

## **Critical Review of “The ABC of Communism” 90 Years Later: The Bankruptcy of the Analysis of Capitalism Made by the Communist International**

*Mouvement Communiste*  
2007

Written in May 2007 and found online at <https://www.mouvement-communiste.com>.

The ABC of Communism is still a useful text today. Conceived in order to join together in one work most of the convictions and analyses of the communist movement of its epoch, it corresponds perfectly to this requirement. Its plan already reveals the force and the importance of the document. Everything that makes up the theoretical and political specificity of the Third International is treated with sufficient depth: its vision of capitalism and the historical trajectory towards Communism, finishing up with the criticism of the social democratic Second International.

More than a simple ABC, it is indeed an excellent attempt to programmatically formalise the thought of the Third International. All or almost all of these theses, indeed, were shared by the large majority of the parties and the groups joined together in the Third International, the “left communists” included. We would be seriously underestimating Bukharin if we regarded his text as a simple report on the particular situation of capitalism at his time, in his country, etc.

Its title is eloquent. The “ABC” was based on basic reflections carried out by broad sectors of the International and wanted to be a “programme”. Its critique of capital is built on a certain reading, very respectable moreover, of Marx’s categories. Moreover, the ideas which are contained therein (financialisation; war and permanent crisis; generalized impoverishment; plundering of the poor countries; etc.) are largely shared today (often without the knowledge of those who profess them) by the leftists and similar.

At the time of the ABC, the good or bad ideas defended by Bukharin were powerful material forces, able to modify in-depth “the remainder” of reality. The element of will and consciousness are as material as the reality which inspires it. Today, the criticism of these ideas aims at their supersession.

This is why its critical examination is not superfluous for all those who regret the failure of the extraordinary revolutionary wave initiated in 1917 and who seek to understand the reasons for this failure, other than the contingent and practical ones.

The critical reading which is proposed here shares one presupposed central idea: the practical defeat of communist revolution was preceded, and then amplified by the theoretical bankruptcy of the Third International. There was bankruptcy in the comprehension of the dynamics of capitalism, of the Bourgeois State and, from there, of the role and the trajectory of the Second International. This bankruptcy is explained essentially by the unacknowledged abandonment of the dense categorical apparatus worked out by Karl Marx and Friedrich Engels, an apparatus which will found the critical review of the

Bukharinian ABC.

**Financialisation versus the mechanised factory. Monopoly and competition, relations of property and relations of production in mature capitalism.**

“Marx himself taught us that we should always study the existing conditions of life and act accordingly”, Bukharin quite rightly recalls in the introduction to the ABC. This exhortation is a worthy method, including for us while we read this book. This method also requires that one observes the capitalist mode of production where its development is most advanced. The first false idea of the ABC concerns the capitalists, holders, according to the author, of the “monopoly of the means of production”.

These capitalists thus defined are however a species in the process of disappearing at this beginning of the century. The process was already under way in 1920, in particular where capital was most advanced, in the United States. The rise of shareholding separated the function from the business management of the private property of the means of production. “In 1865 the Stock Exchange was still a secondary element in the capitalist system”, wrote Friedrich Engels in May-June 1895 (complement and supplement to Capital Volume 3). And he continued “there follows a progressive transformation of industry into joint stock companies. All the branches, one after the other, succumb to their fate”, and Karl Marx underlined “the system of shares already carries in it the negation of the old form where the social means of production are presented in the form of individual property”, (fifth section, Capital Volume 3).

The progressive dislocation and dissemination of legal property and its distance from the nerve centres of decision making of capital are two essential keys to understanding the dominant mode of production in its nature as a social relation. Here, it is no more a question of old fashioned bosses and captains of industry, but of a command composed by several figures of management. Figures specialized in the technical governance of work, financial management and commercial management. Often crowned by a chairman who is salaried himself, the modern company of large-scale industry moved the large majority of share-holders away from the decision-making centres. In exchange, these, who are sometimes employees, have access to a part of the profit of the company, the dividends. And that's that!

The more the private property of capital is parcelled out, the more the domination of the upper management who really rule the joint stock companies is established <sup>1</sup>. Only those among the shareholders who best represent interest-bearing capital, following the example of banks and various types of investment funds, have really a say at the side of the managers. The arguments of these shareholders of a special kind are all the more listened to and followed by the managers of the companies where they lend money to the company and hold shares in it.

In addition, the rise of the hedge fund does not point to an excess of liquidity in the sphere of circulation of capital but, on the contrary, to the capacity to allocate the money-capital available more efficiently. The “hedge” is indifferent to the nation, the sector, the type of company or investment. Its object is precisely to arbitrate between all kinds of

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<sup>1</sup> By the way, stock options (options to get allotted shares for free or at prices very much below the stock exchange price) do not make the managers who exercise them into shareholders different from the other individual holders of titles. Generally, the managers exercise the option to buy shares at preferential prices so as to quickly resell the acquired titles and thus pocket a kind of super-bonus. The structure of the leading shareholders (big shareholders as they are usually understood) is less interventionist in management than is generally believed, even if, when there is a crisis or decisive choices of allocation (of profits, for example), it employs the rights related to the holding of property and, sometimes, imposes its views on the managers. Lastly, on this point, it should not be forgotten that within the structure of control of a company, there are shareholders with often divergent interests. The objectives of a bank are different from those of an arbitrage fund...

investments so as to extract the maximum profit within the shortest time. They are formidable agents of the equalisation of the rate of profit because they accelerate turnover and bring profitabilities of individual capitals closer to the planetary level. Naturally, the continuation of their aims represents an addition of risk, therefore, potentially, of destabilisation of the system.

Patrick Artus, an economist within Natixis, rightly stigmatises, while speaking about the hedge funds, their “unreasonable requirement for the profitability of capital”. The bankruptcy of LTCM (Long Term Capital Management, an American hedge fund founded in 1994), in September 1998, involved a cascade of financial crises in the so-called emergent countries. It is “globalisation”...

The ABC remains studded with an ancient and often caricatural vision of individual capital, even for its time. “In each country, there is no more than a small group of capitalists”, summarises Bukharin. It is exactly the opposite which occurs. The legal holders of portions of capital increase inordinately, until they reach sectors of the oppressed classes. On the other hand, the capitalist so dear to Yvon Gattaz, president of the National Council of French Employers (CNPFF, now MEDEF) from 1981 to 1986, (cf. *My lives as an entrepreneur*, Beech, 2006) and Nicolas Sarkozy <sup>2</sup>, is in decline <sup>3</sup>.

Does the popular shareholding of Gaullist memory transform the workers into shareholders or, worse, capitalists?

**Yes**, if you confine yourself to defining the relation of capital as a matter of legal ownership of the means of production. The author of the ABC agrees wholeheartedly with this by defining the joint stock companies as “companies of capitalists” where, “the small shareholders”, where they exist, “are not organised”. Bukharin’s complaint was obviously heard because, nowadays, small shareholders organize themselves in minority associations of the individual shareholders. The “small shareholder” is a holder of a quite real piece of private property because, by the distribution of dividends, he benefits from the profit. Therefore, in the legal and formal sense of the term, he is a capitalist. Only his capacity to affect the choices of the company proves relatively fictitious. The individual shareholders have rights established in the statutes of the companies and in the legislation of the principal capitalist countries and, finally, are at the origin, sometimes with the

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<sup>2</sup> “I want family capitalism to be encouraged because it is better in the long term than stock exchange capitalism. I want industrial logic to count as much as financial logic. To always give way to the fads of the market, to sacrifice the long term to the short term, industry to the requirement for unreasonable profitability and employment to the judgement of the Stock Exchange prices is a renunciation of responsibility. This renunciation gives power to predators rather than entrepreneurs. It puts speculation before production”. Speech of the UMP candidate to the French presidential election on December 18, 2006 in Charleville-Mézières.

<sup>3</sup> In fact there are two models here. One, which prevails in particular in the large companies of the most developed parts of the West (English-speaking countries in particular), is the model of dispersed shareholding (individuals and institutional investors). The other, the model of concentrated and family shareholding is still the majority pattern in the rest of the world, and this is especially so in the countries, areas and branches of industry which developed relatively late. But, by paraphrasing Karl Marx, it is in “the anatomy of the man” that one finds “the key to the anatomy of the ape” and not the other way round. It is by placing the bar of critical study to the height of the various most sophisticated and modern forms and functions of capital that we can understand the lines of force in its totality, including the more backward expressions of the dominant mode of production. The United States remains the horizon of world capital. Here, “bourgeois society did not develop on the foundation of the feudal system, but developed rather from itself; where this society appears not as the surviving result of a centuries-old movement, but rather as the starting-point of a new movement; where the state, in contrast to all earlier national formations, was from the beginning subordinate to bourgeois society, to its production, and never could make the pretence of being an end-in-itself; where, finally, bourgeois society itself, linking up the productive forces of an old world with the enormous natural terrain of a new one, has developed to hitherto unheard-of dimensions and with unheard-of freedom of movement, has far outstripped all previous work in the conquest of the forces of nature, and where, finally, even the antitheses of bourgeois society itself appear only as vanishing moments”. (Karl Marx, *Grundrisse*, Notebook VII)

trade unions, as in the United States, of powerful pension funds.

**No**, if you retain the teaching of Marx and Engels for which the founding element of division into classes is the real dispossession from the means of production, the impossibility for the lower classes to control social labour, to mould social productive co-operation to their need for communism and, by this, to the needs and the aspirations of freeing the whole of humanity.

The author of the ABC persists in the error by opposing the financial capital which would lead ineluctably to the monopoly, the cartel and the trusts, "to free trade, i.e. free competition". The schematicism of this design is once again contradicted by the real life of capital. Competition and monopoly, anarchy of production and planning, are not enemies. Their combination is not achieved without pain, without producing chronic imbalances and periodic crises of variable intensity. However, from a dynamic point of view, as long as the revolutionary proletariat has not eliminated capitalism, these various innate tendencies of the dominant mode of production are integrated for the best in the search for the maximum profit in the minimum of time, and with the least start-up capital.

Competition remains the spinal column of the mode of production based on the accumulation of capital. It allows the best selection of individual capitals and the most profitable development of the productive forces, and, by that, of the driving force of the communist revolution, the proletariat<sup>4</sup>. The time of the bourgeois revolutions is over. The development of the productive forces is carried on today only by the extension and integration of the world market.

### **The centralisation and concentration of capital, two distinct movements. Plundering and superprofits. The war and peace of capital.**

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<sup>4</sup> "To sum up, what is free trade, what is free trade under the present condition of society? It is freedom of capital. When you have overthrown the few national barriers which still restrict the progress of capital, you will merely have given it complete freedom of action. So long as you let the relation of wage labour to capital exist, it does not matter how favourable the conditions under which the exchange of commodities takes place, there will always be a class which will exploit and a class which will be exploited. It is really difficult to understand the claim of the free-traders who imagine that the more advantageous application of capital will abolish the antagonism between industrial capitalists and wage workers. On the contrary, the only result will be that the antagonism of these two classes will stand out still more clearly.

"Let us assume for a moment that there are no more Corn Laws or national or local custom duties; in fact that all the accidental circumstances which today the worker may take to be the cause of his miserable condition have entirely vanished, and you will have removed so many curtains that hide from his eyes his true enemy. ...

"He will see that capital become free will make him no less a slave than capital trammelled by customs duties. ...

"Do not imagine, gentlemen, that in criticizing freedom of trade we have the least intention of defending the system of protection. ... One may declare oneself an enemy of the constitutional regime without declaring oneself a friend of the *ancient regime*. ...

"Moreover, the protectionist system is nothing but a means of establishing large-scale industry in any given country, that is to say, of making it dependent upon the world market, and from the moment that dependence upon the world market is established, there is already more or less dependence upon free trade. Besides this, the protective system helps to develop free trade competition within a country. Hence we see that in countries where the bourgeoisie is beginning to make itself felt as a class, in Germany for example, it makes great efforts to obtain protective duties. They serve the bourgeoisie as weapons against feudalism and absolute government, as a means for the concentration of its own powers and for the realization of free trade within the same country. ...

"But, in general, the protective system of our day is conservative, while the free trade system is destructive. It breaks up old nationalities and pushes the antagonism of the proletariat and the bourgeoisie to the extreme point. In a word, the free trade system hastens the social revolution. It is in this revolutionary sense alone, gentlemen, that I vote in favour of free trade." (Marx, *On the Question of Free Trade*, 1847).

But the permanent war of competition presupposes the implementation of all kinds of measures to attenuate its consequences for the individual capital. The centralisation of capital <sup>5</sup> in a handful of dominant economic players is one way, the most precise planning of productive activity is another way (cf. the industrial organisation founded on production without stock), the many contra-cyclical measures of the state (public expenditure, monetary policy, government contracts etc.) are yet another, as are the mechanisms and the increasingly sophisticated instruments of risk management used by the financial markets.

The common purpose of the contradictory movement of the capital which is the competition remains the accumulation of capital, whose concentration is the “corollary”, according to Karl Marx. However, according to the last: “the accumulation of social capital results not only from the gradual enlarging of the individual capital, but more from the increase in their number, either because dormant values are converted into capital, or cuttings of old capital are detached and take root independently of their stock” (7th section of Capital Volume 1).

Thus, concentration and centralisation of capital are not synonymous. You can very easily have many companies with, nevertheless, monopoly positions (e.g. telephony in France with France Telecom and a plethora of other actors of all sizes). The accumulation of capital proceeds at the same time as the multiplication of individual capitals **and** their centralisation <sup>6</sup>. According to phases, epochs, geographical areas, and branches of industry, the competing movement of social capital favours one or the other. Bukharin does not comprehend this reality of capital. On the contrary he sinks into an approximate vision where, according to the needs of propaganda, what is stigmatised is sometimes the anarchy of capitalist production <sup>7</sup> and its inevitable and terrible crises of overproduction and sometimes the transformation of countries “under the domination of financial capital, in an enormous combined trust at the head of which the banks are and whose board of directors is the power of the bourgeois State”.

This last image seems to prevail thereafter, with the considerations on imperialism: “the policy of conquest which financial capital pursues in the struggle for markets, for the sources of raw materials, and for places in which capital can be invested is known as imperialism. Imperialism is born from financial capital”, as Bukharin summarises it. In accordance with this presupposition, the author takes competition away from its national dimension and reaffirms it in its most simplistic and extreme version in the world arena. “In individual countries the effect of the sway of financial capital is, in a certain measure, to put an end to the anarchy of capitalist production. The various producers, who have hitherto been fighting one another, now join forces in a State capitalist trust”, he says and goes on with “All the fiercer grows the struggle between the various State capitalist trusts”.

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<sup>5</sup> The centralisation of capital is useful for the accumulation of capital up to a certain point. When it is done by decree, without passing the rigorous examination of the market, it largely contributes to blocking the system of selection of individual capital, as was the case in the old “people’s democracies”.

<sup>6</sup> “the movement of concentration thus distributes itself not only on so many points of accumulation, but the fragmentation of social capital into a multitude of capitals independent of each other is consolidated precisely because each individual capital functions as a relative centre of concentration” (Marx, *Idem*). In France, today, 96% of companies recorded between 0 and 19 paid staff. Only 0.2% of French companies paid more than 250 people. Those which have between 20 and 249 employees represent 3.8% of the total. Respectively, very small companies (TPE), small and medium-sized undertakings (SME) and the large companies (GE) make up 37%, 27% and 36% of the workers having a job (except for the public sector). GE account for 47% of added value, the TPE 28% and SME 25%. In the United States, 97.46% of companies have between 0 and 19 employees, 2.53% between 20 and 499 and 0.1% those with more than 500 workers.

<sup>7</sup> “it is only in respect of the number of competitors that competition can be said to diminish as capitalism develops; in other respects it grows continually fiercer and more destructive”, we can read in the ABC.

But what is the goal of this fight between strong capitalist nations? The plundering of the wealth of the small countries, according to the author: “the lesser States were ruined while the large robber States grew richer, larger, and more powerful”. But, if we consider the long historical trajectory of the assertion of the dictatorship of the capital over the whole world, plundering and rapine are identified as demonstrations of a still insufficient development of capitalism and its world markets.

Systematic plundering has given way for a long time, on the world market, to the simple multiplication of unequal exchanges, based on well established hierarchies—though unceasingly called into question by the competing movement of capital—between countries, branches of industry and companies belonging to the same industry. These hierarchies are formed in their turn on the basis of differentials of productivity. Schematically, the more productive countries, sectors and individual capitals will have the last word as regards superprofits.

Generally, in normal times, they do not need to call upon armed force or explicit constraint. The historically dominant tendency is thus certainly that of the progressive and “peaceful” integration of the local, national, regional markets. In these “normal” times for business, military expenditure does not increase “strongly”. In constant dollars, they dropped by 4% on a world scale between 1988 and 2005 (cf. the site of the SIPRI, a research organisation not linked with the military lobbies).

North American military expenditure increased by only 4% in 17 years. On the other hand, they increased by 91% in Southeast Asia, because of the accelerated rearmament of China and Japan in particular. In the event that a new world war breaks out, it is virtually certain that the China Sea will be both the theatre and the principal economic stake. The military experts estimate that the states of the area—China and Japan above all—will be ready for an offensive war in approximately ten years. Up until now, the permanent commercial war has been more than enough...

The unequal exchange has nothing to do with the market prices of commodities. It concerns the national differential in productivity. The country which has a more productive industrial apparatus manufactures commodities at a lower production cost. It can thus sell them at a market price lower than that of equivalent commodities produced in lower conditions of productivity. The more productive country can, in certain cases, also extract a super-profit when the country of destination of its commodities is completely dependent on its deliveries. But, within the framework of a more and more integrated world market, these super-profits tend to become rarer. In the end, the principal reproach which we can make with the eyes of today to the ABC lies in the systematisations which the author would like to be definitive. **On the contrary, all of them result from unjustified extrapolations of the colonial adventure which reached its end and from the world war which had just finished.** The division of the world becomes thus an end in itself for the malevolent powers, whose relative strength increases in relation to the geographical extent of their domination.

**Did you say imperialism? The reality of the international division of labour yesterday and today. Social labour productivity at the heart of the working class question.**

If we take this ideology literally, the highest point of imperialism was reached by the British Empire at its *apogee*. In 1880, the United Kingdom was the origin of 40% of total world exports of commodities. Ten years later, its commercial fleet's tonnage exceeded that of all the other competing fleets. Even in 1921, while the new capitalist dominant power, the United States, flexed its muscles, the Empire counted 458 million subjects, roughly a quarter of the world population of the time. A quarter of the Earth belonged to

it.

Today, however much the *alterglobalists*, blinded and saddened by the collapse of the Stalinist Empire, complain about American absolute power, the United States sits on a territory which represents 6.5% of the Earth's surface <sup>8</sup> and their population reaches with difficulty 5% of the inhabitants of the planet. Of course it's true that their currency dominates the world as the pound did formerly, and its military expenditure is equal to 40-45% of the expenditure on armaments and troops of the 189 states of the world. However, their share in the world GDP is only about 20 to 25% of the total. The share of American exports in world trade is only 12% whereas the 15 European countries which have belonged to the European Union since 1995, reach 15.5%.

But the most astonishing data concerns the export of capital, a characteristic considered to be essential to the conception of imperialism according to the Third International. "In every land of advanced capitalist development there is therefore continually expanding a mass of superfluous capital which returns less profit than in comparatively backward countries. The larger the accumulation of superfluous capital in any country, the more vigorous are the endeavours to export capital, to invest it abroad", we may read in the ABC. The opposite counterpart of capital export for Bukharin would be the implementation of a vigorous policy of customs duties in order to protect against invested capital with profitabilities lower than in the "backward" countries.

Once again, confronted with the facts, nothing of this has any value as a basic tendency of capitalism. It is the exact opposite of what the ABC describes which actually happened. Customs duties are rolled back everywhere in the world. One after the other, countries surrender to the world market. The World Trade Organization became a universally recognised base where the reductions of tariff barriers are negotiated. China, Russia and its satellite countries, India... areas which contain more than half of the world's population break into international trade and become more and more solvent domestic markets for commodities imported from elsewhere. The process of reunification of the world market accelerated with the rout of the Russian Empire. The Chinese despots were obliged to open their borders to capital and commodities under penalty of following the USSR into the abyss, or, worse, to be hit by a proletarian revolution of a new dimension and intensity. *Mutatis mutandis*, India followed the same course.

During this time, the United States and its former more hardened competitors, the main European countries, and Japan, never ceased to confront each other on the international commodity and capital markets. World competition did not attenuate. It took over all areas and intensified in each country. Flows of commodity and capital export became true large unchained rivers. The principal world power was not saved.

Far from imposing their commodities on the world, with due respect to the opponents of McDonald's and Coca Cola, the United States got on board the "globalisation train" a bit late. Up to a certain point, their domestic market was enough for them. The 40 French groups of the CAC stock index make approximately two thirds of their sales outside France. The 500 American companies with the widest stock exchange capitalisation achieve only 40% of their sales turnover abroad. Even more incomprehensible for the ideologists of the Third International, the United States was, already at their time, on the way to becoming by far the most powerful capital magnet in the world <sup>9</sup>.

<sup>8</sup> Since 1893, the United States has occupied 19 territories, of which only seven correspond to states of a decent size: The Philippines (1898); West Germany and Japan (1945); South Korea (1950); South-Vietnam (1965); Afghanistan (2002) and Iraq (2003). American troops dominated the Philippines for 48 years, West Germany for 10 years, Japan for 7 years, South Korea for 53 years, South Vietnam for 7 years and are still have a starring role in Afghanistan and Iraq.

<sup>9</sup> Things were very different for the British Empire. This built its power on increasing exports of capital.

This capacity of the United States to attract capital is even truer today. In the last four years, this country absorbed 85% of world flows of capital. An average of more than 500 billion dollars per year helped the USA to finance its federal budget. Asia and Europe were its principal backers, followed by Russia and the Middle East. Since 1999, the countries known as “emergent”–peripheral capitalist countries with a strong growth rate–were net exporters of capital towards the mature capitalist countries, and this was because of the vertiginous rise of the reserves of exchange of their central banks made out in strong currencies. The clearest example: the exchange reserves of the Chinese central bank reached 1000 billion dollars, including more than 70% in financial products issued in dollars. In 2005, the United States received capital from abroad of more than 1000 billion dollars. In parallel, they exported less than 500 billion <sup>10</sup>.

This is hardly the symptom of an unproductive period for the American giant. It is indeed a heavy tendency which, for all that, does not mean that we are witnessing the decline of the United States. On the contrary, the growing influx of capital rather indicates the enormous productive force available to American capital. Capital goes where the guarantees of output and permanence of investment are largest. Between the cyclical crisis of 2001 completed in the first quarter of 2002 and the end of 2006, the 500 principal American companies whose shares are quoted in Wall Street finished 16 quarters out of 19 with two-digit growth rates for their combined quarterly profits. The profitability of American companies is among the highest in the world, thanks to a strong average rate of exploitation.

The labour productivity of the American workers can only make competitor countries envious. It is at the same time the expression of a very important technical composition of capital **and** of a relatively low cost workforce. The security of its markets is significantly greater than that of all the other money markets. The fact that the dollar is the largely dominant international currency gives it particular qualities as a means of payment on the world market. These odd bits of data lead us far from the ABC but bring us closer to the categories of Marx. The extortion of surplus-value, alpha and omega of the capitalist mode of production, is larger where the concentration and the intensity of the capital are most advanced. The heart of the reproduction of the world market is not in the countries plundered by the great powers, but in the factories, the supermarkets and the offices of the mature capitalist countries. In the modern world, the absolute weapon of domination resides in the productive relation between the collective worker and the automatic system of the machines. The worker is more than ever at the heart of the dominant mode of production. Its collective productive power is reinforced with the accumulation of capital and the growth of its technical composition.

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Between 1870 and 1914, the net investments from London to abroad were the equivalent of from 4 to 5% of its GDP at the time. A peak was reached during the First World War, with 9%. The bulk of these investments were devoted to the construction of commercial infrastructures, such as warehouses, railroads, ports, telegraph lines etc. Marx allots to British imperial colonialism a progressive role, a historical mission, especially in India. “England must achieve in India a double mission, destructive and creative: the destruction of the old Asian social order and the creation of the material bases for a Western order in Asia” (Karl Marx; New York Platform of August 8, 1853). This mission was fulfilled only partially. Today, India is a large country where the “Western” mode of capitalistic production dominates without division, but where survivals of Asian despotism and feudalism still exist.

<sup>10</sup> Even when the United States was an absolute exporter of capital, after the Second World War, to Japan and 16 European countries, the share of the loans was very small. Of the 11.8 billion dollars authorised to Europe within the framework of the Marshall plan, only 1.5 billion was in the form of credit. Does the Marshall plan thus express philanthropy? Not at all. It corresponds to the clear-sighted will of the American dominant classes to quickly reconstitute the conditions for a world market and a friendly camp.



**The state as an employer, “social” state and gendarme state. The integration of workers reformism into the state.**

The capacity of the collective worker to generate capital makes it possible for the dominant classes to develop contra-cyclical unproductive expenditure and to improve and widen the functions of the bourgeois State. The State is not any more (if it ever were) simply carrying out the will of the owners, “merely an instrument for oppression and repression of the working class”. It becomes an owner itself, sometimes in competition with the private individual capital of its country. With due respect to the left and extreme-left champions of the public utilities, the State as an employer is no better than a private owner.

An example of generally accepted ideas? The electricity sector is often quoted as an example to show that the private sector does not invest. In Germany, the two large producers of energy of this type have been private for a long time (E.ON and RWE). Extending their activities in the Central European countries, they are financing the modernisation of the local grids with colossal investments (and, of course, consequent profitability). In the United States, in spite of the repeated breakdowns in California, the private electrical supply networks do not oblige people to use candles for lighting.

Finally, for telcos the breaking wave of mobile telephones and internet connections has forced them to reorientate large expenditure towards satellites and optical fibre. Here also, enormous investments were agreed by private companies. Private companies which did not fail to be extorted of several tens of billions of dollars by the European states when it was a matter of distributing concessions for 3G... The state is neither guaranteeing useful expenditure nor securing the effectiveness of invested capital. Far from it.

The state also generates, while drawing largely from the immense wealth produced by living labour, the material bases of the integration of working class reformism. Old independent defence organizations of the exploited class (trade unions, workers’ mutual societies, co-operatives, etc.) are in charge of managing many parts of the official administration. They participate in the mechanisms of political power. Reformism loses its initial quality of the proletariat’s autonomous expression to become state reformism. Its transformation is not the consequence of some kind of corruption of the labour aristocracy by the redistribution of the crumbs of the colonial adventure, a thesis defended vigorously by supporters of the Third International and, therefore, by Bukharin: “‘Their own’ bourgeoisie managed to interest in colonial policy a section of the working class, and chiefly the stratum of skilled workers”. And again: “the aristocracy of labour (the printers, for instance) and the old leaders, continued to play a traitor’s game”.

The working class remains the same, even if its living conditions have historically clearly improved. It has not changed since the time of Marx because the direct relationships of production always see it in the same subordinate role. The proletarians of the most developed capitalist countries have an essential role to play in the revolutionary process. On the other hand, as the founder of modern communist theory considered, now the rise of the rate of exploitation and the rise of real and nominal wages of the workers can advance together for long periods. In this way, the twentieth century was very profitable for capitalism. The proletariat, on the contrary, missed several important occasions to launch a world revolutionary process. The undeniable fact that people, including the workers, live better is positive on the human level but doesn’t matter much if you look at it from the point of view of the revolution.

Bukharin, on the contrary, believes he can glimpse in the events of his time, and describes in the ABC, the beginning of the “bankruptcy” of capitalism and “treacherous”

social democracy <sup>11</sup>, growing unemployment, of the increasingly tormented and famished proletarians <sup>12</sup>, as well as the distressed middle classes. What's more, the middle class is treated as a block, without the least distinction between the new armies of paid professional workers, in particular technicians and engineers at the heart of mechanised large-scale industry, and the former battalions of small-holders and craftsmen pushed aside and marginalised by a more modern mode of production.

The same goes for war, conceived, wrongly, as the ultimate proof of the catastrophe towards which capitalism leads: "We are thus confronted by two alternatives, and two only. There must either be complete disintegration, hell broth, further brutalization and disorder, absolute chaos, or else communism". Bukharin does not perceive in the wars one of the most effective means for capital to start accumulation again. War is one of the most common contra-cyclical instruments... on the condition of winning it or of profiting from massive investments by the winners, of course.

It is not war in itself which is a survival solution for the system, but its preparation. The war effort which precedes the wars, the take-off of military expenditure and the militarisation of society are undoubtedly a formidable instrument for revival of the accumulation of capital and the destruction of the struggles of the proletariat. To make war and to be likely to win it, it is necessary that the factories run at full speed and that the workers agree to be slaughtered.

### **Bankruptcy of the analysis of capitalism made by the Third International.**

All things considered, the work of Bukharin is a clear testimony to the theoretical bankruptcy of the Third International, a bankruptcy which is accompanied by the triumph of social democracy's ideology of integration. A bankruptcy which communist thought has not yet recovered from. The typical example is the opposition "socialism or barbarism" ceaselessly put forward by the parties of the Third International and harped by its epigones. Today this is hardly convincing. Socialism or barbarism are not inescapable. Necessary to the development of mankind, the first is written in the field of possibility. The second is less probable than the continuation and the deepening of the domination of the capital.

The thesis of the triumph of the Second International and the bankruptcy of the Third is based upon the presupposition that these two bodies of the world proletariat, before their change of camp, were quite different on several decisive ideological points. The Second International had a dialectical theory far richer than the following one but more backward compared to the preceding International. The political positions and the basic reflections on democracy, the transition or the trajectory of capital of Bernstein, Kautsky and Engels, the three heavy weights of the Second International, were extremely differentiated and often opposed. Far too often, the "ultra-leftists" liquidated these contradictions and this great theoretical wealth by assimilating them to each other in a caricatural way. Only a return to Marx, his categories, "the study of the life such as it is", without forgetting

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<sup>11</sup> "The chief cause of the break-up of the Second International was to be found in the fact that the colonial policy and the monopolist position of the great state capitalist trusts had attached the workers and especially the 'upper strata' of the working class to the imperialist bourgeois state". (ABC of Communism)

<sup>12</sup> Contrary to the apocalyptic predictions of the Third International, the situation of proletarians, the oppressed, and, in general, the whole of humanity, clearly improved under capitalism. A final "and undeniable proof"? The average life span of a human being went from 37 years in Western Europe at the end of the nineteenth century to 66 years today. Two centuries ago, human beings lived on average 25 years. The world rate of mortality for children of less than one year went from 198 per 1000 births in 1960 to 83 per 1000 in 2001. Life expectancy increases even in spite of wars, famines, drought etc. But all is not beautiful in the world of capital, as we know... For proof of the relevance of this indicator, in Russia life expectancy regressed by 10 years between 1985 and 1991.

to wield the methodological weapon of doubt, will be able to give again to communist thought the sparkle of its origins. But that's another story...

### **Transition to capitalism. Transition to Communism. Discriminating elements.**

Is it necessary to throw the ABC out of the window then? Certainly not for the part which remains, by far, the most interesting section of the work, the one which refers to the communist society and the transitional period towards it. This part is the direct product of the reflection carried out "live", in a very chaotic context of the stammerings of the dictatorship of the proletariat in Russia, by the Bolshevik camp. The end of commodities and money circulation is clearly evoked here. They reiterate the need for a general plan of production and, initially, distribution of goods. Going beyond the dimension of the company towards the constitution of a "vast people's workshop, which will embrace the entire national economy of production" is recommended. It is asserted that communist society is a "broad culture" for "all men".

Clearly, the ABC fits fully in the long historical process of theoretical development of the transition from capitalism to communist society and, through that, to communism as a completed classless society. Unfortunately, in several aspects, the attempt at systematisation is spoilt by the errors of analysis underlined in this critical reading. The transition is primarily an affair of distribution, of levelling the distribution of the social product. Indeed they recommend the throttling of the commodity because the circulation of the products is prohibited: "These products are not exchanged one for another, they are neither bought nor sold". Money as capital is declared useless: "No need for money". But serious insufficiencies remain as to the fundamental transformations of the mode of production which will absolutely have to be achieved.

In the ABC, one finds no trace of a radical criticism of the work process, technology and science as they are moulded by capitalism. The gathering together of all the energies and means of production of society seems to be enough. The objective appears excessively narrow: collective organisation counters the anarchy of production. A plan and work for all against waste and social parasitism. But exploitation is a social relationship deeper than that. It is rooted in the productive relation of the collective worker to the system of machines generated under capital. A relation which founds and deepens the division between those who know and those who do, between the work of design, rich intellectual work, and mechanised work, impoverished by the repetition of fragmented acts.

The immoderate cult of organisation goes as far as electing "various offices of accountancy and offices of statistics" to the "central management" of social production. "There, from day to day, an account will be kept of production and all its needs; there also it will be decided whither workers must be sent, whence they must be taken, and how much work there is to be done", wrote Bukharin. These new engineering and design departments are incredibly similar to those instituted by large-scale mechanised capitalist industry. Certain aspects of Bolshevik planning do not prefigure the supersession of capitalism. They are rather a simple reproduction of *its* methods, in particular those implemented by Germany during the First World War. The workers, their revolutionary organisations, find themselves once again dispossessed of the collective capacity to define what it is necessary to produce, in which quantities, how and with which organisation of production. Driven out of the door by the proletarian insurrection, the State, in its essence of separate administration of society, comes back again through the window of the engineering and design departments.

There is not a word either about the radically different nature of the process of selection of needs under the domination of capital and in the communist society. Capital

*creates* them only if they conform and contribute to reinforcing the despotism of value. For the ideologists of capital, any need is by definition individual and absolutely must end up in commercial exchange. When the world is freed from classes, the concept of need will be turned upside down. From the outset needs will be understood as coming out of the purely human collective. Individual requirements will not disappear, because human beings are different, but they will be included and their satisfaction assumed as so many expressions of the common will of people advancing together.

This is why, in the beginning, the hierarchisation of needs is essential for the revolution in the form of a plan which answers the absolute requirement to destroy capital and its social relations. A plan which, so as to break with the past and the present of capitalist planning, can be born only on condition that the conscious proletariat seizes it through its revolutionary organisations. The communist revolution is not a rationalisation of the current system. On the contrary it is its death warrant. From this point of view, the heritage of social democratic thought and the growing ideological influence of large-scale capitalist industry weigh heavily on the ABC. Certainly too heavily for us, nearly 90 years after its writing, after the theoretical and practical bankruptcy of the ideas which inspire it, and, finally, after so many more decades of the world dictatorship of capital.

**Words for the new beginning.**

From everything that's been said here we must not conclude that the system is indestructible. The proof is the many attempted workers' revolutions, successful then defeated. However, capitalism will probably not die peacefully in its bed from old age. It has shown that it is able to go forward on its own bases. It still demonstrates an extraordinary vitality today. It would be dangerous for revolutionaries to not recognise this. To underestimate the adversary is immensely more dangerous than doing the opposite.

Brussels-Paris, May 17th, 2007

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