

The Evolution of Capitalism and the New Perspective

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ICC preface

The text we are reproducing here appeared in *Internationalisme*, no. 46 in summer 1952. This was the last issue of the review, and this text was in some ways a condensed summary of the positions and political orientation of this group. It will certainly be of interest to many.

What is particularly important to point out is that the perspective contained in this text is different from the one we see today. *Internationalisme* was right to analyze the period which followed World War II as the continuation of the period of reaction, of reflux in the proletarian struggle; consequently, they were correct in condemning the Bordigists' proclamation of the party as artificial and adventurist. They were also right to say that the end of the war didn't mean that capitalism was no longer decadent; all the contradictions that had led capitalism to war were still there and were pushing the world inexorably towards new wars. But *Internationalisme* didn't see or didn't sufficiently emphasize the phase of 'reconstruction' that was part of the cycle crisis-war-reconstruction-crisis.

For this reason, and in the somber atmosphere of the cold war between the USA and the USSR, *Internationalisme* only saw the possibility of a proletarian resurgence during and after a third world war. Today there are still revolutionaries who share this view. However, the crisis which has of necessity followed the period of reconstruction – which saw many mystifications begin to wear out – has led to a renewal of working class struggle; despite the aggravation of its internal contradictions, this forces world capitalism to deal first and foremost with its class enemy.

If the perspective of an inevitable third world war was understandable in the context of the 1950's, and based on a real possibility, we have no reason to maintain this perspective today. Capitalism can still use local wars as a temporary outlet for its contradictions and antagonisms but it can't launch a generalized war as long as it hasn't succeeded in immobilizing the proletariat. Our perspective today looks to a major class confrontation, and this is what we must be preparing ourselves for. Nothing indicates that we should predict an unfavorable outcome to this confrontation. With all their struggle, revolutionaries must work and hope for the victory of their class¹.

¹ Extract from the introduction to the republication of the text in the *Bulletin d'études et de discussion of Révolution Internationale*, no. 8, July 1974. [ICC note.]

GCF introduction

We're publishing here a series of exposes given at meetings with the comrades of the Union Ouvrière Internationaliste. In order to allow the discussion to take place as quickly as possible, we're presenting them in the form of an analytical summary. Thus the reader won't find the necessary statistical information or certain important developments. The text is a schema for a more profound work rather than the work itself.

Comrade M, who is responsible for these exposes, intends to enlarge them and add the relevant documentation.

We hope that the text gives rise to as broad a discussion as possible. It's superfluous to insist on the necessity of having such a discussion and of publishing all the documents relating to it. It goes without saying that we're prepared to take charge of doing the publishing work.

The evolution of capitalism and the new perspective

Before drawing out the general characteristics of capitalism in its present phase of state capitalism it's necessary to recall and delineate the fundamental characteristics of capitalism as a system.

Every economic system in a class-divided society has the aim of extracting surplus labor from the laboring classes for the benefit of the exploiting classes. What distinguishes these different societies is the way that the exploiters appropriate this surplus labor, and the way this evolves as a **necessity** imposed by the development of the productive forces.

Here we will limit ourselves to recalling the **essential** aspects of the capitalist exploitation of labor power.

Separation of the producers from the means of production

Past, accumulated labor – dead labor – dominates and exploits present labor – living labor. It's as the controllers of dead labor, i.e. of the means of production, that the capitalists – not taken individually, but as a **social class** – exploit the workers' labor.

Economic life is entirely geared towards this quest for profit by the capitalist. This profit is partly consumed by the capitalist, while the greater part of it is earmarked for the reproduction and expansion of capital.

Production as the production of commodities

The relationship between the members of society takes the form of a relationship between commodities. Labor power is itself a commodity which is paid for at its value: the value of the products necessary to reproduce it (wages). The wage-earning class's share in total social production can be measured by comparing the value of labor power to the value of what's produced. Thus the growing productivity of labor, by reducing the value of the commodities consumed by the wage-earning class, and thus the value of labor power, leads to the diminution of the wage in comparison to surplus-value. The more production augments; the more restricted is the workers' share in this production, the more wages fall in relation to this expanding production.

The exchange of commodities takes place on the basis of the law of value. This exchange is measured by the quantity of necessary social labor expended in the production of these commodities.

These characteristics apply to all stages in the evolution of capitalism. They are no doubt modified by this evolution, but these modifications take place within the system and

are secondary: they don't fundamentally alter the nature of the system.

The mode of appropriation

You can only analyze capitalism by grasping its essence – the relationship between Capital and Labor. You must examine Capital in its relationship with Labor, not the relationship between this capitalist and that worker.

In societies previous to capitalism, ownership of the means of production was based on personal labor: the use of force was seen as an expression of this personal labor. Property really was private property, private ownership of the means of production, considering that the slave for example was himself a means of production. The owner was sovereign, and his sovereignty was limited only by even higher ties of allegiance (tribute, vassalage, etc...).

With capitalism, property is based on social labor. The capitalist is subject to the laws of the market. His freedom is limited both outside and inside his enterprise. He can't produce at a loss, infringing the laws of the market. If he does, he is immediately punished by bankruptcy. We should note, however, that this bankruptcy applies to the individual capitalist, not to the capitalist class as a whole. Everything happens as if the capitalist class is the collective, social owner of the means of production. The situation of the individual capitalist is unstable it's called into question every minute. Thus Marx could say that "the system of appropriation that derives from the capitalist mode of production, and thus capitalist property itself, is the first negation of individual private property based on personal labor". Capitalist property is essentially the property of the capitalist class as such. And thus in his Preface to the *Critique of Political Economy* Marx rightly defined property relations as the "juridical expression of the relations of production".

The capitalist's ownership of his own private enterprise corresponded to a stage of capitalism when this was necessary because of the low development of the productive forces and because the system still had a vast field of expansion in front of it, which meant that a higher level of concentration of property wasn't necessary. In these conditions, the state had a very limited intervention into the economy: the state remained a political organ, whose role was to administer society in accordance with the interests of the capitalists.

However, while the low level of the development of the productive forces was the basis for the capitalist's private ownership of a fraction of global social capital – the fraction represented by his own enterprise – it doesn't follow that a high level of the development of the productive forces is the basis for state capitalism. This higher level certainly gave rise to a concentration of property, as we saw with the emergence of public companies and monopolies, but it's insufficient to invoke this to explain the resort to concentrating property in the hands of the state. In fact, purely on the level of property, concentration would have taken place – and did in part do so – on a different basis: the monopolistic concentration of property on an international scale (cartels for example), and not on the national scale, which is implied by any form of state property.

Capitalism as a necessary historic phase towards the establishment of socialism

One of the essential features of the exploitation of man by man is that the whole of production does not satisfy all human social needs. There is a struggle for the distribution of goods, i.e. over the exploitation of labor. Thus the historic possibility of the emancipation of the workers can only arise on the basis of a certain level of the development of the productive forces; the productive forces must be capable of satisfying the whole of social needs.

Socialism, as a classless society is only conceivable on the basis of this level of development, which will make it possible to eliminate class contradictions. Because capitalism has brought production to the level it has, it can be seen to be a necessary precondition for socialism. Socialism can only be established because of the advances brought about by capitalism.

Thus we cannot say, as the anarchists do for example, that a socialist perspective would still be open even if the productive forces were in regression. We cannot ignore the level of their development. Capitalism has been a necessary, indispensable stage towards the establishment of socialism to the extent that it has sufficiently developed the objective conditions for it. But, as this text will attempt to show, just as in its present phase capitalism has become a fetter on the development of the productive forces, so the prolongation of capitalism in this phase will lead to the disappearance of the conditions for socialism. It's in this sense that the historic alternative being posed today is between socialism and barbarism.

Theories of the evolution of capitalism

While Marx analyzed the conditions for the development of capitalist production, he was unable, for obvious historic reasons, to concretely examine the supreme forms of its evolution. This task fell to his continuators. Thus, different theories have arisen in the Marxist movement, aiming to illuminate the evolution of capital. To make this expose more clear, we intend to make a very brief examination of the three main theories.

The theory of concentration

Proposed by Hilferding, then taken up by Lenin, this theory is more a description than an interpretation of the evolution of capitalism. It starts from the general observation that the high degree of concentration of production and centralization of capital gives the monopolies the role of directing the economy. The tendency of the monopolies to appropriate gigantic super-profits leads to the dividing-up of the world by imperialism.

This theory may have applied to the period when capitalism was moving from free competition to the monopolist phase, but it doesn't apply to state capitalism, which appeared as the negation of international monopoly. A more advanced level of concentration doesn't **necessarily** imply the resort to state forms of concentration. Capitalist concentration is the result of competition between the capitalists, which leads to the absorption of technically weaker capitals by stronger ones. This results in the expansion of the victorious capitalist. The continual development of a few enterprises tends to forbid the appearance of new enterprises, because of the size of the capital needed for investment in fixed and circulating capitals. This process may explain the formation of monopolistic trusts of highly centralized capital; but from the standpoint of the rising amount of capital needed for investment, it doesn't show that monopoly was incapable of facing up to the demands of an even higher level of concentration than had already been attained. Statification in no way represents a higher level of concentration than that attained by the monopolies. In fact certain international monopolistic alliances represent a higher level of concentration than the level operating inside a single state.

Moreover, in taking up the standpoint of the reformist Hilferding, Lenin arrived at the conclusion – at least logically and implicitly – that capitalism had not reached the last phase of its development. Thus barbarism for him wasn't a historic eventuality, but an image: an expression of the stagnation of the productive forces and the 'parasitic' character of capitalism in these conditions. For Lenin, as for the social democrats – though through different, opposed ways and means – the question of the objective conditions for revolution were no longer posed in terms of regression, of regression of the productive

forces, but simply in terms of the historic necessity for the proletariat to conclude the bourgeois revolution through the proletarian revolution. We will return to this aspect later on.

The theory of the tendential fall in the rate of profit

This theory was presented by Henryk Grossman. Starting from a new formulation of the Marxist schemas of enlarged reproduction, Grossman emphasized the fact that the continuous rise in the organic composition of capital would lead to a fall in the valorization of capital (a fall in the rate of profit leading to a fall in the mass of profit): the relative lack of surplus value would conflict with the needs of accumulation. To remedy this, the capitalists try to diminish the cost of production of capital and of transportation, the level of wages, etc... Technical development accelerates, while the class struggle intensifies in reaction to the super-exploitation of labor.

This theory clearly assigns an objective limit to the development of capitalist accumulation, pointing to its collapse. Capital will no longer find profitable outlets for investment. There will be a series of wars – provisionally allowing profitability to be maintained – and beyond that the collapse of capitalism. Grossman's viewpoint however, is hardly convincing in so far as it establishes an absolute connection between the fall in the rate of profit and the relative diminution of the mass of profit.

In her *Anticritique* Rosa Luxemburg observed:

“... we are left with the somewhat oblique comfort ... that capitalism will eventually collapse because of the falling rate of profit. ... However... this comfort is unfortunately dispelled by a single sentence by Marx, namely the statement that 'large capitals will compensate for the fall in the rate of profit by mass production'. Thus there is still some time to pass before capitalism collapses because of the falling rate of profit, roughly until the sun burns out”.

How does capitalism respond to the falling rate of profit? Marx has already shown that, faced with the falling rate of profit, capitalism can respond in a number of ways that make the exploitation of additional labor profitable. Intensifying the exploitation of labor power is one of these means. Another is the expansion of production: although the falling rate of profit means that there will be less profit in each product, the total sum of profit is increased by the higher sum of products obtained. Finally capitalism responds by eliminating the 'parasitic' elements which cut down on total profit. Thus the move from free competition to monopoly capitalism involved the partial elimination of backward small producers. But we cannot say that the move to state capitalism involves a similar process. On the contrary, there is more reason for saying that state concentration gives rise to a social stratum which produces no value and is therefore parasitic: the bureaucracy.

For this theory to be able to pass for an interpretation of the crisis of the system it would have to demonstrate that the increase of the mass of profit no longer succeeded in compensating for the fall in the rate of profit, or, in other words, that the sum of the global social profit diminished in spite of an increase in production.

The theorem that Grossman's theory must demonstrate, then, would be the following: at the end of a new cycle of production, the global profit (as the product of an increased mass of production multiplied by a lower rate of profit) is lower than the global social profit resulting from the preceding cycle (as the product of a lower mass of production multiplied by a higher rate of profit – before its fall). Such a demonstration can be infinitely provided by schemas, but it is not confirmed in the **real** conditions of production. We must therefore conclude that the real solution is elsewhere. The impossibility of expanding production resides today not in the non-profitability of this enlarged production,

but in the impossibility of finding outlets for it.

Rosa Luxemburg's theory of accumulation

As with the preceding theories we will only give a very incomplete summary of Rosa's thesis². As is known, Rosa Luxemburg concluded, after profound study of the Marxist schemas of reproduction, that the capitalists could not realize all their surplus value on their own market. In order to continue accumulating, the capitalists were compelled to sell a part of their commodities in the extra-capitalist milieu: producers owning their own means of production (artisans, peasants, colonies or semi-colonies). It was the existence of these extra-capitalist milieu which determined the rhythm of capitalist accumulation. This extra-capitalist milieu was shrinking and capitalism was plunging into crisis. The different sectors of world capitalism were fighting each other over the exploitation of these extra-capitalist regions.

The disappearance of extra-capitalist markets was thus leading to a permanent crisis of capitalism. Rosa Luxemburg also showed that this crisis was opening up well before this disappearance had become absolute. In order to compensate for the disappearance of these markets, capitalism was developing a parasitic form of production, by its very nature unproductive: the production of the means of destruction. The decadent character of capitalism was confirmed by the fact that it was becoming incapable of maintaining the production of social values (objects of consumption). War became capitalism's way of life: wars between states or coalitions of states in which each one tries to survive by pillaging or subjugating its victims. Whereas in previous periods war led to the expansion of production in one or other of the protagonists, it now led, in varying degrees, to the ruin of both. This ruin was expressed both by the fall in the living standards of the population and by the increasingly unproductive character (in terms of value) of production.

The aggravation of struggles between states and their decadent character since 1914 leads each state to attempt to survive on its own, in a closed circle, and to resort to state concentration. This is what we ourselves are arguing here, and the aim of this text is to adjust this theory to historical reality.

Some fundamental characteristics of state capitalism

State capitalism is not an attempt to resolve the essential contradictions of capitalism as a system of exploitation of labor power, it is the expression of these contradictions. Each group of capitalist interests attempts to push the effects of the crisis of the system onto a rival group, by taking it over as a market and as a field of exploitation. State capitalism is born out of the necessity for a given group of capital to concentrate itself and take hold of external markets. The economy is thus transformed into a war economy.

The problem of production and exchange

In the phases of capital prior to state capitalism, exchange preceded production: production followed the market. When the indices of production approached the indices of the volume of world trade, the crisis opened up. This crisis was a manifestation of the saturation of the market. Following the crisis, the revival of economic expansion took place first of all in the sphere of exchange and not of production, which followed demand.

From 1914 onwards, the phenomenon was reversed: production preceded exchange. At first it seemed that this could be put down to the destruction caused by the war. But in

² This summary has been done by Lucien Laurat (*L'Accumulation du Capital d'après Rosa Luxemburg*, Paris 1930). See also J. Buret *Le Marxisme et les Crises*, Paris 1933; Léon Sarbre *La Théorie Marxiste des Crises*, 1934 – and that's the whole French language bibliography on the subject.

1929 the indices of exchange matched those of production and we had the crisis. Stocks piled up and the capitalist was unable to realize surplus value on the market. Previously crises were reabsorbed by the opening up of new markets, which led to a revival of world trade and then of production. Between 1929 and 1935, the crisis could not find a solution to the extension of markets, since the tendential limits of this extension had already been reached. The crisis forced capitalism to turn itself into a war economy.

The capitalist world had entered into its permanent crisis: it could no longer go on expanding production. This was a striking confirmation of Rosa's theory: the shrinking of extra-capitalist markets led to the saturation of the capitalist market itself.

The problem of crises

The essential character of the crises since 1929 is that they are more profound than previous ones. We are no longer dealing with cyclical crises, but a **permanent crisis**. The cyclical crises which classical capitalism went through affected all capitalist countries. The booms that followed also had a global effect. The permanent crisis that we are now going through has been characterized by the continuing fall of production and trade in all capitalist countries (as in 1929-1934). But we no longer see a generalized recovery. Recovery only takes place in one compartment of production, and this at the expense of other sectors. Moreover, the crisis shifts from one country to another, keeping the entire world economy in a permanent state of crisis.

Unable to open up new markets, each country closes itself off and tries to live on its own. The universalisation of the capitalist economy, which had been achieved through the world market, is breaking down. Instead we have autarky. Each country tries to go it alone: it creates unprofitable sectors of production to compensate for the break-up of the market. This palliative further aggravates the dislocation of the world market.

Before 1914, profitability, via the mediation of the market, was the standard, the measure, the stimulant of capitalist production. In the present period this law of profitability is being violated. The law is no longer applied at the level of the enterprise, but at the global level of the state. The distribution of value is carried out according to a plan of accounts at national level, no longer through the direct pressure of the world market. Either the state subsidizes the deficit part of the economy or the state itself takes over the entire economy.

This does not mean a 'negation' of the law of value. What we are seeing here is that a given unit of production seems to be detached from the law of value, that this production takes place without any apparent concern for profitability.

Monopoly super-profits are realized through 'artificial' prices, but on the global level of production this is still connected to the law of value. The sum of prices for production as a whole still expresses the global value of these products. Only the distribution of value among the various capitalist groups is transformed: the monopolies arrogate for themselves a super-profit at the expense of the less well-armed capitalists. In the same way we can say that the law of value continues to operate at the level of national production. The law of value no longer acts on a product taken individually, but on the entirety of products. This is a restriction in the law of value's field of application. The total mass of profit tends to diminish, because of the burden exerted by deficit branches of the economy on the other branches.

The field of application of the law of value

- a. **Capital:** From what has been said it follows that while the rigorous mechanisms of the law of value do not always operate at the level of one enterprise, or even of a

whole branch of the economy, the law does manifest itself at the level of exchange. As in previous periods the market remains, in the last instance, the supreme regulator of the capitalist value of commodities or, if, you prefer, of products. The law of value seems to be negated in countries where several industrial sectors are in the hands of the state. But when they exchange with other sectors, this takes place on the basis of the law of value.

In Russia the disappearance of individual property has led to a very great restriction in the capitalist application of the law of value. This law may no longer operate in exchanges between two statified sectors – just as it doesn't operate between the workshops of one factory – but it does operate as soon as it's a question of exchanging one completed product for another. The price of the product is still fixed according to the social labor time necessary for its production, and not by the omnipotent will of a 'bureaucrat'. Products circulate and are exchanged according to the needs of production, and thus, no matter how 'organized' this process may be, according to the needs of the market. Prices remain the mercantile expression of the law of value.

- b. **Labor Power:** but the fundamental exchange in the capitalist economy is the one that takes place **between products and labor power**. In Russia as elsewhere labor power is bought at its capitalist value. The price paid is the one necessary for the reproduction of labor power.

The greater or lesser valorization of labor power, the higher or lower level of wages doesn't change the basic question. The value of labor is fixed partly by the way that the workers react against their exploitation. Their struggle, or lack of it, can increase or diminish that part of production which accrues to them in the form of wages. But within the framework of capitalism, the workers can only affect the volume of products attributed to them in exchange for their labor power, and not the capitalist basis of this distribution.

The fact that in Russia and elsewhere there exist a form of 'concentration camp' labor doesn't change these observations. Not only does this represent a minimal fraction of the labor power expended in the whole country, but this phenomenon itself retains the fundamental characteristics of the relationship between capital and labor.

The meaning of the phenomenon is to be found in the necessity for a backward capitalist country to maintain a low level of wages. It's a pressure exerted **within** the framework of accumulation, in order to affect the global social value of the products aimed towards the reproduction of labor power, in the same way that the industrial reserve army, the unemployed, were used under classical capitalism. The transitory nature of this phenomenon can be seen when we consider that, in general, this 'forced labor' is directed towards works of internal colonization. These are works that only have a long-term profitability and are carried out by a cheap, non-specialized workforce; in the general conditions of a backward economy, it's not possible to pay for this workforce at its capitalist value. We should also add that, in Russia, this use of labor power also serves as an effective method of political coercion.

Some see this form of exploitation as the beginnings of a return to slavery. To prove this you would have to show that the capitalist law of value had disappeared absolutely. It's worth pointing out that, when a slave was punished in antiquity, he received corporal punishment (the rod, branding, gladiatorial games). The Russian worker convicted of 'sabotage' is punished in value: he's forced to work a certain number of extra hours, unpaid. What's more, the 'good' Stakhanovist gets extra wages and especially better housing and leisure facilities. Politically the aim of this is to divide the exploited class (by forming a labor aristocracy devoted to the regime).

In a general way it should be recognized that to palliate the fall in the average rate and the mass of profit, the available labor power must be used to the maximum. The number of workers is increased; the proletarianisation of the peasant or petty bourgeois masses is accelerated; the war-wounded and the insane are looked after so that they can be recuperated into the cycle of production; the procreation and education of children is encouraged and supported. The intensity of labor is increased: time is rigorously controlled; there is a return to piece-work in the form of bonuses and suchlike, etc ... The swinish theoreticians of the growth of productivity or of full employment are simply rationalizing this tendency towards the maximum exploitation of human labor.

The goal of production

Production develops while trade diminishes. What happens to this production, which because of the lack of possibility for exchange, is doomed to remain devoid of any social use? It is orientated towards the production of the means of destruction. While state capitalism increases industrial production, it still doesn't create new value, but bombs or uniforms.

This production is financed essentially in three ways:

1: In a given cycle of production, an ever-larger part of this production goes into products which don't reappear in the following cycle. The product leaves the sphere of production and doesn't return to it. A tractor comes back into production in the form of sheaves of corn, but not a tank.

The amount of social labor time incorporated in this production confers a value to it. But this labor time is expended without any social counterpart: neither consumed, nor reinvested, it doesn't play any role in reproduction. It remains profitable to the individual capitalist, but not on the global level.

Production expands in volumes, but not in real social value. Thus an initial part of the production of means of destruction is levied from current production.

2: A second part is paid for by draining unproductive capitals (stockholders, shop-keepers, peasants) and also accumulated capitals which are productive but not indispensable to the operation of a productive apparatus which is no longer geared towards productive consumption. Savings start to disappear. Although they are open to dispute, the following figures give an idea of how things are going in a country like France, which is typical of this process.

"Evaluated in buying power, the capital of 1950 ... represents only 144 billion in 1911, as against 286 today, which means that half its value has been lost. But this view would be incomplete if we didn't take into consideration the mass of contributions from savings. At the 1910-1914 rate (4 billion), all things being equal, it would have added 144 billion to today's 300 billion. Reduced by two wars, the annual savings did still exist. Now there is no trace of them" (René Papin in *Problèmes économiques* no. 159, 16-1951).

Commercial profits are being amputated by an enormous state levy. Finally, inflation has become permanent and the degradation of the buying power of money has reached considerable proportions.

3: A third part is directly levied from the workers, by the reduction of living standards and the intensification of exploitation. In France for example, whereas the production figures for the beginning of 1952 were at 153 in relation the level of 1938, the living standards of the workers have fallen by 30% in relation to the prewar period, and this gap is even greater if we examine the increase in production. This apparent paradox – continuously progressing production accompanied by a continuously regressing consumption by

the workers and a continuously shrinking pile of social capital – is one of the expressions of the decadence of capitalism.

Social structure of the capitalist class

Such economic transformations involve profound social changes. The concentration of economic power in the hands of the state – and sometimes even the physical elimination of the bourgeois as an individual capitalist – precipitates an evolution which was already discernible in previous stages of capitalism. A number of theories have flourished – particularly on the soil of Trotskyism – on the basis of interpreting this evolution as the dynamic of a struggle by a new class against the classical bourgeoisie. These theoreticians argue thus because of the physical destruction of the bourgeois and of individual private property in Eastern Europe and their limitation in the fascist or social democratic regimes, as well as those regimes which have come out of the ‘Resistance’. However, these examples do not justify that conclusion. To build a theory on a series of facts which find their most typical application in a relatively backward economy, and on facts which are more apparent than real (the capitalist isn’t a physical person, but a social function) is to build on sand.

To make a clear analysis, you must observe the highly developed capitalist world. The situation there is characterized by an amalgam, an overlapping of traditional capitalist elements and elements from the state apparatus. Such amalgams don’t of course take place without real friction and difficulties. In this sense ‘fascism’ and the ‘Resistance’ regimes were both failed attempts.

The conclusion drawn by our theoreticians – a civil war between the new ‘bureaucratic’ class and the classical capitalism – leads to denying the evidence of a permanent crisis of capitalism. This crisis, whose effects have repercussions even within the exploiting strata, is then replaced by a struggle between two ‘historic’ classes – a struggle that is progressive for the official Trotskyists, though not for Shachtman and others. The proletariat’s absence on the historic scene is therefore rationalized. The alternative posed by history and by revolutionaries – socialism or barbarism – is now joined by a third, which allows our theoreticians to integrate themselves into one bloc or another. This idea of the existence, within capitalism, of a new exploiting class, bearing with it a **historic** solution to the contradictions of capitalism, leads to the abandonment of revolutionary theory and to the adoption of a capitalist viewpoint.

The situation of the capitalists

The bourgeoisie’s benefits from private property used to take the form of a reward proportionate to the size of the enterprise he was running. The ‘salary earning’ character of the capitalist, in relation to capital, remained hidden: he appeared to be the owner of his enterprise. In his more recent form, the capitalist continues to live on the surplus value extracted from the workers, but receives his profit in the form of a direct salary; he is a functionary. Profits are no longer distributed according to juridical titles of ownership, but according to the social function of the capitalist. Thus the capitalist always feels a profound sense of solidarity with the whole of national production, and is no longer interested merely in the profits of his own enterprise. He tends to treat all workers equally, and tries to associate them to the concerns of production as a whole. The proletariat can see clearly that capitalism can exist without the individual ownership of the means of production. However, this tendency towards the ‘salarisation’ of capital seems to abolish economic frontiers between classes. The proletariat knows that it’s exploited, but finds it hard to recognize its exploiters when they’ve donned the garb of a union boss or progressive intellectual.

The colonial problem

It was once believed in the worker's movement that the colonies could only be emancipated within the context of the socialist revolution. Certainly their character as 'the weakest link in the chain of imperialism' owing to the exacerbation of capitalist exploitation and repression in those areas, made them particularly vulnerable to social movements. Always their accession to independence was linked to the revolution in the metropolises.

These last years have seen, however, most of the colonies becoming independent: the colonial bourgeoisies have emancipated themselves, more or less, from the metropolises. This phenomenon, however limited it may be in reality, cannot be understood in the context of the old theory, which saw colonial capitalism as the lackey pure and simple of imperialism, a mere broker.

The truth is that the colonies have ceased to represent an extra-capitalist market for the metropolises; they have become new capitalist countries. They have thus lost their character as outlets, which make the old imperialisms less resistant to the demands of the colonial bourgeoisie. To which it must be added that these imperialisms' own problems have favored – in the course of two world wars – the economic expansion of the colonies. Constant capital destroyed itself in Europe, while the productive capacity of the colonies or semi-colonies grew, leading to an explosion of indigenous nationalism (South Africa, Argentina, India, etc). It is noteworthy that these new capitalist countries, right from their creation as independent nations, pass to the stage of state capitalism, showing the same aspects of an economy geared to war as has been discerned elsewhere.

The theory of Lenin and Trotsky has fallen apart. The colonies have integrated themselves into the capitalist world, and have even propped it up. There is no longer a 'weakest link': the domination of capital is equally distributed throughout the surface of the planet.

The incorporation of the proletarian struggle and of civil society into the state

In classical capitalism, real life took place in civil society, outside the state. The state was simply the instrument of the dominant interests in civil society and that alone: it was an agent of execution rather than the organ effectively directing economic and political life. The agencies of the state, however, whose task is to maintain order – i.e. to administer men – have tended to escape the control of society and to form an autonomous caste with their own interests. This disassociation, this struggle between the state and civil society, couldn't result in the absolute domination of the state as long as the state didn't control the means of production. The period of monopolies saw the beginnings of an amalgam between the state and the oligarchy, but this amalgam remained unstable: the state remained external to civil society which was still based essentially on individual property. In the present phase, the administration of things and the government of men are being unified under the same hands. Decadent capitalism has negated the antagonism between the two economically exploiting classes – the capitalists and the landowners – through the disappearance of the latter. It also negates the contradictions between the various capitalist groupings, the contrasts between which used to be one of the motor-forces of production. Today this production, in **real** value terms, is on the decline.

In its turn the economically exploited class is integrated into the state. On the level of mystification, this integration is facilitated by the fact that the workers are now confronted by capital as such, as the representative of the Nation, as the Nation itself, which the workers are supposed to belong to.

We've seen that state capitalism is forced to reduce the amount of goods accruing to variable capital, to savagely exploit the labor of workers. In the past, the economic

demands of the workers could be at least partially satisfied through the expansion of production. The proletariat could effectively improve its conditions. This time is over. Capital can no longer resort to the safety-valve of a **real** increase in wages. The fall in **real** production makes it impossible for capitalism to revalorize wages. The economic struggles of the workers can only end in failure – at best in maintaining living conditions which have already been degraded. They tie the proletariat to its exploiters by leading it to feel a solidarity with the system in exchange for an extra bowl of soup (which, in the last analysis, is only obtained through increasing ‘productivity’).

The state maintains the forms of workers’ organizations (the trade unions) the better to dragoon and mystify the class. The unions have become a cog in the state, and as such are concerned with developing productivity, i.e. with increasing the exploitation of labor. The unions were defensive organs of the class for as long as the economic struggle had any meaning. Devoid of their former content, without changing their form, the unions have become instruments of ideological repression for state capitalism, organs for the control of labor power.

Agrarian reform and the organization of distribution: the co-operatives

In order to obtain the maximum output from labor in the best conditions, state capitalism has to organize and centralize agricultural production and cut down on parasitism at the level of distribution. The same goes for the artisan sectors. These different branches are grouped together in cooperatives whose aim is to eliminate commercial capital, reduce the distance between production and consumption, and integrate agricultural production into the state³.

Social security

The wage itself has been integrated into the state. Fixing wages at their capitalist value has devolved upon the state organs. Part of the workers’ wages is directly levied and administered by the state. Thus the state ‘takes charge’ of the life of the worker, controls his health (as part of the struggle against absenteeism) and directs his leisure (for purposes of ideological repression). In the end the worker no longer has a private life; every minute of his life belongs directly or indirectly to the state. The worker is seen as an active cell in a wider body: his personality disappears (but not without provoking innumerable neuroses: mental alienation in all its forms is to our epoch what the great epidemics were to the Middle Ages). It goes without saying that the lot of the workers is also, **mutatis mutandis**, the lot of other economic categories in society.

There’s no need to emphasize that, while socialist society will defend the individual against illness or other risks, its aims will not be those of capitalist Social Security. The latter only has a meaning in the framework of the exploitation of human labor. It’s nothing but an appendage of the system.

Revolutionary perspective

We’ve seen that economic struggle, immediate demands can in no way emancipate the workers. The same goes for their political struggle waged inside and for the reform of the capitalist system. When civil society was separate from the state, the struggles between the different social strata who made up civil society resulted in a continuous transformation of political conditions. The theory of the permanent revolution corresponded to this perpetual modification of the balance of forces within society. These transformations allowed the proletariat to wage its own political struggle by outflanking the open struggles

³ Our comrade Morel has given an expose on this question, which can be found in *Internationalisme* no. 43.

within the bourgeoisie.

Society thus created the social conditions and ideological climate for its own subversion. Revolutionary flux and reflux followed each other in a more and more profound rhythm. Each one of these crises allowed the proletariat to develop an increasingly clear historic class consciousness. The dates 1791, 1848, 1871 and 1917 are the most significant of a long list.

Under state capitalism we no longer have profound political struggles engendered by the antagonisms between different interest groups. In classical capitalism the multiplication of these interests gave rise to a multiplication of parties, the precondition for the functioning of parliamentary democracy. In state capitalism society is unified and there is a tendency towards the single-party system: the distribution of surplus value according to function creates a common interest for the exploiting class, a unification of the conditions under which surplus value is extracted and distributed. The single-party system is the expression of these new conditions. This means the end of classical bourgeois democracy: political offences have become a crime. The struggles which were traditionally expressed in parliament, or even in the street, now unfold within the state apparatus itself; or, with a few variations, they take place within the general coalition of the capitalist interests of a nation and, in the conditions of today, a bloc of nations.

The present situation of the proletariat

The proletariat has been unable to become conscious of this transformation of the economy. What's more it finds itself integrated into the state. Capitalism could have been overthrown before it reached its statified form. The epoch of revolutions had begun. But the revolutionary political struggle of the workers ended in failure, in an absolute retreat of the class, on a scale unprecedented in history. This failure and retreat have allowed capitalism to carry out this transformation.

It seems to be impossible for the proletariat to reaffirm itself as a historic class during this process. What used to give the class the possibility of doing so was the fact that, through its cyclical crises, society would break through its own framework and eject the proletariat from the cycle of production. Rejected from society the workers would develop a revolutionary consciousness about their condition and the way to transform it.

Since the period before the war in Spain and the beginnings of the 'anti-fascist' mystification, when for the first time we saw the relative unification of the exploiting class, and then during and after the second world war, capitalism has been moving towards the disappearance of its cyclical crises and their after-effects, by entering into a permanent crisis. The proletariat now finds itself associated to its own exploitation. It is thus mentally and politically integrated into capitalism.

State capitalism enchains the proletariat more firmly than ever, and it does it with its own traditions of struggle. This is because the capitalists, as a class, have drawn the lessons of experience and have understood that the essential weapon for preserving their class rule is not so much the police as direct ideological repression. The political party of the workers has become a capitalist party. What has happened with the trade unions, emptied of their former content and absorbed into the state, has also happened to what used to be the workers' party. While still using a proletarian phraseology, this party has become an expression of the exploiting class, adapting its interests and its vocabulary to new realities. One of the basic planks of this mystification is the slogan of struggling against private property.

This struggle had a revolutionary meaning when capitalism could be identified with individual property: it was a challenge to exploitation because it challenged its most

apparent form. The transformation of the conditions of capital has made this struggle of the workers against individual property historically obsolete. It has become the battle-cry of those capitalist factions who have advanced the furthest along the road of decadence. It serves to ally the workers to those factions.

The workers' attachment to their traditions of struggle, to a whole series of outworn myths and images, is used to integrate the class into the state. Thus the First of May, which once meant strikes, often violent ones, and always had the character of a struggle, has become a capitalist Holy Day: the workers' Christmas. The Internationale is sung by generals and priests who excel themselves in anti-clericalism.

All this serves capitalism, because the old objectives of the struggle, linked to a bygone period, have disappeared, while the forms of the struggle survive, without their former content.

Elements of a revolutionary perspective

The development of a revolutionary consciousness by the proletariat is directly linked to the return of the objective conditions in which this coming-to-consciousness can take place. These can be reduced to the general postulate that the proletariat is ejected from society, that capitalism is no longer able to assure the material conditions of its existence. This condition comes about at the culminating point of the crisis. And, in the period of state capitalism, this culminating point of the crisis takes place during a war.

Up to this point, the proletariat cannot affirm itself as a historic class with its own mission. On the contrary, it can only express itself as an economic category of capital.

In the present conditions of capital, generalized war is inevitable. But this doesn't mean that the revolution is inevitable, and still less the victory of the revolution. The revolution only represents one pole of the alternative which historical development has set before humanity. If the proletariat doesn't achieve a socialist consciousness, the course will be opened to the kind of barbarism of which we can see some aspects today.

May 1952

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