is to concentrate on the most common and basic anarchist objections to Marxism, and to examine them *briefly*. These notes should be seen as just that — notes that make a few basic points. I hope that they will provoke a lively discussion that will make it possible to examine the questions raised, and others, in much greater detail.

The impetus for seeking a debate on Marxism and anarchism comes primarily from reading a number of recently published pieces on anarchism which all seem to display an astonishing misunderstanding and ignorance of Marx and what he wrote and did. (EG. Bakunin on Anarchy, with the Preface by Paul Avrich and the Introduction by Sam Dolgoff; Mark Brothers' article on Anarchy in Open Road No. 4; the piece on Bakunin in Open Road No. 2, and P. Murtaugh's article in this issue of The Red Menace.) All of these — and most anarchist writings — expend a great deal of effort in attacking something called "Marxism". In every case, the "Marxism" that is attacked has little or nothing to do with the theories of Karl Marx. Reading these polemics against a "Marxism" that exists mainly in the minds of those attacking it, one can only mutter the phrase Marx himself is said to have repeated so often in his later years, only regarding the works of his "followers": "If this is Marxism, than all I know is that I am not a Marxist".

If there is to be any dialogue between Marxists and anarchists, if the negative and positive aspects of the Marxian and anarchist projects are to be critically analysed, then it is incumbent upon those who oppose Marxism, as well as those who support it or seek to revise or transcend it to at least know what they are talking about. Nothing is solved by setting up and attacking a straw-man Marxism

And it is important to understand and know Marx not only because there are "libertarian Marxists" but because Marx is without dispute the central figure in the development of libertarianism and socialism. It is not possible to understand the development of any left-wing political movement or system of thought in the last century without knowing Marxism. It is not possible, in fact, to understand the development of *any* ideology in this century, or indeed, to understand the *history* of the last hundred years, without knowing something about Marxism. The political history of the twentieth century is to a very great extent a history of attempts to realize Marxism, attempts to defeat Marxism, attempts to go beyond or amend Marxism, attempts to develop alternatives to Marxism.

* On the other hand, I do not see all "Marxists-Leninists" as counter-revolutionaries, as many anarchists seem to do. Many (particularly Trotskyists) are sincere revolutionaries who do not understand the implications of the ideology they adhere to. The fact that "Marxism-Leninism" as an ideology is counter-revolutionary does not mean that every "Marxist-Leninist" is a counter-revolutionary, any more than the fact that fact that Christianity is reactionary makes every individual Christian a reactionary. Nor are the political differences that divide the left always as absolute as they are made out to be. There are of necessity always gray areas, where, for example, anarchism and Marxism begin to converge, or Marxism and Leninism, or — yes — anarchism and Leninism. Life does not always lend itself to analysis by the categories "them" and "us", if for no other reason than that all of us have internalized at least some of the repressive baggage of the dominant society. All of us have something of the "counter-revolutionary" in us.

Anarchism is certainly no exception. It originally defined itself in opposition to Marxism, and continues to do so to the present day. Unfortunately, anarchists seem totally unaware — or unwilling to realize — that Marxism is not a monolith, that there are, and always have been, enormously different currents of thought calling themselves Marxist. Anarchist critiques invariably identify Marxism with Leninism, Leninism with Stalinism, Stalinism with Maoism, and all of them with Trotskyism as well. There is usually not a hint of guile in this remarkable bit of intellectual prestigitation — your average anarchist simply thinks it is a universally accepted, established fact that all these political systems are identical.*

This is not to say that it cannot be *argued* that all these political systems are fundamentally the same, that their differences, no matter how violent, are secondary to certain essential features thay all have in common. But the point is that it *is* necessary to *argue* the case, to marshall some evidence, to know a phenomenon before condemning it. One can't simply begin with the conclusion.

But the fact is that Marxism is not a monolith. Despite Murtaugh's uninformed assertion that "Libertarian Marxism is a rather recent development, as far as political theories and movements go", and despite the fact that the term "libertarian Marxism" is new — and unnecessary — the tradition goes back a long way. For example, Rosa Luxemburg — surely one of the central figures in any history of Marxism — was condemning Lenin's theories of the vanguard party and of centralized, heirarchical discipline three-quarters of a century ago, in 1904. In 1918 — while many anarchists were rushing to join the Bolsheviks — she was criticizing the dictatorial methods of the Bolsheviks and warning of the miscarraige of the Russian Revolution. After her death there were other thinkers and movements that condemned Bolshevism as an authoritarian degeneration of Marxism: Anton Pannekoek, Karl Korsch, the Council Communists, the Frankfurt School, right up to the new left of the 1960's and 1970's. And even within the Leninist tradition there were thinkers who made contributions that challenged the hold of the dominent interpretation and helped to nourish a libertarian Marxism; for example, Georg Lukacs, Antonio Gramsci, and Wilhelm Reich. A number of libertarian currents emerged from the Trotskyist movement in the 1940's and 1950's. Any libertarian movement that proclaims itself the issue of a virgin birth in the 1970's, or that acknowledges only one thin anarchist strand as 'true' libertarianism through the ages, while cutting itself off — whether because of dogma or because of ignorance—from all other contributing currents, only impoverishes itself. Yet anarchists writing on Marxism seem to deliberately and almost perversely shut their eyes and ears to anything except the dominant Leninist tradition, and so manage always to reconfirm their own prejudices about Marxism.

All this does not prove of course that the libertarian interpretation of Marx is the correct one. But it should be possible to agree on a basic analytical point: if there is doubt about what Marx stood for, then it is necessary to read Marx, not to take the word of either his enemies, or those who claim, justifiably or not, to be his followers. Once this is accepted, and only then, is it possible to begin an anarchist/marxist dialogue on a serious level.

My own attitude to Marx is not unequivocally favourable. There are in my view serious questions to be raised about aspects of Marx's thought. Marxism, like everything else, must be subjected to criticism, criticism that may lead to transcending Marx, but not, I think, to rejecting him. "Marxism is a point of departure for us, not our pre-determined destination. We accept Marx's dictum that our criticism must fear nothing, including its own results. Our debt to Marxism will be no less if we find that we have to go beyond it." The essential point, however, is that the Marxian project must be the heart of any libertarian politics. It may be possible and therefore necessary to transcend Marx, but to transcend him it is first necessary to absorb him. Without Marx and some of the best of the "Marxists", it is not possible to create a libertarian praxis and a libertarian world.

Finally, in judging Marx's work, it is necessary to keep in mind that his writings and actions span some 40 years as a revolutionary, that he often wrote letters and made notes that represent partial insights which he was not able to return to and expand, that many of his works were polemics against particular doctrines and are one-sided because of that. It would be a mistake, therefore, to take each sentence and each quotation in the corpus of his work as finished holy writ, or to expect that his work is wholly consistent or that he thought the implications of all of his theories through to the end. Marx's work is an uncompleted, uneven, but enormously fruitful and brilliant contribution that must be approached as he himself approached everything: critically.

* For example, Mark Brothers in his article "Anarchy is liberty, not disorder" in Issue 4 of the Open Road, uses the terms 'Marxism' and 'Marxism-Leninism' interchangeably, and is either unaware or doesn't think it worth mentioning that two of the three concepts he criticizes — the vanguard party and democratic centralism — are nowhere to be found in Marx, while the third, dictatorship of the proletariat, was given completely different meanings by Marx and the Leninists. Similarly, Murtaugh (The End of Dialectical Materialism: An Anarchist Reply to the Libertarian Marxists) knows so little about Marxism that he does not even know that neither Marx or Engels ever even used the term "dialectical materialism", which he blithely supposes "libertarian Marxists" adhere to, and which he disposes of in four pages. (Dialectical materialism made its *first* appearance eight years after Marx died, courtesy of Plekanov.)

At this point, it is necessary to confront one of anarchism's tragic flaws, one that has made it incapable of becoming a serious historical alternative: its strong tendency toward anti-intellectualism. With a very few exceptions (eg. Kropotkin, Rocker, Bookchin) anarchism has failed to produce proponents interested in developing a rigorous analysis of capitalism, the state, bureaucracy, or authoritarianism. Consequently its opposition to these phenomena has tended to remain instinctive and emotional; whatever analyses it has produced have been eclectic, largely borrowed from Marxism, liberalism, and other sources, and rarely of serious intellectual quality. This is not an accidental failing — there has been no lack of *intelligent* anarchists. But anarchists, perhaps repelled by the coldbloodedness of 'official' Marxist intellectuals, perhaps sensing instinctively the germ of totalitarianism in any intellectual system that seeks to explain everything, have been consciously and often militantly opposed to intellectual endeavour as such. Their opposition has been not simply to particular analyses and theories, but to analysis and theory as such. Bakunin, for example, argued — in a manner reminiscent of the medieval Pope Gregory — that teaching workers theories would undermine their inherent revolutionary qualities. What happens when a movement's leading *theorist* is explicitly anti-intellectual?

The results for the anarchist movement have been crippling. Anarchism as a theory remains a patchwork of often conflicting insights that remains frustrating especially to critical sympathizers because the most fruitful threads rarely seem to be pursued. Most anarchist publications avoid any discussion of strategy, or any analysis of society as it is today like the plague. (Even one of the best anarchist publications, The Open Road, remains essentially a cheerleader for anything vaguely leftist or libertarian. People organizing unions and people organizing against unions receive equally uncritical coverage; pie-throwing and bomb-throwing are seen as equally valid activities, and no attempt is made to discuss the relative strategic merits of the one or the other in a given context) Most anarchist publishing houses seem interested in nothing except (a) re-fighting the Spanish Civil War, (b) re-fighting Kronstadt and (c) trashing Marxist-Leninists yet one more time. Even these preoccupations, which have become so routine as to make anarchism for the most part simply *boring*, are not pursued in such a way as to develop new insights relating to the history of capitalism, the revolutionary process, or Bolshevism, for example.

Rather, the same arguments are simply liturgically repeated. Rarely is there any serious political debate within the anarchist movement, while polemics against the bugbear of "Marxism" (as essential to anarchism as Satan is to the Church) are generally crippled by a principled refusal to find out anything about what is being attacked. Arguments are mostly carried on in terms of the vaguest generalities; quotations are never used because the works of the supposed enemy have never been read.

As a consequence of its anti-intellectualism, anarchism has never been able to develop its potential. A movement that disdains theory and uncritically worships action, anarchism remains a shaky edifice consisting essentially of various chunks of Marxist analysis underpinning a few inflexible tactical precepts. It is held together mainly by libertarian impulses — the best kind of impulses to have, to be sure — and by a fear of organization that is so great that it is virtually impossible for anarchists to every organize effectively on a long-term basis. This is truly a tragedy, for the libertarian movement cannot afford to have its members refusing to use their intellects in the battle to create a new world. As long as anarchism continues to promote anti-intellectualism, it is going nowhere

Ulli Diemer

black thumb press

graphic by r. crumb, words modified

Bakunin vs. Marx
The Continuing Debate:

I propose in this article to examine some of the most common anarchist objections to "Marxism." The issues I shall single out were raised for the first time by Bakunin at the time when anarchism first emerged as a self-conscious movement defining itself in opposition to all other currents on the left. Therefore I will concentrate primarily on Bakunin in the following discussion, and on some of his differences with Marx. While I realize that Bakunin is not the only interpreter of anarchism, I think this is a valid approach for a number of reasons: (a) it is not possible to cover everything and everybody in a short essay (b) the Bakunin/Marx split was the formative event in the history of anarchism (c) Bakunin is still the most widely read, quoted, and admired anarchist in the anarchist movement itself (d) many of the key anarchist objections to Marxism originate with Bakunin, and these objections continue to be used today; to the extent that it is possible to call them into question, it is possible to call into question current anarchist pre-conceptions about Marxism and to inaugurate a genuine dialogue.

How do anarchists see the Marxist/anarchist split? What are their claims?

The following beliefs seem to be generally accepted by anarchists:

1. **Marxists believe in the creation of a "peoples' state" or a "workers' state"; anarchists believe in the abolition of the state.**
2. **"Anarchists look to a society in which real decision making involves every one who lives in it"; Marxism instead would set up "a few discipline freaks pulling the strings on a so-called 'proletrarian' dictatorship."**
3. **Marx was an "economic determinist"; Bakunin "emphasized the psychological (subjective) factors in revolution." Marxism is the ego trip of intellectuals who try to fit everything into their "theory of byzantine complexity" — dialectical materialism — which is of "doubtful usefulness" at best and which mainly serves to make it possible for Marxist leaders to establish "control over the movement".**
4. **Anarchists believe that revolutionary organizations should be open, egalitarian, and completely democratic; marxists on the other hand advocate "hierarchical, power-tripping leadership", as exemplified by the vanguard party and democratic centralism.**
5. **The original split in the First International between the factions headed by Bakunin and Marx came over the issue of authoritarianism; Marx had Bakunin expelled from the International on trumped-up charges because Bakunin opposed Marx's dictatorial, centralized regime over the International.**
6. **Marxism is "authoritarian"; anarchism is "libertarian".**

What of these objections?

1. The peoples' State.

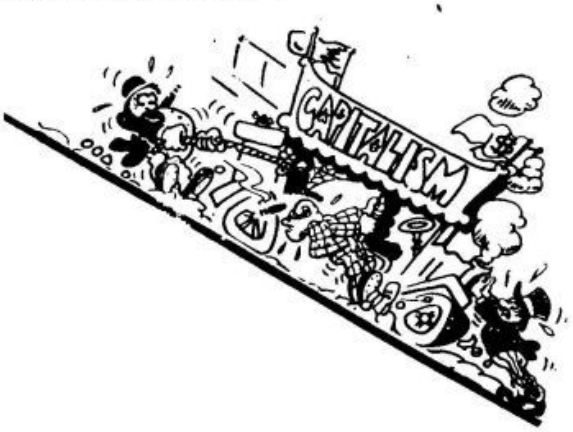
Perhaps its is not surprising that it is widely believed that Marx originated this concept, given the number of "Peoples' Republics", "Workers' States", etc. in the world today that call themselves "Marxist ". Both the Leninists who use the concept, and the anarchists who oppose it, seem quite unaware that it is nowhere to be found in Marx's writings. Marx, on the contrary, *specifically rejected it.* (See for example the Critique of the Gotha Program).

It is indicative of Bakunin's methods that he repeatedly accused Marx of advocating a "Peoples' state" (see for example Dolgoff, ed., Bakunin on Anarchy, Vintage, 1972), an accusation that in view of his failure to cite any evidence to support it (check the sources and see if Bakunin ever offers a single quote to back up his claim), and in view of Marx's and Engel's repeated repudiation of the concept, can only be interpreted as a deliberate fabrication on Bakunin's part. And it is hardly to the credit of several generations of anarchists that they have continued to swallow Bakunin's fictions on this matter without ever bothering to look for evidence to back them up.

Marx and Engels' position on the state, while not free of ambiguities and not above criticism, was quite different from what Bakunin claimed. It is spelled out most extensively in Marx's The Civil War in France, but is developed in numerous other works as well. What Marx forsaw was that during the revolutionary period of struggle against the bourgeoisie, the proletariat would use the state apparatus to crush the bourgeoisie: "to achieve its liberation it employs means which will be discarded after the liberation". (Marx, Conspectus of Bakunin's State and Anarchy, 1874-75). After the vanquishing of the bourgeoisie, the state has outlived its usefulness. Marx pointed to the Paris Commune as being very close to what he had in mind; Bakunin too was enthusiastic about the Commune, yet continued to accuse Marx of secretly holding very different views. This Bakunist nonsense has been endorsed by other anarchists as well. For example, the anarchist writer Arthur Mueller Lehning writes that "It is an irony of history that at the very moment when the battle between the authoritarians and the antiauthoritarians in the International reached its apogee, Marx should in effect endorse the program of the antiauthoritarian tendency... The Commune of Paris had nothing in common with the

state socialism of Marx and was more in accord with the ideas of Proudhon and the federalist theories of Bakunin. Civil War in France is in full contradiction with all Marx's writings on the question of the State." (quoted in Bakunin on Anarchy, P. 260) This is a remarkable piece of doublethink. Marx's major work on the state is said to be "in full contradiction" with "all" his writings on the state. What writings on the state is Lehning referring to then? We don't know, because he doesn't say. As always, in anarchist polemics, we have to take him on faith. Certainly Lehning cannot be referring to the Poverty of Philosophy, written in 1847, or The Communist Manifesto, written in 1848, or the Critique of the Gotha Program, written in 1875, or to the private letters Marx was writing at the same time as the publication of The Civil War in France in 1871. All of these consistently maintain that the state is incompatible with socialism. Together they comprise most, if not "all" of Marx's writings on the state. But Lehning (and Bakunin, and Dolgoff, and Avrich, and Brothers, and Murtaugh, and . . .) know better. Somewhere, in some mythical world known only to anarchists, there are to be found Marx's *real* views on the state, the "People's State of Marx" (Bakunin on Anarchy, P.318), which is "completely identical" with "the aristocratic-monarchic state of Bismark". (Bakunin on Anarchy, P. 319).

How does one refute an "argument" which, without a single shred of evidence, except racial predisposition ("as a German and a Jew, he (Marx) is from head to toe an authoritarian" — Bakunin in 1872.) without a single quotation, attributes ideas and concepts to Marx that Marx had repeatedly *attacked*? There are two alternatives: either one swallows everything Bakunin, Dolgoff, and Co. say, on faith, because they are anarchists, or one takes the path of intellectual integrity, and tries to discover Marx and Engels' views on the state by reading Marx and Engels. If one takes the latter course, one might start by reading Engels March 1875 letter to Bebel, in which he says "it is pure nonsense to talk of a free people's state: so long as the proletariat still *uses* the state, it does not use it in the interests of freedom but in order to hold down its adversaries, and as soon as it becomes possible to speak of freedom the state as such ceases to exist. We would therefore propose to replace *state* everywhere by *Gemeinwesen*, a good old German word which can very well convey the meaning of the French word *'commune'* ".



It is still possible, of course, to argue that the use of the state by the proletariat in the brief transitional period is dangerous, and could lead to the establishment of a permanent state. (It must be admitted, however, that Bakunin himself envisioned a form of post-revolutionary state, complete with elections, delegates, a parliament, an executive committee, and an army. (Bakunin on Anarchy, P.153) Anarchists are curiously quiet about this, however.

Nevertheless, it remains a fact that in balance, the concern Bakunin expressed about the possible degeneration of the revolution was a valid one, and that Marx for his part failed to give sufficient weight to the dangers posed by this threat to a future revolution. This criticism, however, must itself be qualified in a number of ways, is a far cry from the claims of Bakunin and the anarchists that Marxism was a theory that *aimed* at the subjection of society to state.

2. Dictatorship of the Proletariat.

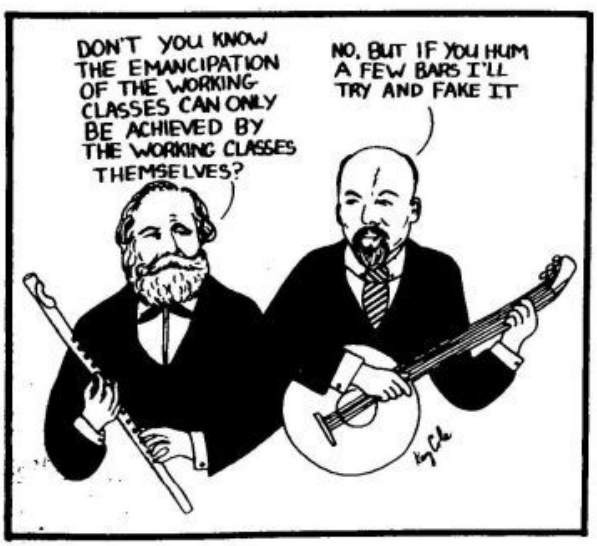
A closely related question is that of the dictatorship of the proletariat, one of the most abused and misunderstood terms of all of Marxism. The question of the transition from capitalism to socialism, and Marx's view of it, is an extremely complicated one that cannot be covered in a few paragraphs. But the point here is simply to dispose of the grossest misunderstandings of the term, fostered by its appropriation by the Bolsheviks, and by the related fact that dictatorship has come to have a quite different meaning today than it had in Marx's time. As Dolgoff puts it, there was then a "loose sense in which the term 'dictatorship' was used by nineteenth-century socialists — to mean simply the preponderant influence of a class, as in Marx's 'dictatorship of the proletariat' ". (Bakunin on Anarchy, P. 12) Or to put it more precisely, the dictatorship of the proletariat means the rule by the proletariat as a class, and the suppression of the bourgeoisie as a class. It is perfectly compatible with, and indeed presupposes, the most thorough-going democracy *within* the working class. The best brief exposition of the Marxian concept, and how it differs from Leninist concepts of dictatorship, comes from Rosa Luxemburg's 1918 polemic against the Bolsheviks:

"We have always distinguished the social kernel from the political form of *bourgeois* democracy; we

have always revealed the hard kernel of social inequality and lack of freedom hidden under the sweet shell of formal equality and lack of freedom — not in order to reject the latter but to spur the working class into not being satisfied with the shell, but rather, by conquering political power, to create a socialist democracy to replace bourgeois democracy — not to eliminate democracy altogether.

"But socialist democracy is not something which begins only in the promised land after the foundations of socialist economy are created; it does not come as some sort of Christmas present for the worthy people, who, in the interim, have loyally supported a handful of socialist dictators. Socialist democracy begins simultaneously with the beginnings of the destruction of class rule and of the construction of socialism. It begins at the very moment of the seizure of power by the socialist party. It is the same thing as the dictatorship of the proletariat.

"Yes, dictatorship! But this dictatorship consists in the *manner of applying democracy*, not in its *elimination*, in energetic, resolute attacks upon the well-entrenched rights and economic relationships of bourgeois society, without which a socialist transformation cannot be accomplished. But this dictatorship must be the work of the *class* and not of a little leading minority in the name of the class — that is, it must proceed step by step out of the active participation of the masses . . . ." (Rosa Luxemburg, The Russian Revolution, Ann Arbor paperback, P. 77-78).



3. "Economic Determinism".

The question of Marxian materialism and Marx's emphasis on the relations of production is an extremely difficult one which simply cannot be dealt with intelligently in a brief article. At this point it is possible only to say that it raises difficult problems which have to be seriously analyzed. However, while a re-examination of Marx's theory and the admitted contradictions in it are on the agenda, it must be said that the typical anarchist portrayals of it and objections to it are ill-informed misconceptions that contribute less than nothing to the discussion. For example, Marx was not an economic determinist; he rejected economic determinism and what he called "crude materialism" out of hand. He did not attempt to reduce all phenomena to economic ones; it is necessary only to read any of his political works to be convinced of this. As Engels says, "According to the materialist conception of history, the *ultimately* determining element in history is the production and reproduction of real life. More than this neither Marx nor I has ever asserted. Hence if somebody twists this into saying that the economic element is the *only* determining one he transforms that proposition into a meaningless, abstract senseless phrase." (letter to Joseph Block, Sept. 21-22, 1890, in Lewis Feuer, ed., Marx and Engels: Basic Writings on Politics and Philosophy, P. 397-398.)

Anarchists like Paul Avrich, however, have their own view of 'what Marx *really* meant'. See how Avrich crudely contrasts Marx's and Bakunin's views: (Bakunin) "rejected the view that social change depends on the gradual unfolding of 'objective' historical conditions. He believed, on the contrary, that men shape their own destinies . . ."

It is unfortunate that Avrich has never read, for example, Marx's third thesis on Feuerbach: "The materialist doctrine (of Feuerbach) that men are the products of circumstances and upbringing, and that, therefore, changed men are the products of other circumstances and changed upbringing, forgets that it is men that change circumstances and that the educator himself needs educating." Or The Holy Family: "*History* does *nothing*, it 'does *not* possess immense riches', it 'does *not* fight battles'. It is *men*, real, living men, who do all this, who possess things and fight battles. It is not 'history' which uses men as a means of achieving — as if it were an individual person — *its* own ends. History is *nothing* but the activity of men in pursuit of their ends." (Bottomore, ed., Karl Marx, Selected Writings in Sociology and Social Philosophy, Pelican, P. 78.)

4, 5, 6. The nature of the revolutionary organization; authoritarianism and libertarianism.

This is again a very complicated question: it is impossible to do justice to either Marx's or Bakunin's views in a short and rather polemical articles that aims at challenging certain gross misconceptions rather than at evaluating and criticizing their ideas and practice in a rigorous and comprehensive way. It is necessary to understand, first of all, that the ideas of both Marx and Bakunin, as expressed in their writings, are in certain respects contradictory; neither Marx, nor certainly Bakunin, was consistent throughout his life. Secondly, the practice of both men was sometimes at variance with what they advocated. Neither was able always to live up to the standards set down. Both men displayed considerable streaks of arrogance and authoritarianism in their own personalities.

Nevertheless, there remains a body of writing and practice that makes it possible to evaluate what Marx and Bakunin stood for.

I shall argue that a serious examination of the question yields the following points:

1. Bakunin deliberately distorted and falsified Marx's views on the issues under dispute.
2. The accusation that led to Bakunin's expulsion from the International, that of heading a secret society which aimed to infiltrate and take over the International, was true. (Since this seems to be accepted by most historians, this point will not be pursued. See for example Woodcock's Anarchism, P. 168, or Aileen Kelly's article in the January 22, 1976 issues of the New York Review of Books.) The only point worth noting here is that the "authoritarian" federal structures of the International that Bakunin protested against so vehemently in 1871 and 1872 were introduced to the International shortly before, not on the initiative of the General Council of which Marx was a member, but on the motion of *Bakunin's* supporters, with Bakunin's active participation and support. It was only after he failed to gain control over the structures of the International that Bakunin suddenly discovered their "authoritarianism".
3. The charge of authoritarianism and dictatorial views can be directed against Bakunin with a great deal more justification than they can against Marx.

Bakunin's deliberate misrepresentations of Marx's views on the state were noted earlier. Bakunin was obsessed with the idea that all Germans held identically authoritarian views, and consistently attributed the views of some of Marx's bitterest enemies, such as Bismark and Lasalle, to Marx. Marx's fury at this tactic is a matter of record. Bakunin, in many of his polemics against Marx, argues from the premise that Marx *must* obviously be authoritarian *because* he is a German and a Jew, who are *by definition* authoritarians and statists. (Because of selective editing, this is not evident in Dolgoff's Bakunin anthology.) Bakunin even went further, claiming that Marx was part of an international conspiracy with Bismark and Rothschild. Such accusations are of course not worthy of reply, but surely they make it clear that it is necessary to treat the "facts" and arguments of the man making them with the greatest caution.

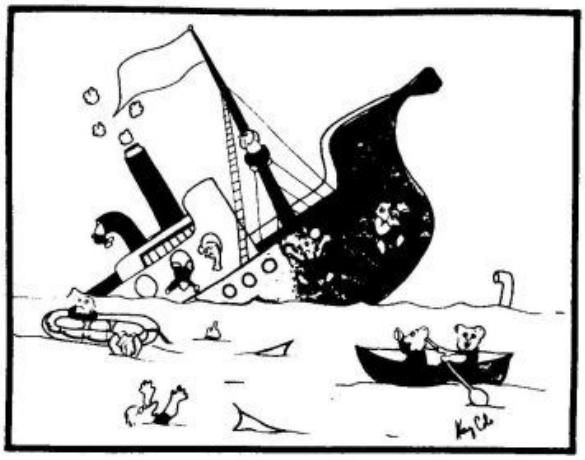
A similar disregard for the most elementary rules of evidence, not to mention decency, permeated most of Bakunin's polemics against Marx. He charged, again and again, that Marx advocated a universal dictatorship, that he believed in a socialism "decreed from the top down". He ignored Marx's lifelong insistence that "the emancipation of the working classes can only be the work of the working classes themselves", and Marx's intransigent opposition to the state. Nor did he attempt to support his accusations with the facts or quotations. In reading Bakunin's caricature of Marx's views — the only "version" of Marxism most anarchists have bothered to familiarize themselves with! — readers will search in vain for one single quotation amidst the hysterical confusion of wild, unsubstantiated charges. There simply are none.

(Almost as bad are those anarchists who lambaste Marx for his "advocacy" of "democratic centralism" and the "vanguard party". Is it really necessary to point out that these concepts were developed long after Marx's death, that Marx never belonged to an organization practising either; that he consistently opposed tiny conspiratorial sects of his day; that he made it a condition of his joining the Communist League that they scrap their closed, undemocratic organizational forms; that he always, and angrily, refused attempts by socialists of his day to single him out for special honours or titles in the movement?)

And has it been completely forgotten that one of Marx's chief themes in his criticism of Bakunin was the latter's eternal fascination with conspiratorial, manipulative, sectarian, politics?

For there is, unfortunately for those who believe in anarchist fairy tales, a substantial body of evidence for the contention that Bakunin held precisely those "authoritarian" views which he brazenly attributed to Marx. Those who seek evidence of a penchant for dictatorial, Machiavellian politics will find a good deal of material in the writings of not Marx, but Bakunin. (This is not to say that Bakunin consistently held such views; there are serious contradictions in his thought amounting to a basic polarity.)

Bakunin's advocacy of post-revolutionary state, which continued most of the forms of the pre-revolutionary state, such as parliament, army, elections, etc. , was noted earlier, and can be found, for example, in Bakunin on Anarchy, P. 153. Similarily, despite his much-vaunted opposition to any form of



independent political action by the working class, one can find him advocating, in his letters, not simply political action, but working class support and action on behalf of *bourgeois* political parties. (See for example Bakunin on Anarchy, P. 219). And elsewhere, one finds him advocating nothing less than that anarchists run for Parliament. (Bakunin on Anarchy, P. 218).

Nor are these merely products of his naive, youthful days, which are so often used to excuse some of his grossest aberations, as for example when we find the 'young' Bakunin (at age 35) writing appeals to the Czar while Marx, four years younger, is advocating the revolutionary overthrow of the state. No, these pronouncements, and many others like them, are issued *privately* at precisely the time that Bakunin is *publicly* proclaiming his opposition to Marxism because it advocates political action by the working class, and a transitional dictatorship of the proletariat in the immediate post-revolutionary period.

It is also worth contrasting Bakunin's proclamation of the principle, for the future anarchist society, of "from each according to his ability, to each according to his *work*" (my emphasis) with Marx, who held to much more radical principle, "from each according to his ability, to each according to his *needs*".

Or consider Bakunin's Rules for his International Alliance, not a passing whim, but the organization to which he gave his primary allegiance while participating in the First International. Here is a sample, written in 1869: "it is necessary that in the midst of popular anarchy, which will make up the very life and all the energy of the revolution, *the unity of revolutionary thought and action should be embodied in a certain organ*. That organ must be the *secret and world-wide association of the international brothers . . .*"

". . . the only thing a well-organized secret society can do is first to assist the birth of revolution by spreading among the masses ideas that accord with the instinct of the masses, and to organise, not the army of the revolution — that army must always be the people, but a *revolutionary General Staff* composed of devoted, energetic and intelligent individuals who are above all sincere — not vain or ambitious — friends of the people, capable of serving as intermediaries between the revolutionary ideas and the popular instincts."

"The number of these individuals should not, therefore, be too large. For the international organisation throughout Europe *one hundred serious and firmly united revolutionaries would be sufficient*. Two or three hundred revolutionaries would be enough for the organisation of the largest country."

As the authoritarian Marx said of this libertarian idea: "To say that the hundred international brothers must 'serve as intermediaries between the revolutionary idea and the popular instincts,' is to create an unbridgeable gulf between the Alliance's revolutionary idea and the proletarian masses; it means proclaiming that these hundred guardsmen cannot be recruited anywhere but from among the privileged classes."

When one sees the views of Bakunin and Marx side by side, it is difficult to remember sometimes that it is Marx, not Bakunin, who is supposed to be the father of "Marxism-Leninism" and Bakunin not Marx who is supposed to be the father of "anarchism."

Bakunin's authoritarian tendencies were at their most extreme at precisely the time that he was splitting the International. This was the time of his association with the notorious Nechaev. Most anarchist sources treat this as a passing aberation on Bakunin's part, and indeed he did repudiate Nechaev when he found out the true nature of his activities.

But the fact remains that Bakunin did enter into partnership with Nechaev, and under his influence wrote a number of tracts that displayed a despotic, Machiavellian approach to revolution that far surpassed anything he ever accused Marx of. The authorship of some of the pieces in question is under dispute, but the relevant point is surely that Bakunin allowed his name to be put to even those pamphlets he did not write, and that he actively worked to have them distributed knowing they bore his name.

In these pamphlets, Nechaev and Bakunin advocate a new social order, to be erected "*by concentrating all the means of social existence in the hands of* Our Committee, *and the proclamation of compulsory physical labour for everyone,*" compulsory residence in communal dormitories, rules for hours of work, feeding of children, and other minutae. As the "authoritarian" Marx put it: "What a beautiful model of barrack-room communism! Here you have it all: communal eating, communal sleeping, assessors and offices regulating education, production, consumption, in a word, all social activity, and to crown all, *Our Committee*, anonymous and unknown to anyone, as the supreme dictator. This indeed is the purest anti-authoritarianism . . ."

When one looks at Bakunin's views on authority and revolution in detail, it is hard to disagree with Marx's and Engels' claim that Bakunin and his followers simply used the word "authoritarian" to mean something they didn't like. The word "authoritarian" was then, and remains today for many libertarians, a way of avoiding serious political questions. For the fact that not all authority is bad; that in certain situations authority is necessary and unavoidable. As Engels says, "A revolution is certainly the most authoritarian thing there is; it is the act whereby one part of the population imposes its will upon the other part by means of rifles, bayonets and cannon — aithoritarian means, if such there be at all". And some form of authority, ie., decision-making structure, is necessary in any form of interaction, co-operation, or organization that is social rather than individual. In a socialist society, it will still be necessary to make decisions about things; these decisons will necessarily reflect the will, ie, the authority, of the majority. This is not a violation of collectivity, but an absolutely indispensable component of it. To say, as many anarchists do, that they reject all forms of authority, even that which is willingly accepted, even that which is the result of democratic decision-making, is simply to advocate either rule by minority, or a return to the purest form of free-market capitalism, as is advocated by the "libertarian" right. No amount of talk about "consensus" or local autonomy or individual initiative will alter this fact. Consensus is not always attain-

able, because sometimes people do not agree. Then a decison-making process is necessary, and if it is democratic, the minority will have to accede to the majority. Autonomy and individual initiative can still have the fullest possible play, but this does not alter the fact that the authority of the majority has prevailed in the question at hand.

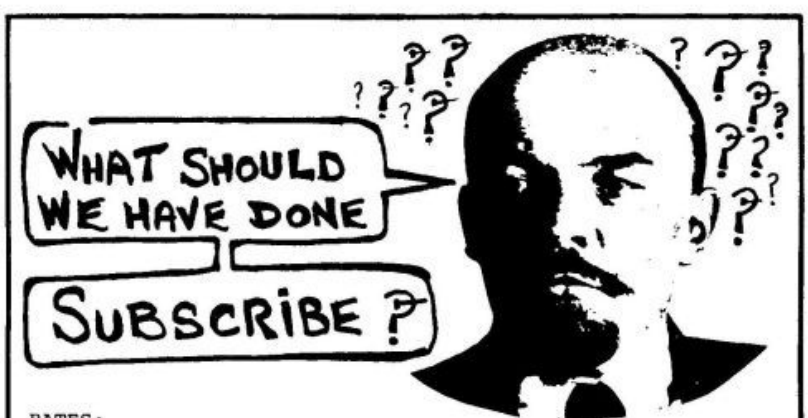
There is another aspect of Bakunin that must be confronted because, like his ill-defined views on authority, *it has remained a part of the anarchist movement*. Running through *all* of Bakunin's thought and subsequent anarchist thought and practice is a dark thread, an infatuation with violence, with destruction for the sake of destruction, action for the sake of action, distrust of logic, intellect, and knowledge, a love for conspiratorial, tightly controlled organization. For the most part, these things remained subsidiary to his — and his successor's — genuinely libertarian and humanistic instincts.

During the period of Bakunin's association with Nechaev, who was attracted solely by Bakunin's dark side, this aspect took over. Then, confronted with the realization of this dark thread in practice, in the person of Nechaev, Bakunin shrank back in genuine horror. However, as Aileen Kelly notes, "even then he managed to integrate Nachaev's villainy into his own fantasies, writing to his astonished friends that Necaev's methods were those of a "pure" and "saintly" nature who, faced with the apathy of the masses and intellectuals in Russia, saw no other way but coercion to mold the latter into a force determined enough to move the masses to revolution. Such reasoning, Bakunin concluded, 'contains, alas! much truth.' "

Kelly continues: "This grotesque assessment of Nechaev is very revealing. At a time when the gap between man's empirical and ideal natures seemed enormous, Bakunin, albeit reluctantly, concluded that if men do not wish to liberate themselves, it might be necessary for those with their highest interests at heart to liberate them against their will."

To Bakunin's credit, he continually struggled against the implications of this aspect of his thought. Always fascinated by all the 'revolutionary' shortcuts, he nevertheless remained loyal as well to his libertarian instincts, and it is this aspect of his remarkably polarized vision that he left as his lasting heritage. The anarchist movement that he fathered has also been plagued by the same polarity, by the tension between real libertarianism on the one side, and the sometimes irresistable attraction of anti-intellectualism, terrorism, and conspiracy, on the other. The anarchist movement needs to come to grips with Bakunin's ambiguous heritage. And to do so, it also needs to come to terms with Marx.

Ulli Diemer



RATES:
Domestic $6.00/4 issues
$2.00/copy
Foreign $8.00/4 issues
$2.00/copy

ROOT & BRANCH
Box 236
Somerville, MA 02143

LET US KNOW WHICH ISSUE YOU WANT YOUR SUBSCRIPTION TO START WITH (#5, #6, OR #7).

ROOT & BRANCH

With the 1960s the eternal prosperity, the managed economy, and the attendant "death of ideology" of the post-World War II period came to an end. The combination of unemployment and inflation in the capitalist West and the inability of the state-run systems of the East to satisfy their working classes are producing unsettling effects throughout "industrial society": the deterioration of conditions in the big cities, which nonetheless draw an increasing proportion of the world's population; the brutalization of the seemingly permanent army of the unemployed, which has been accumulating in these urban centers; the instability of governments in the democracies, in the absence of any clear policy alternatives, inspiring a drift toward open authoritarianism; the development of opposition to the party dictatorships in the East, both in the form of liberalism among the intelligentsia and, more significantly, in that of strike movements among the working classes; and the continuing decay of ideologies and social norms. All this testifies to the basic character of the "limits of growth" that modern society is coming up against.

Whatever disappointments Nature has in store for us in the future, the limits we are encountering now are not ecological but social ones. It is not even socially caused, environmental disaster but the third world war that most directly threatens our extinction. That a fascination with zero-growth has replaced the nineteenth century's discovery of eternal progressive development is only the ideological form of the experience of the bankruptcy as a social system of capitalism and its state-run analog.

As yet we cannot speak of the existence anywhere in the world of forces or social movements which represent a real possibility of social revolution. But, while in no way inevitable, social revolution is clearly necessary if possibilities for an enjoyable and decent life are to be realized—and perhaps if human life is to be preserved at all. For this reason we see the overthrow of the present order of society as the goal to which we as a group wish to contribute. While the ideal we aim for has been called by a variety of names—communism, socialism, anarchism—what is important to us is the idea of a system in which social life is controlled by those whose activities make it up. Capitalism has created the basis of such a system by so interweaving the production and consumption of all producers that only collective solutions are possible to meet the producers' need to control the means and process of production and distribution. To eliminate the problems caused by the subordination of social production to capital's need for profit, the working class must take direct responsibility for what it already produces. This means opposition not only to the existing ruling class of capitalists and politicians but to any future managers or party leaders seeking to hold power in our name. *Root & Branch*, therefore, holds to the tradition of the workers' movement expressed in the Provisional Rules of the First International, beginning with the consideration "that the emanicipation of the working classes must be conquered by the working classes themselves."

From the past we draw not only inspiration and still-meaningful ideas but also lessons on mistakes to be avoided. The fundamental idea of the old labor movement, that the working class can build up its forces in large organizations in preparation for the "final conflict" has proven false. Whether the organization was that of reformist or of revolutionary parties, producer or consumer cooperatives, or trade unions, its success has always turned out to be a success in adapting to the exigencies of survival within capitalism. The Bolshevik alternative of the small vanguard of revolutionaries preparing for the day when they would lead the masses to the conquest of state power has also proven useless for our purposes. Such parties have had a role to play only in the unindustrialized areas of the world, where they have provided the ruling class needed to carry out the work of forced economic development unrealized by the native bourgeoisie. In the developed countries they have been condemned either to sectarian insignificance or to transformation into reformist parties of the social-democratic type.

While history has indicated that there can be no revolutionary movement except in periods of revolution, the principles of such a future movement must guide the activity of those who wish to contribute to its creation. These principles—in contrast to those of the old labor movement—must signify a total break with the foundation of capitalist society, the relation between wage-labor and capital. As our goal is that of workers' control over social life, our principles must be those of *direct, collective action. Direct*, because the struggle for control of society begins with the struggle to control our fight against the current order. *Collective*, because the only successes which have a future are those involving (if only in principle) the class as a whole. We recognize that the working class does not have one uniform identity, and thus experiences oppression under capitalism differently according to age, sex, race, nationality, etc. However, what defines and thus unites the working class is its exploitation by capital, even if the character of that exploitation varies giving the appearance of separate problems and thus separate solutions. While it is true that the struggle against capitalism will not by itself solve these problems, overcoming capitalist exploitation raises the possibility of their solutions. Thus, each working-class struggle, even if it does not address an issue experienced by the class as a whole, must be aimed at the real enemy, capital, and not other members of the class. In the same way, we think workers must overcome in action the division between employed and unemployed, between unionized and non-unionized members of their class. Such a view automatically brings us into opposition to existing organizations like trade unions, which exist by representing the short-term interests of particular groups of workers within the existing social structure. Similarly, we are in conflict with the parties and sects which see their own dominance over any future movement as the key to its success.

We see ourselves as neither leaders nor bystanders but as part of the struggle. We are for a florescence of groups like ours and also for cooperation in common tasks. We initiate and participate in activity where we work, study, and live. As a group, we would like to be of some use in making information available about past and present struggles and in discussing the conclusions to be drawn from this history and its future extension. We organize lectures and study groups. Since 1969 we have published a journal and series of pamphlets. We hope others will join us to discuss the ideas and the materials we publish and that they will help us to develop new ideas and means to circulate and realize them.

enlarge their capital under democratic conditions. So long as their investments are not endangered, the form of government which protects them is quite immaterial, and this indifference allows for adherence to the principle of non-intervention in the affairs of other nations. It is not the desire for a "democratic world" which moves the policy-makers, but merely the need for governments —dictatorial or not—that will protect capital investments and allow for international trade favorable to American capital.

However, investments are endangered politically as well as economically when a state of relative prosperity and social stability gives way, as at the present time, to a period of depression and social unrest. In such cases governments may invoke measures detrimental to American capital—up to the point of its nationalization. If such events seem to be in the making, governments begin to matter and it becomes necessary to install ones willing to uphold American interests. Covert and overt American intervention will replace more democratically-inclined governments with outspokenly authoritarian regimes, in order to secure both the specific American interests and the social relations on which they are based—as happened, for example, in Brazil, Guatemala, the Dominican Republic, Chile, etc., all in the name of democracy and the defense of the "free world."

But even apart from flagrant intervention, America dominates the economic and political life of her client nations through their financial dependence on the capital market. Just as the peonage of the landless peasant can be maintained by keeping him perpetually in debt to the landlord, so nations can be forced to submit to America's hegemony through their indebtedness to American banks and the American-dominated International Monetary Fund (IMF). If they cannot keep up the interest payments on their loans, which becomes increasingly difficult with the deepening of the worldwide depression, new loans are denied them unless they submit to a program of "austerity" designed to increase, with the profitability of capital, their ability to honor their financial obligations. The IMF has become the vehicle through which economic "Discipline" is imposed upon debtor nations in order to maintain, or restore, their credit-worthiness. Of course, this is just "good business," even though it may result in great social unrest and therewith lead to repressive measures of the most brutal kind. Recently, for example, Peru was placed

under martial law, as its military government moved to halt a wave of looting and sabotage provoked by enormous price increases, instituted in order to reduce the payments deficit and to increase the rate of exports. In considering the nature of American capitalism, it is only prudent to include in its economic effects upon other nations also their political repercussions, which, in most cases, involve the application of terroristic measures by dictatorial governments against their impoverished populations. This, too, is part of American democracy, which works hand in glove with the authoritarian regimes, even with regard to the details of political repression via the machinations of the Central Intelligence Agency.

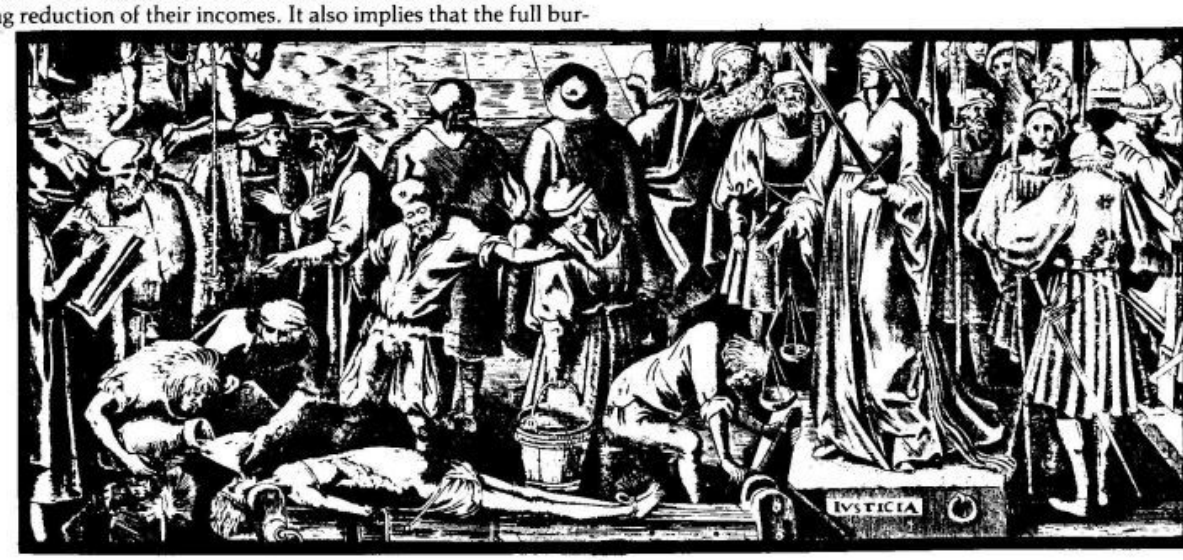
It is then not only the predilection on the part of American capital to assert its self-styled economic and moral superiority, as exemplified in its democratic institutions, but the inescapable need to assure its profitability under any and all circumstances, which turns it into an abetter of totalitarian regimes and authoritarian policies in the world at large. But the spreading economic crisis does not stop at the American door, and the same "austerity" advocated abroad must also be applied at home. To be sure, the exceptional economic power of the United States does allow for a more gradual and less extensive reduction of living standards; yet it depends on the unforseeable extension of the crisis whether or not the enforced "austerity" turns into general misery as has been the case in previous depressions. At any rate, the apparent tranquility of American democracy is steadily being undermined by the deepening crisis as well as by the attempts to cope with it, and the still imposing edifice rests upon shifting sand.

Thus far, however, no need has arisen to apply political measures to the economic ones, for there have been no political reactions to the deteriorating economic conditions. Unemployment and inflation have not as yet reached dimensions such as endanger the social peace. American democracy still reigns supreme and finds external reasons for its present economic plight in the unfair competition on the part of other nations, the pricing-policies of the oil-producing countries, and the aggressiveness of competing imperialist powers. Insofar as internal reasons are added to the list of American difficulties, they concern, of course, the inflationary wages of organized labor, which are blamed for the lack of investment incentives. It is the gradual character of the economic decline which explains, at least in part, the apparent apathy of both the working population and the middle class despite the continuing reduction of their incomes. It also implies that the full burden of the depression is carried by a minority not large enough to articulate its grievances sufficiently to affect the broad majority, which still sees itself in an enviable position just because of the increasing misery outside their own living conditions.

However, the present day lack of political awareness on the part of American labor, manifested in the undisturbed ideology of democracy, does not imply that the working class will not become restive with the worsening of the economic crisis. After all, it is the same working class which, although belatedly, reacted with considerable militancy to the Great Depression and finally forced capital and its government to relieve its misery through tradition-defying interventions in the economic mechanism. There has been no return to the pre-depression "rugged individualism," and the American economy has adapted itself to a form of welfare system which blunts the social frictions associated with crisis conditions. It is then to be noted, as it has been by Professor Douglas A. Hibbs, of the Massachusetts Institute of Technology (as reported in the *New York Times* of 6 December 1976) that "industrial conflict drops in rough relationship to the success of welfare-state policies in making government the instrument for allocating shares in the national product." The Professor does not consider the limitations of these practices, nor the obvious fact that they must find an absolute barrier in the accumulation requirements of capital, which demand quite definite shares of the national product.

Should the crisis deepen, it will be somewhat more than wishful thinking to expect a change of attitude on the part of American labor toward the capitalist system, even though the direction this change may take remains indiscernible. Newly-arising popular movements may very well sidetrack the aspirations of the working class into channels of activity that defeat their own purpose. On the other hand, the absence in America of capitalistically-integrated and by now ossified "left-wing" political parties may lead to the workers' self-assertion and new forms of organized activity more in keeping with their real needs. Moreover, the American crisis is a crisis of world capitalism and its general political repercussions will find a reflection in the United States. But as matters stand today, international capital may try once more to resolve its crisis by imperialistic means, thus preempting the possibility of revolutionary change in a new world war.

Paul Mattick



WHEN MEN BECOME GODS

Lincoln Borglum, whose father Gutzon began the massive faces of Washington, Jefferson, Lincoln and Teddy Roosevelt on Mount Rushmore in South Dakota, fears that in a thousand centuries man may conclude that they represent the gods or mark the tombs of heroes. The younger Borglum, who finished the job after his father died shortly before WW II, wants a hall of records carved into the mountainside, with the history of the U.S. inscribed on its walls—just to get the story straight. (The New York *Post*, 1 May 1978)

In the West, the tradition of large-scale figure sculpture has come to an end. It is now unlikely that anything comparable to the great works of the tradition will again be made. A number of reasons might be cited to explain this decline: the scale of our cities, modern communications, our over-familiarity with the sight of our leaders, their obvious lack of heroism, the deepening disillusionment of the age. Because of our growing distance from the tradition it is perhaps possible to begin to assess what the tradition meant in the West—and also what it means in China, where it lives on.

Despite an extraordinary cultural diversity, the subjects of monumental figure sculpture were generally limited to gods, heroes and rulers. The meanings associated with these subjects were, in a sense, equally limited. Monumental treatment endowed the subject with an aura of divinity. The superhuman size of the figure as well as the way it was exhibited on a pedestal or within a special precinct removed it from everyday life. The viewer could thus experience it only as part of a mythic realm—a realm exempt from mundane laws of time, change and human scale. In the long run it mattered little whether the subject was king, hero or god. All belonged to the same otherworldly domain.

The power of monumental sculpture to elevate its subject to the timeless realm of the gods was recognized at the beginning of recorded history and exploited, although perhaps not always consciously, for political ends. Often the sculptor emphasized a ruler's special godly attributes or mission—the divine origin of his inspiration or his unique ability to communicate with the gods. For example, in the statue known as Augustus of Primaporta, the Roman emperor is accompanied by a tiny winged figure representing divine genius; or in the case of Girardon's equestrian Louis XIV—a prototype for statues of the king that were erected in all the major cities of France—the king looks to heaven for guidance.

The monumental figure of the ruler made visible a claim of divinity and unassailable power that usually was part of a dominant system of religious and political beliefs. In other words, the statue extended into the realm of visual and spatial experience the dominant ideology of the society that produced it.

By virtue of its physical presence, the statue forced its viewers to define themselves in relation to the abstract power it personified. That power was experienced subjectively in terms of the figure's size, expression and symbolic attributes. But it was also experienced in the way the figure's presence articulated and charged the surrounding space. The figure turned the surrounding space into a ideologically active environment—one in which the only appropriate response could be awed respect. In this sense, all monument figures might be thought of as cult objects since all demanded reverence from their viewers.

What I am saying may become somewhat clearer if you imagine an open space and then add to it a monumental statue. Consider the way the statue, by becoming the focal point, transforms the meaning of the space and your relation to it.

At first the feelings inspired by a monumental figure of a ruler may have been ambivalent—a wavering between the protection it offered and its inherent threat. With time, however, the statue and the aura of divinity surrounding it were accepted as a normal part of experience. To the extent the dominant ideology shaped experience, the meanings the statue embodied appeared consistent with and therefore as a continuation of other aspects of experience. Thus its ideological function generally went unnoticed even as it added to the force of the ideology. (If this seems paradoxical, try to imagine as ideological any large-scale figure sculpture that is normally part of your environment—for example, the sculptures in the garden of the Museum of Modern Art.) Only when the ideology as a whole was called into question, as in moments of revolutionary upheaval, would the supremely ideological character of the statue be fully revealed. This may explain why opposition to an ideology so often included iconoclasm—for example, in the French Revolution, or in anti-colonialist struggles.

Yet if the statue survived the destruction of the ideology that had been its *raison d'etre*, it necessarily lost its original cult function. The museums are filled with monumental figure sculptures that are normally experienced as part of contemporary ideologies (Our Cultural Heritage, Civilization, etc.). In the context of the museum, or rather in the context of a culture in which the museum has become the primary art institution, the work has been placed in the service of a new cult—the modern, Western cult of art—which endows it with a new aura.

What I have been attempting to describe are two ways of seeing monumental figure sculpture: in terms of the traditional relations between the figure and the ideology that gave it meaning; in terms mediated by the art institutions of modern, Western culture. These two ways of seeing, although they frequently coexist within a given society (e.g., religious shrines and archaeological museums), are mutually exclusive: each is unimaginable from the viewpoint of the other. For example, educated Europeans and Americans often react with horror when they first encounter idolatry. Horror results not because of intellectual or religious prohibitions but because, for the spectator, the worshipper's ritual activity in front of the statue appears absurd.

In China, the authorities have set up thousands of over-life-size white marble statues of Mao Tse-tung. These statues are probably the most unobtrusive monumental figure sculptures ever made. With their compact shapes, immaculate, machine-tooled surfaces and limited repertory of poses—Mao in an overcoat holding rolled-up blueprints, Mao in a "Mao jacket" with arms behind back, etc.—they recapitulate the bureaucratic virtues of orderliness, uniformity, impersonality, efficiency, control. Impassive, aloof, Mao makes almost no claims upon the viewer. He is simply there, a ghostly, paternal presence.

The term "cult of personality" partially expresses the meaning of these works. They contribute to a system of belief which is further supported by other forms of artistic celebration: poems,

songs, paintings, embroideries, billboard portraits, etc. Mao is the central figure in a ubiquitous iconography of political power —an iconography that includes other leaders (Hua Kuo-feng, Chou En-lai, Chu Teh); heroes of production (e.g., Iron Man Wong, the Chinese Stakhanov); the People, usually represented genre-style, as types; political villains, always caricatured (e.g., the Gang of Four). And yet, with the exception of occasional monuments to the anonymous "heroes of the people," Mao is the only figure to be memorialized in stone. The strength of the Mao cult is further attested by the recently constructed tomb in Peking where his embalmed and painted body is solemnly displayed, as if to confirm Mao once was flesh.

The cult of personality reflected Mao's enormous ambitions. With his death, the cult became purely an expression of the state power he had for so long dominated. The current leadership opposed Mao's policies while he was alive (and no doubt heaved an enormous sigh of relief at his passing). That it has chosen to maintain the cult—at least for the time being—reveals how irrevocably Mao symbolized the authority of the state at the time of his death.

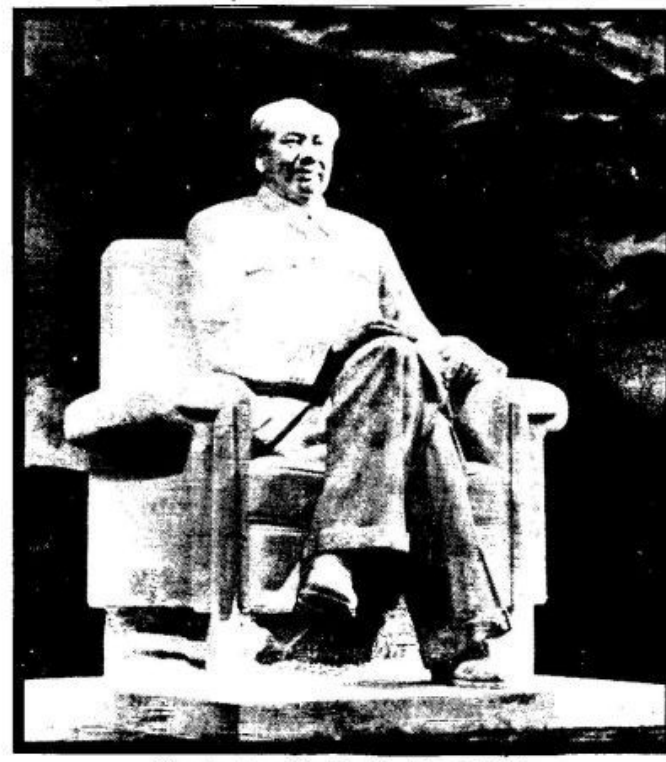
I remember now the statue I saw in January at the entrance to the People's Park in Loyang. It is not hard to imagine the park in spring: families crossing the narrow bridge over the Jin He River on their way to the menagerie and hothouses; the flowers; crowds of people enjoying a day off. The white figure on its pedestal, a distant, looming presence—above them yet in the midst of their lives. When men become gods. . .

Alan Wallach
May 1978

A somewhat different version of this article is appearing in Art in America.

Augustus of Primaporta. Marble, c. 20 B.C. Vatican Museums, Rome.

George Washington. Marble, by Horatio Greenough, 1840. Smithsonian Institution, Washington, D.C.



Mao Tse-tung. Marble. Mao's tomb, Peking.

Mao Tse-tung and Hua Kuo-feng. Peking conference.

Mao Tse-tung. Marble. Shanghai airport.

Felled statue of Stalin. Budapest, 1956.

REVIEWS:

Francis Moore Lappe and Joseph Collins, *Food First: Beyond the Myth of Scarcity*, Boston: Houghton Mifflin, 1977.

Francis Moore Lappe and Joseph Collins have written a book which provides one of the more detailed descriptions yet to appear of the capitalist division of labor as it applies to agriculture. While this is not the ostensible purpose of the book, it is one of the more important themes in it.

Both capitalist production and the expansion of society in goods and population depend on the modern division of labor. This situation, however, also threatens people with hunger and starvation if the marketing system based on the division of labor ever breaks down; unless, that is, it can immediately be replaced by an alternative form of distribution. Natural disasters have always posed a threat to human society, but the division of labor created a new form of vulnerability toward nature. Never before have the industrial and agricultural capacities of society been greater, but also never before has society been faced with the possibility of extinction as a permanent facet of society's organization.

A hundred years ago Marx speculated that a nation which ceased to work "even for a few weeks would perish."[1] If anything, the situation is more extreme today. Access to food depends on daily shipments of produce and the constant restocking of the merchandiser's shelves. In the cities, the food close at hand would hardly serve as a temporary buffer; the availability of processed foods depends on an extensive network for receiving raw materials and distributing the finished products. Even farmers and agricultural workers face this situation; the division of production into component parts extends into agriculture, and people cannot live long on a diet of strawberries, wheat, or soybeans alone. The ability to eat depends on the system of production and distribution remaining intact.

Thus, the relationship between nature and culture has undergone a complete reversal. Where natural disasters still cannot be predicted and planned for, their negative effect can be counteracted through a quick reallocation of goods. Not nature, but the system of production and distribution now poses the biggest threat to human civilization. The opposition between nature and culture has been replaced by a situation in which the social organization is the greatest potential obstacle to the use of nature.

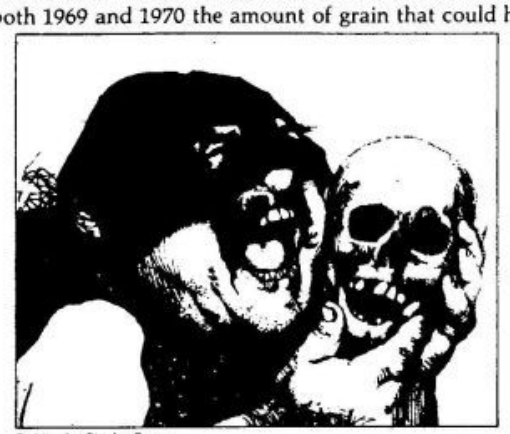
Besides this potential horror, capitalism has also produced hunger and malnutrition as an automatic accompaniment to its accumulation process. During the last decade, more and more attention has been drawn to the number of hungry people in the world. The current recession has worsened this, but even before, there was a growing acknowledgement that hunger was widespread, and spreading. It is this crisis which Lappe and Collins address in their book, *Food First: Beyond the Myth of Scarcity*.

What most alarms them is the tendency to view human miseries as due to the limits which nature is imposing on civilization's growth. In countering these ideas, they show in great detail how it would be possible to provide everyone with more than enough food. The obstacle, however, is the restraint placed on production and distribution by the profit criteria of the food producers.

The ideology which they oppose is by no means without sophistication or superficial confirmation. The explanation usually goes something like this: the world's population has outstripped the earth's capacity to produce food, and not even the Green Revolution or Food Aid has been able to make much of a dent in the problem. Consequently, we must give up the goal of adequately feeding everyone, and instead, concentrate on solutions like birth control and setting limits to material growth, lest we deplete the earth at an even faster rate which will only exacerbate the problems. In the meantime, we need to steel ourselves and adjust to this new ethic.

For believers in "lifeboat ethics," as it is appropriately called, survival is ensured only for those most capable of weathering the turbulence. Not surprisingly, this means that the industrialized countries survive at the expense of the underdeveloped, the working population at the expense of the unemployed, the rich at the expense of the poor. The utopian aspirations of capitalism—to increase productivity indefinitely—are to be replaced with a more realistic attitude. While it may seem obvious that this "ethic" is a convenient means to blame nature for the plight of the unfortunate, the growing popularity of these ideas makes the publication of *Food First* important.

The book itself is organized into a series of 48 questions, each dealing with some aspect of the "lifeboat" ideology. Lappe and Collins point out, for instance, that high population density is not synonymous with a lack of food. "France has just about the same number of people for each cultivated acre as India." (p. 17) Nor does the problem stem from a lack of food production. "Half of Central America's agricultural land produces food for export while in several of its countries the poorest 50 percent of the population eat only half the necessary protein." (p. 15) In the same manner, the food scarcity is not imposed by nature. In the United States "the acreage allotment figure for 1970 was only 75 percent of that of 1967; less land was cultivated in 1970 than in 1948-1952. In both 1969 and 1970 the amount of grain that could have been



Etching by Charles Bragg

1. Letter to Kugelman, 11 July 1868; *Marx-Engels Selected Correspondence* p. 251.

grown, but was not, on land held out of production amounted to over seventy million metric tons—about double all the grain imported annually in the early seventies by the underdeveloped countries." (p. 23)

These few examples give a sense of the information contained in the book. With 466 pages of information, the authors present material on overpopulation, agricultural output, education and birth control, foreign aid programs, the spread of the desert, trade relations, livestock and feed grain production, technology and the small farmer, nutrition, and other topics; the purpose of which is to explain the contradictions between agricultural production and human needs. As such, they provide an overall description of the development of agriculture as well as a detailed rebuttal of the specific arguments which explain hunger as a result of the "crisis of overpopulation."

Agricultural production has become increasingly segmented, and large farms based upon export production have come to dominate the market. While this process began in colonial days, its development has been extremely rapid since World War II. The growth of the world market coincided with the interest in and possibility of profit-making through these channels. Different parts of the world began to specialize in one-crop, or monoculture, production, and thus became dependent on other parts of the world for their agricultural needs. The same process took place with the products of industry. Countries fostered agriculture for export as a means to gain money to buy other goods. Because the agricultural market was a lucrative one, corporations (and the multinationals in particular) took part in and encouraged this development, investing heavily in fertile lands, and, in the Third World, in cheap labor. In Ghana, for instance, "over half of [the] country's arable land is now planted with cocoa trees," (p. 185) and indeed, "over half of the 40 countries on the United Nations list of those most seriously affected by the food crisis of the 1970's depend on agricultural exports for at least 80 percent of their export earnings." (p. 186)

International agencies which provide credit and technical assistance to farmers have also strengthened this trend. The majority of this aid goes to large farmers or to the multinationals and their affiliates. In Tunisia, one "agricultural program provided credit only to those owning a certain minimum acreage—usually 125 acres, a large holding indeed in that country." (p. 117) This bias can also be seen with the Green Revolution; the use of new, high-yield seeds which were to inaugurate a sort of food heaven on earth. Only farmers with large amounts of capital could afford to buy new seeds each season or the mechanized equipment which their use often required. The large farms then set the norms for market prices and are better able to withstand price fluctuations. More and more land comes under the domination of the large farms.

The small farmers and peasants are unable to compete on the international markets, and the local markets are undercut when monoculture crops are imported. Because of these and other pressures, the ability of communities and nations to grow food for their own use is lost. In Mexico, due to the Green Revolution, "wheat yields tripled in only two decades," yet "there are also more hungry people than ever before." (p. 111) In West Malaysia, "by 1970, the bottom 20 percent of rural households had experienced a fall of over 40 percent in their average income since 1957, while the average income of the next 20 percent fell 16 percent. By contrast, the top 20 percent of rural households increased their mean income 21 percent." (p. 133)

The populations of the industrialized countries have, for the most part, been isolated from this process during the twentieth century, having experienced it a century earlier. But because these countries were able to industrialize, the landless could find jobs in manufacturing. The increased consumption of the industrialized countries has made them the focus of export agriculture. The peoples of the Third World have not been so lucky. Industry, by preference, invests near markets and where transportation and communication facilities are already established. This favors the industrialized countries. When industrial establishments are created in the underdeveloped countries they are often capital-intensive; and when they are labor-intensive, the work can be brutal. In either case, not enough employment is available to the population. Production on the land and in the factories has increased, but unemployment and hunger remain major problems.

On the basis of all this, Lappe and Collins conclude that "neither population growth nor the size of today's population is now the cause of hunger"; (p. 62) for while "there is scarcity . . . it is not a scarcity of food. The scarcity is of people who have either access to the means to grow their own food or the money to buy it." (p. 22) Overpopulation explains these problems only if it is assumed that the social structure is above examination.

Because of the inability of people to feed themselves, Lappe and Collins see a solution in local, diversified agriculture. The means to avoid a market-induced scarcity is to stop producing for the market. They suggest that such a reversal is possible within the prevailing social order, particularly for the Third World countries. National revolutions could set a priority on self-reliant agriculture, and thus circumvent the problems of landless peasants, farmlands owned only by a few, the need for foreign exchange, and vulnerability to price fluctuations.

Their own data, however, speaks against this solution. The underdeveloped countries are entangled in the market system to such a great extent that to withdraw from it would be akin to self-imposed genocide. Just to alter the agricultural techniques would require a massive quantity of new seeds, fertilizers, and machinery. In addition, those countries would then need to find a way to obtain the manufactured goods for which they now trade their crops. Lappe and Collins show with their statistics that it is conceivable for every country to feed its own population; but this is not the same as saying that this is a realistic possibility.

In part, the authors opt for their solution because they believe it to be a practical step which any part of the world can immediately embark on. Cuba and China are cited as the outstanding examples for the rest of the Third World. Cuba, however, has extensive trade relations with both Western Europe and the Soviet bloc, and this has not undergone any significant changes because of its interest in self-reliant agriculture. The Soviet Union's support of Cuba's sugar prices, far above world market levels, is the most important means by which a livable standard of living is maintained for the population.

China, on the other hand, was not completely dependent on the world market at the time of the 1949 Revolution, and the array of natural resources and land within its borders accounts for its stance of independence. For the rest of the Third World, it has been since World War II that international trade relations have become so entangled. Furthermore, only a few of the underdeveloped countries have a variety of resources to draw upon. From an economic point of view, neither China nor Cuba is a positive example for Third World countries—Cuba because it is not self-reliant and cannot become so in the near future, and China because its development began in circumstances which do not exist today in the other underdeveloped countries. And all this avoids discussion of what Lappe and Collins mean by "people's power" in those two countries.

The note which ends *Food First* is all the more surprising

since the authors show so well that social causes underly the crisis of "overpopulation." Yet, in offering solutions, they reverse their position. The evil is not, as Lappe and Collins imply, the division of labor itself, but the system of production and distribution presently attached to it. Large-scale monoculture would be feasible, perhaps even preferable, if the vulnerabilities caused by the market system were eliminated and replaced with a guaranteed system of food allocation. Farmers would not be subject to market fluctuations, and those not attached to the land could be guaranteed their livelihood through an international system of commitments. In the same manner, natural disasters could be anticipated, and everyone insured that in case of disaster other parts of the world would automatically come to their aid with relief and materials for rebuilding. Whatever vulnerability people experience today stems from the social structure. To posit a technological solution by restructuring the division of labor, in the end, skirts the problem.

The authors' bias has one other negative aspect: they only present information which speaks against a large-scale and international division of labor. It would be useful to know what potentials this might contain if the social system was not structured according to profit criteria.

But regardless of the bias, the book contains much useful information. The authors document the social reasons for hunger and support their ideas with data drawn from official sources—the reports of governments and international agencies. As such, it is a contribution to the ongoing critique of capitalistically-induced misery. Levi-Strauss, in *Tristes Tropique*, told about the perpetual holocaust which primitive people were subjected to upon contact with Western civilization; Lappe and Collins tell of the holocaust which the no-longer primitive people of the Third World are now experiencing, and which we will all face should the market system collapse and we not have an alternative immediately at hand to replace it with.

Gary Roth
September 1978

Marx and Keynes: The Limits of the Mixed Economy, by Paul Mattick, Boston, Porter Sargent, 1969, 341 pp.

Ten years have passed since the publication of Paul Mattick's *Marx and Keynes*, a decade in which we have all witnessed the collapse of the Keynesian "solution" to the boom-and-bust cycle of the capitalist economy. For several years now economists and politicians, as well as business and labor leaders, have not been able to devise any solutions to the pervasive and persistent problems of simultaneous high rates of inflation and unemployment, slow growth, lagging investment and productivity, and the social divisiveness that accompanies such economic difficulties. In the late 1960s, while neo-Keynesians were proclaiming a new era of permanent prosperity, Mattick was insisting that Keynesian policies do not resolve the fundamental contradictions of capitalist production which manifest themselves in periodic crises and that sooner or later the limits of these stabilization policies would be reached. In his own words: "It is my contention that the Keynesian solution to the economic problems that beset the capitalist world can be of only temporary avail, and the conditions under which it can be successful are in the process of dissolution." (viii)* Now, after ten years, the accuracy of Mattick's prediction warrants another look at his book.

Mattick presents a twofold critique of Keynesian economics: first, he focuses on its major theoretical inconsistencies, then he points out the ineffectiveness of Keynesian-inspired policies throughout the capitalist world. Mattick argues persuasively that the mixed economy is still fundamentally a capitalist economy and is therefore still subject to its laws of development as presented by Marx. The existence of government intervention in the economy does not abolish these laws, rather, the effects of such intervention must be analyzed within the context of these constraints. The successful analysis of the dynamics of the mixed economy in terms of Marx's theory of capital accumulation is Mattick's most significant contribution to our understanding of the contemporary world economy. It sets him apart from more well-known American left wing theorists such as Sweezy, Baran, Magdoff, and O'Connor, who by and large claim that Marxist categories need to be revised in light of twentieth century economic developments. For this reason alone *Marx and Keynes* continues to deserve more serious consideration than it has received in the past decade.

Mattick begins his critique of the Keynesian policy of government economic intervention by illuminating logical inconsistencies in Keynes's theory, as spelled out in *The General Theory of Employment, Interest, and Money*. For Keynes, governmental intervention was a necessary response to the inability of the capitalist economy to maintain equilibrium conditions at full employment on its own due to a lack of "effective demand." That a lack of adequate demand was not automatically self-correcting and could stabilize the economy at less than full employment was clearly revealed for the first time, according to Keynes, by the depression of 1929. Basing his analysis on the assumption that the sole purpose of economic activity is consumption, Keynes claimed that this insufficiency of effective demand was the result of two psychological factors, the "propensity to consume" and the "inducement to invest." Briefly, both the propensity of the population to consume and the inducement of entrepeneurs to invest decline with the growth of income and the decreasing marginal efficiency (profitability) of capital. This results in the slackening of effective demand and economic stagnation. Keynes believed that it was possible to remedy this deficient demand by government fiscal and monetary policies designed to increase the propensity to consume and to stimulate new capital investments.

As Mattick shows, however, by admitting to "a difference between what he considers the community's chosen propensity to consume and the actually existing social consumption needs" (12) evidenced by the depression itself, and by linking the inducement to invest to expected profitability, Keynes cannot escape the contradictory conclusion that profit-making, not consumption, is the goal of economic activity in capitalism. If the object of economic activity were consumption, Mattick argues, "there would be no problem of effective demand." (12) Furthermore, if profit-making, not consumption, is the goal of capitalist production, the propensity to consume can no longer be regarded as an independent variable whose decline weakens the effective demand, thus halting economic growth. "A lack of effective demand," Mattick asserts, "is just another expression for a lack of capital accumulation and is not an explanation of it." (13) Thus, a consistent analysis of capitalist production and the government intervention it has called forth must lie elsewhere.

After this brief review of Keynesian theory, Mattick summarizes the Marxian theory of capital accumulation. He stresses that prosperity in a capitalist economy depends on the maintenance of a rapid rate of capital accumulation and that crises occur when the accumulation process is retarded. Mattick, following Marx, locates the cause of the decline in accumulation in the economy's inability to produce enough surplus-value to maintain the vigorous rate of expansion achieved during the boom: ". . . the only possible reason why (capital accumulation) should suddenly be halted is a lack of surplus-value; and this lack must have arisen within and despite the accumulation process." (78) "The real problem of capitalism is a shortage, not an abundance, of surplus-value." (82) That a lack of surplus-value causes crises, is basic to the analysis of the mixed economy and differs fundamentally from the Keynesian viewpoint. Mattick's theory of the mixed economy is also radically different from Baran and Sweezy's argument, a variation on Keynesian themes, that today's economic problems derive from too much surplus, and from other underconsumptionist arguments to the effect that the central problem is a limited demand for consumer goods caused by the fact that the wages which workers receive are less than the value they produce and by the general inability to further extend foreign markets.

Mattick's point that economic crises are breakdowns in the capital accumulation process, due, not to an overproduction of use-values, but rather to an underproduction of surplus-value in terms of the expansion needs of the existing production system, reflects the clearest understanding of Marx's argument in *Capital* to have appeared in the United States. For Mattick, "even on the assumption that no realization problem exists, it is possible that a discrepancy between material production and value production will arise which will have to be overcome before accumulation can go on." (69-70) In other words, within Marx's theory of Crisis problems of the sphere of circulation, or realization problems such as overproduction of capital and commodities, market disproportionalities, disequilibrium of supply and demand, etc., are not causal factors, but instead are the observable effects of underlying problems in the production of surplus-value.

*Numbers in parentheses indicate page references to *Marx and Keynes*.

For Marx, Mattick argues, the fact that the resumption of accumulation which ends the crisis involves the expansion of production beyond what it was when the crisis occurred, proves that the overproduction of commodities in itself cannot cause a crisis. "For the overproduction of capital and commodities, instead of leading to a curtailment of productivity, only accelerates the latter, thereby indicating that the dicrepancy between the production of surplus-value and its realization arises because of a decline in the rate of accumulation." (74) While during the crisis the inability to sell all the commodities which have already been produced is certainly real, the saleability of a larger mass of commodities following the crisis is no less real. A theory of crisis must account for both; it must explain in one unified theory not only how and why crises occur but also how they are overcome. This point may seem too elementary to need repeating, but the fact remains that nearly one hundred years after his death, Marx is the only theorist, whether mainstream or left wing, to have constructed a cogent, unified theory of capitalist development. In this alone lies Marx's central importance for us.

In Marxian theory, economic crises result from conflicts between the enlargement of material production and the expansion of value production occurring in a system where the appropriation and accumulation of surplus-value by private capital is the primary purpose of material production and the motive force of its growth. Capitalists attempt to expand material production without limit in order to accelerate the accumulation of surplus-value, through which new capital is produced and material production further expanded. Obstacles to continued expansion are encountered when, at a certain level of material production characterized by the mass of existing capital of a specific organic composition, the new surplus-value produced and appropriated is insufficient to fund additional expansion at the same rate. Expansion slows, compounding the problem of insufficient surplus-value, and accumulation finally stops. "When the expansion of production outruns its profitability, the accumulation process comes to a halt." (67)

More concretely, the mass of newly produced surplus-value is not sufficient for its distribution among all the individual capitalists in portions large enough for them to achieve accustomed rates of profit. New investment slows and it becomes increasingly difficult for capitalists to meet their debt obligations. Overproduction, unemployment, and bankrupcy result. Prices, both of capital goods and of consumption goods, decline sharply and wage rates drop. Means of production and labor-power can be purchased more cheaply than at the peak of the preceding boom; eventually it becomes possible to once again produce profitably. In theoretical terms, Marx spoke of this process as a restructuring of value relations brought about through the depreciation or outright destruction of capital-values and the increase in the exploitation of labor-power (or rate of surplus-value). Obviously this description is only schematic and is incomplete on many points. Nonetheless it is just as obvious that much of the current stagnation can be characterized in these terms. Furthermore, those phenomena which are novel to postwar recessions, in Mattick's view, can also be incorporated into this framework.

As oversimplified as the above outline is, it illustrates the flavor and importance of Marx's distinction between material and value production, i.e., between use-value and value. Hence, it is not caprice that led Marx to open *Capital* with a discussion of the use-value and the value aspects of the commodity form itself. The distincition, however, is among the least understood notions in all of Marx's writings. On this point Mattick's discussion of Marx's theory is most noteworthy. His clarity here allows him to clear away much of the intellectual deadwood that has comprised long-standing debates about the transformation problem, the realization problem, the cheapening of constant capital as a long term offset to the tendential fall of the rate of profit, the nature of the Soviet economy, and imperialism.

The concept of use-value is straightforward enough; on the other hand, Marx's use of the concept of value is much more problematic. "When Marx speaks of the 'law of value' as *relating* to a deeper reality which underlies the capitalist economy," Mattick writes, "he refers to the 'life process of society based on the material process of production.' He was convinced that in all societies, including the hoped for socialist society, a proportioning of social labor in accordance with social needs and reproduction requirements is an inescapable necessity." (29) Quoting from Marx's famous letter to Kugelmann (see *Selected Correspondence*, p. 251), he continues: "That this *necessity* of the distribution of social labor in definite proportions cannot possibly be done away with by a *particular* form of social production but can only change the *mode* of its *appearance*, is self-evident. No *natural* law can be done away with. What can change in historically different circumstances is only the *form* in which these proportional distributions of labor asserts themselves. And the *form* in which this proportional distribution of labor asserts itself in a state of society where the interconnections of social labor are manifested in the *private exchange* of the individual products of labor, is precisely the *exchange-value* of these products." (29) That is to say that the concept of value is used to discuss the distribution of social labor in capitalism, where such determinations are made indirectly, through the profitable exchange of the products of labor in the marketplace. Value is the theoretical reflection of what the market, or the fact that all commodities are exchanged, accomplishes in practical activity through the trial-and-error efforts of individual capitalists to make a profit. As such value represents the societal recognition that labor is expended in the production of commodities and not the actual physical labor-time embodied in them.

Expanding upon this, Mattick writes: "The whole social product enters the market in the form of commodities. Whatever part of it cannot be sold has no value, even though labor has been expended upon it. The unsold part of social labor would be a waste of surplus-labor; there simply would be less surplus-value than there was social labor. To realize all the produced surplus-value it is necessary to produce commodities for which there is sufficient demand." (38) "Social demand as revealed by the market is not identical with actually existing social needs but only with the needs within the framework of capitalist production"; (41) i.e., the need to accumulate capital. "As capitalism became the dominant mode of production and the tempo of accumulation increased, 'social demand' became in always greater measure a demand for capital. Supply and demand in the traditional sense ceased to determine the production process; the production of capital, *as capital*, determined the size and nature of the market demand." (76) Thus, demand is predetermined by the production system.

Marx used the term "socially necessary labor-time" to express this indirect recognition through exchange transactions of expended social labor; he defined value as the socially necessary labor time embodied in commodities. Since this socially necessary aspect is tied to the allocation of total social labor through the

profitable exchange of labor's products, "the value concept has meaning only with regard to total social capital." (43) In other words, the value produced by any given productive activity can be conceptualized only in its relation to the overall distribution of labor-power in society. Value is thus defined only in terms of the production system as a whole. Marx's theoretical discussion of the accumulation process is carried out at the level of society as a whole; the concepts he develops in the course of this discussion, the rate of surplus value, the organic composition of capital, and the rate of profit, express changing value relations for the total system, not for individual firms or particular industries. The crisis theory itself explains the dynamic relation between the growth of the total mass of surplus-value and the expansion of the total mass of capital, and the effect of changes in this relation on the development of material production.

Once the distinction between actual labor-time and that labor-time recognized through the market as socially necessary is explained, it becomes clear that by the phrase "destruction of value" what Marx means is the repudiation by society of a part of the labor-time embodied in commodities through the mechanism of falling prices, not the destruction of embodied labor-time which could only be accomplished by destroying the commodities themselves. To restore the balance between the mass of surplus-value and the mass of capital, part of the capital-value is repudiated. "The crisis leaves the use-value side of capital largely unaffected except when the material means of production are actually destroyed, as in times of war. But it affects the value of the total constant capital through the destruction of capital-values during the crisis and ensuing period of depression. The same quantity of use-value now represents a smaller exchange-value." (70) Clearly it is the social form production as a value expansion process which inhibits the growth of material production rather than limits inherent in material production itself. The law of value "asserts itself by way of crises, which restore, not a lost balance between supply and demand in terms of production and consumption, but a temporarily lost but necessary 'equilibrium' between the material production process and the value expansion process." (56)

The significance of the differences between the Marxian and the Keynesian explanation of crises is that the crucial factor which each theory suggests as the cause of the crisis is also the problem which must be overcome if the recovery is to occur (or perhaps, if the crisis is to be avoided in the first place). Thus, Keynesian theory suggests that the remedy for the tendency toward crises is government intervention to stimulate aggregate demand. If the fundamental cause of the crisis is not a lack of effective demand, but rather a lack of surplus value as Marx and Mattick suggest, then government attempts to overcome the crisis through fiscal and monetary policy will be at best misdirected, and ultimately futile. For Mattick, such attempts are counterproductive in the long run. Through government intervention, a portion of the profits of society is *consumed* rather than *accumulated* as additional capital, since such intervention is essentially a process whereby the government taxes or borrows a portion of the total profits in the economy, which may otherwise be lying idle because of the depression conditions, and then spends this revenue on armaments, public works, or social services. Even though production and employment may, for a time, be increased by such methods, "a larger share (of profits) now falls, as it were, in the sphere of consumption, and a correspondingly smaller share can be capitalized as additional profit-yielding capital." (159) Thus, "...government-induced production cannot add but can only *subtract from the total profit* of total social production." (154) Since a lack of surplus-value (or profits) is the cause of the crisis in the first place, the attempt by capital governments to avoid crises by increasing their spending results in a further reduction in the already insufficient profits available for accumulation and, therefore, can only exacerbate the profit shortage.

The Keynesian policies end in a vicious cycle—a declining rate of accumulation makes it necessary for the government to increase its spending, but this increased spending is itself a further drain on the fund for accumulation, resulting in an added decline in accumulation and requiring ever-more government intervention. Mattick concludes, "How much can the government tax and borrow? Obviously not the whole of the national income... there must be a limit to the expansion of the non-profitable part of the economy. When this limit is reached, deficit financing and government-induced production as policies to counteract the social consequences of a declining rate of accumulation must come to an end. The Keynesian solution will stand exposed as a pseudo-solution, capable of postponing but not preventing the contradictory course of capital accumulation as predicted by Marx." (163)

Because the contention that government spending is an encroachment on surplus-value is the crucial point of the analysis of the mixed economy, Mattick's argument to support this formulation needs to be elaborated upon.

Money, in the capitalist economy, serves as a *form* of capital in the process of being accumulated. In other words, the expansion of capital occurs through successive transformations in the form of capital during the process of production—newly produced surplus-value in money form is transformed into productive commodities, new means of production and labor-power, which are transformed in turn into new commodity products, and these, when sold, become new surplus value in money form, and so forth. Idle capital in money-form, i.e., money which for one reason or another is not presently being used for purposes of accumulation, nonetheless exists as a fund of potential capital. Government use of this idle money-capital, obtained either by taxation or by borrowing on capital markets, is thus immediately a reduction of the fund for future accumulation. This is true unequivocally since the state offers no equivalent commodity in exchange for the idle money-capital it receives. For taxation this is obvious; it is not true of deficit spending only if the debt is repaid, and at present there is no evidence for believing that this will ever occur. From the vantage point of society as a whole, when the government spends this taxed or borrowed money-capital to stimulate production, it merely returns to private hands what it has previously taken.

As a result, material production is indeed immediately expanded, since private capitalists were not employing this fund capitalistically. But although the state makes use of this potential capital, it too does not employ it *as capital*. "If the goal of government intervention," Mattick explains, "is the stabilization of the market economy, government-induced production must be non-competitive. Were the government to purchase consumption goods and durables in order to give them away it would reduce the private market demand for these commodities. If the government owned enterprises were to produce such commodities and offered them for sale, it would increase the difficulties of its private competitors by reducing their shares of a limited market demand. Government purchases must fall out of the market system; the production entailed must be supplementary to market production." (150) "Getting their money back through government orders," he continues, "the capitalists provide the government with an equivalent quantity of products. It is this quantity

of products which the government 'expropriates' from capital," (161) since "the *final product* of government-induced production, resulting from a long chain of intermediary production processes, does not have the form of a *commodity* which could profitably be sold on the market. Whatever entered into its production counts as a production cost and cannot be recovered in a sales price, for there are no buyers of public works and waste production." (154) The cost-price of the final product thus constitutes an absolute deduction from the fund of new surplus-value annually produced for purposes of capital accumulation.

The interest on the mounting national debt, now just under $25 billion annually, comprises an additional deduction from the fund of potential capital. In the Marxian schema, surplus-value is divided into three parts, profit of enterprise, interest on capital advanced and rent. Interest, in the private economy, is the newly produced surplus value which accrues to bank capital for the services it performs such as centralizing capital and extending credit. Government-induced production produces no profits, but the government must still pay interest on the money it borrows. As Mattick demonstrates, "the cost of the debt, that is, the interest paid to the bondholders, must come out of the profits of the relatively diminishing private sector of the economy" (160) through new taxes or additional borrowing. While the idle money-capital paid as interest thus returns to capitalists since this payment "transfers a portion of profits from productive to loan capital" (160), if this money is to be used for accumulation it must be borrowed back by industrial capital, and therefore, must be repaid with interest from the profits it is used to produce.

Monetization of the national debt, that is, the purchase of government securities by the Federal Reserve with newly printed currency, as a deliberate inflationary policy, constitutes a third means by which government spending, in this case deficit-financed spending, reduces the fund of money-capital available for purposes of accumulation. Though deliberate, inflation must be controlled, since the money with which contractors are paid "must retain its value long enough for the private contractors to regain the value expended in the production of government orders and make the customary profit. If their returns were less than their expenditures because of a too rapid devaluation of money, they would find themselves in a state of disinvestment." (185) They would curtail future investments in government sponsored production, creating the opposite if the intended stimulative effect of deficit financing. Nonetheless, even "controlled inflation is already the continuous, if slow, repudiation of all debts, including the national debt. It spreads the expenses of non-profitable government-induced production over a long period of time and over the whole of society." (187) For an example of this one need only consider the frequent plight of bondholders during 1974. At that time a typical twelve month note with a face value of $10,000 was priced to yield approximately 9%. When redeemed one year later the bondholder received $10,000 on an initial investment of $9174 but, taking into account an inflation rate of 12%, a rather conservative estimate, the purchasing power of the $10,000 had decreased to about what $8,800 could have bought a year earlier—a $374 loss on the original investment. While this may seem an extreme case, even a one percent annual depreciation of the value of the national debt is no trifling matter in terms of the future possibilities of accumulation.

While overall, the effect of deficit-spending and the concommitant monetary inflation it permits have decreased the fund of surplus-value available for future accumulation, these policies have been implemented in order to benefit certain sectors of society at the expense of others. At Mattick puts it, "If some prices rise faster than others under inflationary conditions, a situation of advantages and disadvantages will arise. . . Wages, for instance, rise less under inflation than do the prices of other commodities." (180) This happens because "the prices of commodities are set after the labor costs incorporated in them have been settled or paid," therefore "a rise in the cost of labor. . . cannot prevent a still faster rise in the prices of commodities," and "because wages are more sluggish in their movements than commodity prices, inflation leads to higher profits and. . . a higher rate of capital formation." (180-181) "Inflation," Mattick concludes, "is then another form of the subsidization of big business by government. It is merely one of the techniques by which income is transferred from the mass of the population into the hands of government favored corporations." (184)

That inflation is a conscious policy to reduce real wages masked by increased money wages is revealed by Keynes himself. "Every trade union," he writes, "will put up some resistance to a cut in money wages, however small; (but) no trade union would dream of striking on every occasion of a rise in the cost of living."* The hoped-for result of this policy, of course, is to increase the rate of capital formation (similar to Marx's rate of accumulation) by redistributing income in favor of profits while simultaneously minimizing labor unrest. What then can one say about the notion, universally promulgated by post-Keynesian economists, that the cause of inflation is "too many dollars chasing too few goods?" As Mattick points out, "In an economy requiring government-induced demand, the market demand could not possibly exceed the supply." (184) The mechanism by which government deficit spending, financed by monetizing the national debt, is translated into generalized inflation must be explained in a different manner.

For Mattick, deficit spending per se is not inflationary. Capitalists constantly borrow to finance the purchase of more productive plants and equipment. The increased profits realized from the sale of commodities produced at this higher productivity allow them to both retire the debt incurred and set aside funds for future accumulation. Likewise for government deficit spending; if it somehow leads to increased productivity, the debt can be paid while accumulation is fostered. Much to the despair of Keynes and his epigones this has not occurred, rather the national debt has continually multiplied. While government has not yet created the environment for increased capital accumulation, deficit-spending is nonetheless continued to stave off further deterioration in the rate of private capital formation. This demands new tax receipts and additional borrowing. Both to float the new debt and to maintain confidence in the old, the Federal Reserve is forced to increase the money supply through the purchase of existing government bonds with newly printed currency. Not to do so would be to risk the collapse of the multi-trillion debt structure and the entire economic system along with it. The nominally independent Federal Reserve System is thus effectively tied to government fiscal policy.

By increasing the money supply in this manner the Federal Reserve in fact treats government paper as a real commodity-value rather than what it actually is, promises contingent upon future accumulation. For each dollar of debt contracted and

*J.M. Keynes, *The General Theory of Employment, Interest, and Money*, Harcourt, Brace and World, New York, 1965, p. 15.

monetized, two dollars are substituted: the original one which was exchanged for government paper, representing real commodity-value, plus another which replaces the note when it is taken out of circulation by the Federal Reserve, and, having no backing save the security of the state, represents only *fictitious* commodity-value. The continual increase in the supply of money allows capitalists to raise the prices of the commodities they produce in order to maintain normal profits by offsetting the cost of taxes and other expenses of government, while it also supports the further extension of credit needed to pay the higher prices. In Mattick's view however, " 'profits' made in this way and 'capital' accumulated in this manner, are mere bookkeeping data relating to the national debt." (151) In other words, to the extent that they represent inflationary price increases these profits are fictitious. Real capitalist profits "can be increased only by increased productivity, and an increasing quantity of capital capable of functioning as capital, and not by the mere availability of means of payments manufactured by government." (187) In the long run this policy amounts to a not so subtle game of brinkmanship.

Still it is generally maintained that the stimulative effects of government fiscal and monetary policy more than compensate for their expense. Arguments to this effect are couched in terms of the so-called "multiplier" effect. The idea is that "an increased income resulting from government expenditures will have subsequent income effects, which will add up to a sum greater than the original spending" with the result that "deficit-spending can be financed out of the savings it has itself created." (157-158) From Mattick's point of view, such statements based on the false assumption that consumption is the purpose of economic activity, simply misconceive the problem. Of course, Mattick grants, "All investments whether of a private or a public character, will increase the national income as they increase national production." (158) The real issue, however, is whether or not the mass of capital increases through the accumulation process. "Since it does not depend on profitability," Mattick argues, "government-induced production can enlarge total social production, but it cannot enlarge the total capital." (158) In other words, while consumption is in fact increased, no addition to the stock of profit-making means of production results. This point is crucial, since only an accelerated rate of accumulation can reverse the trends toward increased government intervention and growth of the national debt.

Furthermore, the argument that the growth of the debt is harmless as long as the national income increases faster than the debt relies on a false logic. "The growing national debt cannot be related to the total national income," Mattick rebuts, "but only to that part of the total which has not been injected into the economy by the government. It is by counting an *expense* as an *income* that the illusion arises that the growing national debt is neutralized by a rising national income." (162)

Nonetheless, it is conceivable "that the mere increase or maintenance of a given level of production regardless of profitability may arrest a downward business trend, and may even be instrumental in reversing the trend. . . As deficit-spending reduces unemployment and increases production, it may, under special conditions, induce an acceleration of private investments. If this should be the case, it would increase total income by more than brought forth by deficit-spending, but this 'multiplication' would be due directly to the additional profitable investments, not the additional spending." (159) That such occurrences have not reduced the dependence of the private sector on state intervention is revealed by the tremendous growth of the national debt since 1929, despite variations in the rate of capital formation. Further, such possible government-induced accelerated accumulation would be subject to the same crisis cycle as the apparently self-regulating accumulation process of the nineteenth century. "The fact remains," Mattick concludes, "that private capital formation finds itself in a seemingly insoluable crisis; or rather, that the crisis of capital production which characterizes the twentieth century has not as yet been solved: When viewed from the perspective of profit production, the present differs from the past in that deflationary depression conditions have been supplanted by inflationary depression conditions. In a deflationary depression, production declines because part of the producible commodities cannot be sold profitably, thus preventing the realization of profits and their transformation into additional capital; whereas in an inflationary depression production continues, despite its lack of profitability, by way of credit expansion." (186)

Thus, the mixed economy is revealed to be essentially transient in nature. As the limits of increased government spending are reached, and they are apparently beginning to be reached in the current crisis, capitalists will be faced with a critical dilemma: either they will have to oppose any further increases in government intervention thereby leaving the capitalist economy vulnerable to its crisis tendencies, or they will have to support the destruction of private capital in favor of a state-run "planned economy." It is more and more evident from the current debates about the state of the economy that the choice is being seen in exactly these terms. And even though the latter course would require a revolution of sorts, it would still leave the capitalists as a class in control of social production, albeit collectively through the state rather than privately through individual firms.

Rick Burns
Somerville, Massachusetts

book marks

The new Bookmarks (#2) describes over 100 new and little-known books about:

Sexual Politics
Nukes • The Left
The Third World
Socialism & Anarchism
... and more

Look for it in all radical and feminist bookstores, or send $1 for two copies to Carrier Pigeon, 88 Fisher Ave., Boston, Mass 02120.

Dear friends,

In response to your request for feedback, I would like to limit myself to one point regarding Paul Mattick's remarks on violence and nonviolence [Interview, *Root & Branch 5*]. When Mattick states (on p. 35) that the bourgeoisie "does not allow the workers to choose between non-violent and violent methods of class struggle," I think he expresses a common but mistaken opinion long ago refuted by the historical development of methods of struggle. Out of the growing literature on nonviolent struggle, I need only refer to Gene Sharp's *The Politics of Nonviolent Action* (Boston: Porter Sargent, 1973), which in over 800 pages of well researched text establishes beyond a reasonable doubt that nonviolent action is a technique of struggle capable of winning victories against the violence of state and bourgeoisie, and that these methods have been resorted to frequently, not only with principled nonviolent leadership, but also innumerable times in the spontaneous activity of working people.

There is certainly room for debate on the role of nonviolent campaigns in the revolutionary movement and on the feasibility of a nonviolent strategy for revolution. I and my comrades in Movement for a New Society look forward to increasing discussion of these issues in libertarian publications; but, it is essential that such debate be informed.

In solidarity,
Bob Irwin

CAPITAL & CLASS

Capital & Class is the journal of the CSE. Members receive three issues of Capital & Class a year and regular newsletters and are entitled to attend the annual conference. Working and local CSE groups meet regularly during the year.

Contents of recent and forthcoming issues of Capital & Class include:-
Capital & Class 3
Banaji: Modes of Production in a Materialist Theory of History/Beechey: Women and Wage Labour/Murray: Modern Landed Property and Rent, Part 1/Grossman: Theories of Use and Exchange, Part 2.
Capital & Class 4
Marx: The Value Form/Itoh: The Inflational Crisis of Capitalism/McDonnell: Ideology Crisis and the Cuts/Murray: Modern Landed Property and Rent, Part 2/Ball: British Housing Policy and the House Building Industry/Horton: The Revolution of Hope and its Results/Manson et al: Employment and Trade Unionism in the Public Service.
Capital & Class 5
Armstrong, Harrison and Glyn: In defence of Value/Clarke: Capital, Fractions of Capital and the State/Rubin: On Value/Harrison: The USSR in the 1920's and 1930's.
Capital & Class 6
Aumeeruddy, Lautier and Tortajada: The State and Labour Power/Himmelweit and Mohun: The Anomalies of Capital/Massey: Regionalism.

Subscription Rates: *UK* £3.00 per year (students and unemployed £2.00, supporting rich members £6.00). *Overseas* £6.00 per year (low income £3.00). *Institutions* £9.00.
Send to: CSE Membership, 55 Mount Pleasant, London WC1X 0AE.

now & after

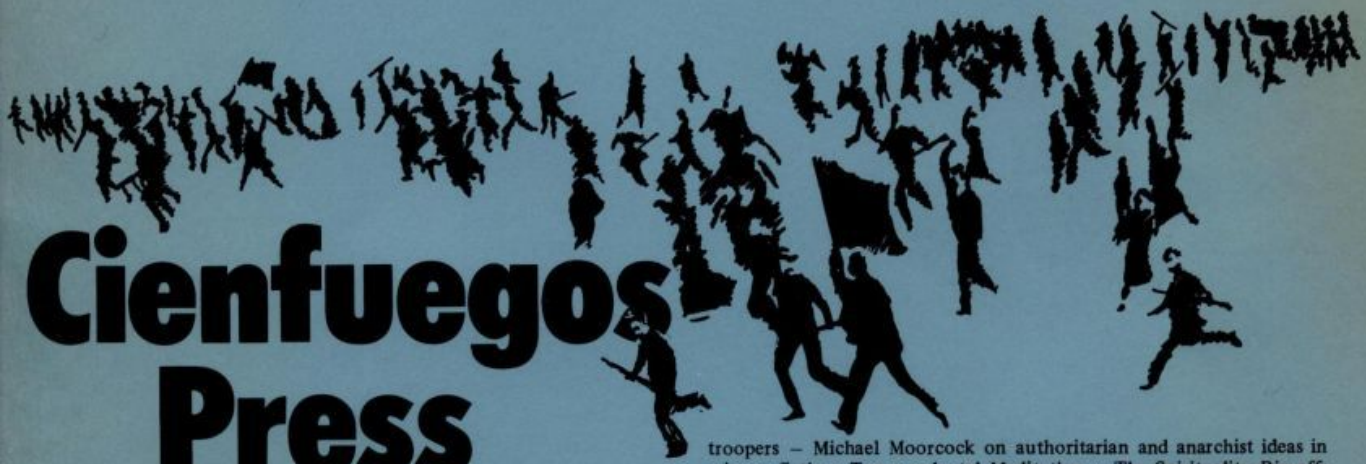
ISSUE #3
MAY, 1978

- COAL MINERS' STRIKES
- UNEMPLOYMENT
- ARGENTINE WORKING CLASS
- BOOK REVIEWS: JAPAN, CHINA

$1.25
subscription: 4 issues for $4

★

A WORLD TO WIN
P.O. Box 1587
San Francisco, CA 94101



Cienfuegos Press Anarchist Review

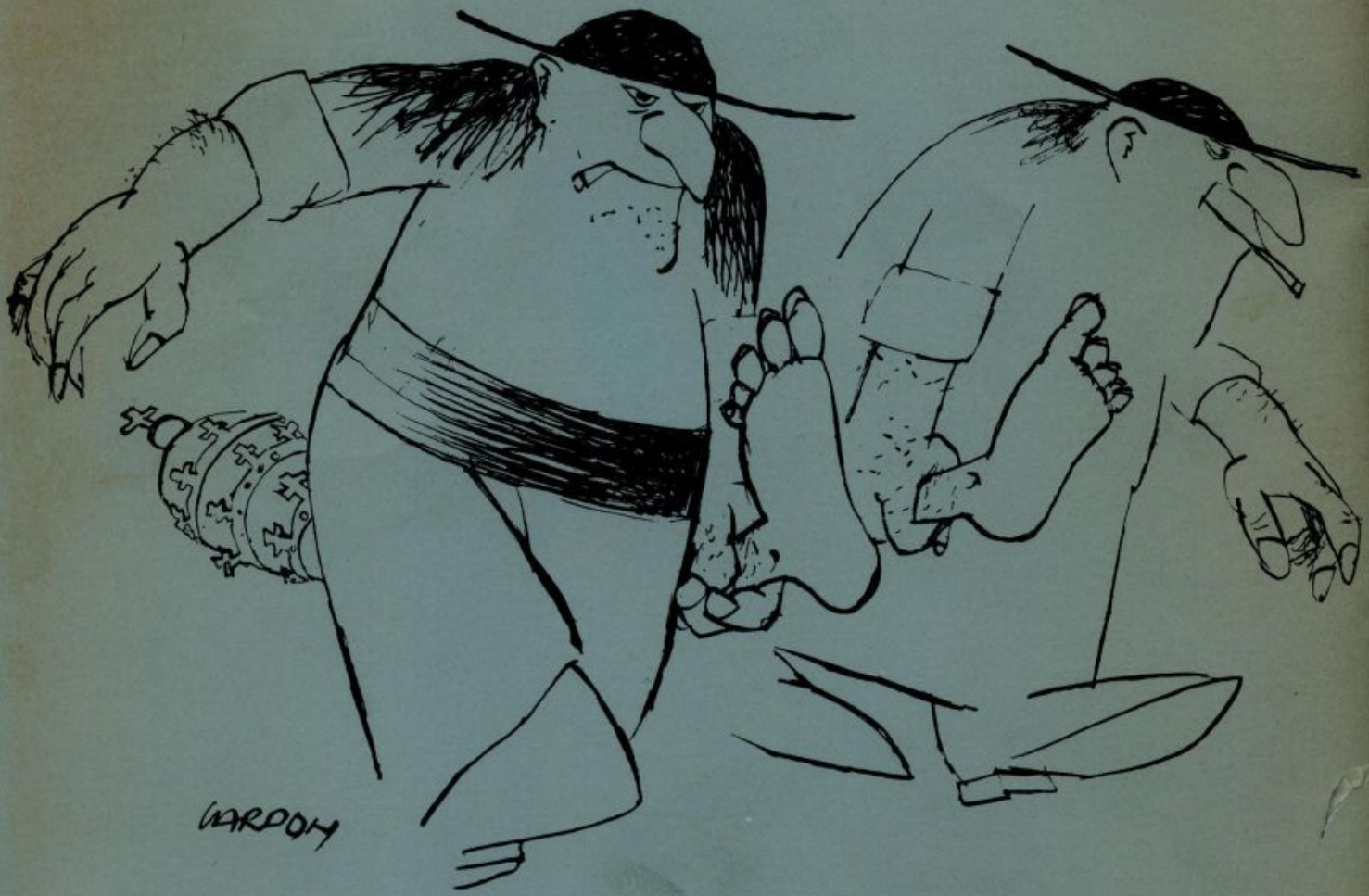
" . . . the Cienfuegos Press Anarchist Review is by far the best libertarian review being published anywhere in the world today . . . a treasure trove of anarchist learning . . . " *Bicicleta*, Madrid.

CPAR No. 4 ISSN 0309 7285, September, 186pp, 8¼ x 11¾, spine, £2.90 (+50p postage), US/Canada $6.00 (+$1.00 postage.)

Contents of Issue No. 4: Letters; Towards an Anarchist Manifesto; Orkney Ramblings: Anarchist Gardening Hints; Anarchist Strategy, Civil and Military; A Gay Manifesto; Expropriation; Starship Stormtroopers – Michael Moorcock on authoritarian and anarchist ideas in science fiction; Transcendental Meditation – The Spirituality Rip-off; Santiago Carrillo, or History Falsified; Class War – The Writings of Camillo Berneri; Monetarism, the "New Liberalism," Anarchism and the Minimal State; Anarchists in the Mexican Revolution (2): Praxedis Guerrero; Contributions to the History of Anarchism – *Ruta* and *Anarchismo*; Flavio Costantini – Artist of Anarchy, Pampas Life, The Tragic Week of 1919, Argentina; Two Workers Experiences in Russia – Gabriel Miasnikov and Mollie Steimer; Gregory Maximoff; Origins of the Anarchist Movement in China; Asian Anarchism in Western Languages; An Interview with Pa Chin; A Stranger to Nothing – The Poetry of Philip Levine; The Stammheim Deaths; Nikola Tesla – A Name on A Light Bulb; Inside the Belly of the Amerikan Dream, Emily Harris; Pimpernel Howard and the Anarchists; The Donald Duck/ Joseph Goebbels Prize for Liberal Objectivity (to Professor Raymond Carr). Also, major reviews of over 100 recent books and pamphlets plus a generous leavening of droll anarchist humour.

Why not make sure of your issue of the Review and **all** C.P. titles for 1978 by taking out a sustaining subscription today (£12.00/$24.00). For a full list of all C.P. titles in print and news of forthcoming books write to:–

Cienfuegos Press, Anarchist Publishers, Over The Water, Sanday, Orkney, KW17 2BL. U.K.


WARDOM