INTERNATIONALIST PERSPECTIVE

The roots of capitalist crisis: Part 3: From decline to collapse

Value, Decadence and Technology: 12 Theses

Review: *Night and Fog of Revisionism*

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CONTENTS

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EDITORIAL

This issue of *Internationalist Perspective* brings together the two fundamental questions at stake in the present historical conjuncture: first, the understanding of the functioning of the world economic system, and the mortal contradictions to which it is prey; second, the development of social conflicts. It is not an accident that these two questions are brought together in our publication, because they constitute the concretization of the opposition between the two basic classes in society, and demonstrate the antagonistic character of the relations between them. The link between these two questions is also a reflection of how the class consciousness of the proletariat develops in relationship to the deepening of the world economic crisis. Our editorial, therefore, will focus on one of these questions: the continuation of social conflicts and their general significance.

In issue number 29, we had already emphasized the importance of the social movements which were unfolding throughout the world, but most particularly in Europe. We could discern general tendencies which were expressed in these diverse movements, and we spoke at that time about the opening of a "new period" for the class struggle. By 1995, we had asserted that the working class had again embarked on the path of class struggle, breaking with the long period of decline of such struggles. The working class, disoriented by the defeats of prior waves of struggle, isolated by factory or sector, had not been able to defend itself against the attacks directed at their conditions of life and labor. Those reactions that did occur were indicative of an incapacity on the part of the proletariat to meet the challenge, and allowed the international ruling class to bask in a period of social calm. That situation appeared to confirm the theses of the ideologues who claimed that there was a definitive disappearance of classes and their mutual antagonisms; claims which eliminated the very notion of a proletariat, replacing it with the vision of a classless society united behind the defense of a triumphant "democratic" capitalism. Communism was no longer seen as the perspective of a society in the service of the needs of humanity, but simply as a term to describe the state capitalist regimes which had ruled Russia and the Eastern bloc. On the bases of such a perspective, the workers had only a single choice: accept the reality of the economic crisis of capitalism, with its "law" of factory closures, restructurations, and unemployment, as chronic elements of the functioning of society.

The social conflicts which have broken out, starting in 1994, have, therefore, shattered this logic of submission by the workers to the perspectives offered by their exploiters. They mark a profound break with the pure and simple acceptance of the logic of capital, and thus contain the possibility of an awakening of class consciousness. Such an awakening of class consciousness, however, is not a given, but rather a process initiated by the activity of humans. And if class consciousness does not cease to exist, and makes its way in a subterranean fashion between moments of open class struggle, it is nonetheless in those very struggles that it affirms itself and develops. Besides the renewal of class struggle, we must also insist upon the numerous questions which it has posed for the very functioning of society both on the economic and on the social planes. As an echo of such questions, the idea that the perspectives of the ruling class and those of the exploited classes are completely divergent has also resurfaced. It is only through the understanding of the antagonistic character of the fundamental interests of these two classes that the consciousness of a single proletarian class can be forged.

As an example, we can turn to the very center of Europe, where in one small country all of these experiences and questions have been manifest. Belgium has been jolted by strikes and upheavals which have gone beyond sectoral and national divisions, as well as the simple defense of one's job. A series of factory closures, as well as the multiplication of "political scandals" (culminating in the exposure of an organized network of pedophiles and murderers protected by the ruling class) has begun to reveal the true nature of a system, completely corrupted, concerned only with its own self-perpetuation, and which -- in the service of its own needs -- transforms the human being into a commodity that one utilizes and then throws away. In particular, the closure of the Renault plant at Vilvorde constitutes a caricature of the objectives of capital. Here was a highly productive plant, a model of working class submission to the needs of capital (inasmuch as the workers had accepted flexible work schedules resulting in their spending nine hours on the line), sacrificed to the profit interests of the Renault group as a global entity. Other examples are provided in the south of Belgium, plants have been closed from one day to the next in order to see their production picked up by other countries judged more ripe for capitalist exploitation.

The result has been the multiplication of strikes, marches for jobs, etc., in which the solidarity goes beyond the straitjacket of political frontiers, all inscribed in the long road that leads to the understanding of the social relations operating in capitalism as a global system. What is at issue in all of these strikes and demonstrations is the question of perspectives: what perspectives can this society offer us; what future can it provide for its youth? These are the questions raised today in Belgium, as they were raised in the strike movements which raged in France in December 1995 - January 1996. Similarly, the so-called "white march" in Brussels which brought together 200,000 persons, and which had been preceded by reactions in several working class sectors, bore witness -- in however confused a manner -- to the popular discontent and disgust over the reality of the functioning of the bourgeois judicial apparatus in the face of the involvement of officials of the key political parties in the protection of those engaged in pedophilia, kidnapping, and murder.

These reactions are crucial, but they have not yet led to the elaboration of new perspectives for the working class. The workers, despite the real combativity which they have demonstrated, as well as their will to transcend sectorial issues, have not yet succeeded in transforming that potential into an dynamic which puts in question the global functioning of the capitalist economic system. The struggles remain under the control of the unions, which have succeeded in preventing their generalization. the same is true for the white march which, if it demonstrated the popular indignation and contempt for the bourgeois judicial and political apparatus, still permitted the bourgeoisie to contain this protest within the democratic framework of a state apparatus which simply required modernizing and cleansing.

If the Belgian spring was a moment for the cristalization of these different questions, struggles have now affected dozens of countries around the globe. And if that simultaneity is certainly not -- yet -- the result of a conscious dynamic, it does constitute a refusal to accept the violent and incessant attacks perpetrated by a capitalist class increasingly faced by the contradictions of its own economic system.

Today, it appears more and more clearly that the deepening of the economic crisis is the decisive factor in shaping the existence of the two basic classes in society. The ruling class bears the effects of the convulsions of its economic system, and adopts the measures necessary to preserve and defend its position: the exploitation of the workers of the Third World, the closure of -- even productive -- factories in the industrial metropoles, ruthless cutting of social security, welfare, education, widespread ecological destruction; all leading to insecurity, pauperization, and generalized barbarism. The exploited class seeks to live, and, therefore, not be continually threatened by unemployment, insecurity, reductions in its standard of living, and the general degradation of the social and physical environment. There are two directions, two opposite roads, which are opened up by every social conflict. In any economic demand put forward by the workers, the potential exists for a development of the consciousness that the global capitalist economic system is at odds with the needs, and the very existence, of humanity. The perspectives which are posed, even in a confused fashion, today, contain the historic possibility of creating a society which is based on the satisfaction of human needs.

No system is eternal! Contrary to what the dominant ideology claims, capitalism has not always existed, nor will it always exist. It corresponds to a phase in the development of the forces of production, and almost from the beginning of this century it has suffered ever deeper economic crises pointing towards the perspective of its replacement by another system. It has left us, today, with a level of development of the productive forces which for the first time in history can permit us to eliminate scarcity. It is the exploited class which, through the experience accumulated in moments of strikes and revolts, can concretize the perspective of the creation of a communist society; not another form of capitalist exploitation, as was the state capitalism of Russia, falsely designated by the bourgoisie as "communism," but the communism prefigured by Marx, that of a classless society, from which exploitation had been eliminated. The progressive clarification of the possibilities and the stakes contained within its struggles will lead the exploited, and the working class in particular, to sharpen its political goals. We know that the road is still very long, filled with the danger of recuperation by the dominant ideology and the capitalist class. However, the small steps taken today bear the imprint of the long process of the development of class consciousness, and the passage from a class-in-itself to a class-for-itself.

Rose
April 1997

THE ROOTS OF THE CAPITALIST CRISIS

Why the collapse of the world economy is inevitable

Part Three

From decline to collapse

THE PARADOX OF CAPITALIST DEVELOPMENT

"The real barrier of capitalist production is capital itself", Marx emphasized (1). Its fundamental operating principle, which made its vertiginous development and productiveness possible, becomes, as a result of this same development, an insurmountable obstacle to it, which condemns it to economic collapse (2). That fundamental principle is the law of value, the measurement of material wealth in abstract labor time. This law existed before capitalism, wherever independent producers began to trade the products of their labor, because it was the only possible one. How else could the farmer, the miller and the baker compare the value of their products? Only by comparing the average labor time that went into their making, could commodities be traded. Wherever a free market appeared, the law of value ruled (3).

Capitalism transformed everything into a market and thereby extended the rule of the law of value over all economic activity and, eventually, over every aspect of society, every human relation. Integrating labor power into the realm of the commodity is what made capitalism capitalism. "Its special and essential product" as the *Communist Manifesto* puts it, is the proletarian, dependent on the sale of his labor power to survive. Like the value of every commodity, the value of his labor power is determined by the labor time needed to produce it. What makes it such a splendid commodity is that the labor time needed to maintain him as a producer, is lower than the labor time he performs. "Freed" from their land and feudal obligations, the proletarians could be hired and integrated in a production process, which through its social, collective nature enormously increased their productivity and thus also the difference between the labor time they performed and the labor time needed to produce their necessities. The more proletarians were hired, the longer they were made to work and the lower the value of their formation and maintenance, the more unpaid labor time was pooled and the more surplus value was created. Employment, productivity and profit grew hand in hand. The more proletarians were allowed in by the development of the productive forces, the more productivity and value creation increased. They therefore seemed synonymous. The more material wealth, the more profit. There was a balance between the creation of exchange value and of use values, which shows the law of value was in harmony with the productive forces of that period, the ascendancy of capitalism.

Never was there a mode of production that made a more fertile soil for the development of science and technology. Every capitalist not only has a strong incentive to introduce technological innovations, he is also forced to adopt them, and thus to create an insatiable demand for them. They allow him to produce more (and better) commodities in less labor time. Commodities made in less labor time contain less value than the average, but it's this average which determines the market-value and -price. So the capitalist with the better, more efficient technology not only produces more use values, he also obtains more exchange value, because he sells his commodities at the market value, that is, above the value they contain, and pockets the difference, a surplus-profit. This surplus-profit is not created out of thin air. Like all profit, it is surplus value. But in this case, the capitalist with the competitive advantage obtains surplus value extracted by other capitalists. If he produces commodities with less value than the market-value, then others produce commodities with more value than the market-value, since competition drives the market-price towards the average. Those who produce above the market-value therefore see their profits shrink. Furthermore, the capitalist with the technological edge (with the higher organic composition of capital) needs a larger market, since his production has expanded. His exchange value is embodied in more commodities, each containing less value. So by selling them at their value, he realizes his normal profit, and undersells his competitors, conquering their market-share. If he wouldn't be able to expand his market sufficiently, he couldn't recuperate the value of those commodities that remain unsold, but he still would obtain compensation from selling the rest above their value. But to the degree that the market-value approaches the value of the production of the technologically advanced, the latter lose their competitive advantage, and hence their surplus-profits. These surplus profits are only other capitalist's losses, anyway. So these others have no choice but to join the technological rat-race. It's do or die. Either you stay close to the market-value or you're out. So every capitalist is forced to raise the productivity of his capital through technological change, and thereby make use values grow at an ever more rapid pace than exchange value. The same technological development which makes the production of use values grow ever faster, makes the creation of exchange value grow ever slower. Since it reduces the labor power used in production, it also reduces the unpaid part of that labor power, even though the unpaid part grows in relation to the paid part. Since the growth of the exchange value consists entirely of this unpaid part, the surplus value, it is bound to grow ever slower, to the degree production becomes more technologically intensive. The contradictory effect of technological development on the growth rate of use values and exchange value creates a gap, which grows ever wider. And with it, grows a conflict between the very nature of the productive process, and the law of value which rules it. The nature of the production process changed over the course of capitalist development. As Marx foresaw:

> "The creation of real wealth comes to depend less on labor time and on the amount of labor employed, than on the power of the agencies set in motion during labor time, whose 'powerful effectiveness' is itself in turn out of all proportion to the direct labor time spent on their production, but depends rather on the general state of science and on the progress of technology (..)the human being comes to relate more as watchman and regulator to the production process itself(..)He steps to the side of the production process instead of being its chief actor. In this transformation, it is neither the direct labour time he himself performs, nor the time during which he works, but rather the appropriation of his own general productive power, his understanding of nature and his mastery over it by virtue of his presence as a social body -it is, in a word, the development of the social individual which appears as the great foundation-stone of production and of wealth." (4)

Material wealth is more and more the result of technology performing tasks that were done by human labor and tasks that humans never could perform. But capitalist wealth, exchange value, grows only through the creation and realization of surplus value. The law of value, forces capitalism to see all wealth as commodities, to measure all commodities in labor time, imprisoning surplus value in surplus labor, no more than a part of the total labor power, which continuously shrinks in relation to the technology it sets in motion. More surplus value can be squeezed out by intensifying the labor process and driving down wages, but "its barrier always remains the relation between the fractional part of the day which expresses necessary labor (for the reproduction of the worker -Sander) and the entire working day. It can only move within these boundaries." (5) So if the total decreases, than the part must too. The development of the production forces becomes such that the creation of real wealth results from a process of change in the production process by which labor power is subtracted. But the law of value (the basic rule of capitalism) keeps the creation of capitalist wealth dependent on a process in which labor power is added. This conflict, created by the transformation of the productive forces, changed capitalism from a progressive socio-economic order into a decaying one.(6)

In the first two parts of this text (see *IP* 30-31) we saw that this conflict rages in both phases of the capitalist reproduction process. In part one, we have seen how the transformation of the production process inevitably erodes the creation of surplus value. Since the accumulation of capital goes hand in hand with a rising organic composition of capital, the labor power used in production continuously declines in proportion to the technology it sets in motion, so that the unpaid part of that labor power, the surplus value and thus profit, declines also. We have seen that this decline of the profit-rate is neither offset by a rise in the total mass of profit nor by an apparent cheapening of the means of production. If we imagine the inherent trend in the transformation of the production process to be pushed to a theoretical extreme, its irreconciliability with the capitalist law of value becomes crystal clear. Let's say that technological innovation results in an economy in which everything is produced in abundance, without human labor. Machines and automata do everything, from extracting raw materials, reproducing and even improving themselves, to delivering the goods to consumer outlets. But these goods could no longer be commodities. Their value could not be compared, since they wouldn't contain any. On what basis could the sale of these goods realize a profit? Since the supply would be plentiful, nobody would have a competitive advantage. Since production would require no labor power, the value of the production could not be higher than the value of the means of production. So, no profit could be made. Since production for profit is the very basis of capitalism, it could no longer exist. However distant this theoretical extreme is from today's reality, it clearly shows that capitalism's tendency to produce more and more use values with less and less exchange value is at war with capitalism itself. In this war, the enemy of capital is the capitalist. Paradoxically, he is rewarded for getting capitalism in greater trouble. The more he technifies his production process, the more he obtains a competitive advantage which yields him a surplus profit. Yet simultaneously, he drives the general rate of profit down, diminishing the total yield of profit for capital.

Because competition rewards the capitalists with the higher organic composition (the most technified production methods) and punishes those with the lowest organic composition, the effect of the tendential fall of the profit-rate is very unequal. The former obtain an ever larger share of the (declining) total profit, the latter an ever smaller. For the former, the general decline of the profit-rate may seem non-existent, while the latter increasingly lose their capacity to compete, to valorize their capital. Every new technological push accelerates this unequal effect: the most developed capitals see their profits temporarily increase while the more backward capitals collapse and are excluded from the production process. The very cause of the decline of the profit-rate, the technification of production, appears then to be the exact opposite, the way to increase profits. Therefore, the more the apparent cure to the tendential fall of the profit-rate is applied, the worse the disease becomes over time.

But we also have seen that the same technification of production created powerful counter-tendencies to the fall of the rate of profit. It made it possible to exploit labor power more intensely and to continuously expand the reach of developed capitalism. Every phase of expansion of the world market gave developed capitalism access to new sources of extremely cheap labor power, yielding more surplus value and thus more profit. Furthermore, competition with extra-capitalist producers and lesser developed capitals gives developed capitalism an enormous advantage, yielding surplus-profits which counter-act the decline of its own rate of profit. With the globalisation of the world economy, made possible by the information-technology revolution and the removal of barriers to the mobility of capital in the wake of the collapse of the Eastern bloc, the expansion of capitalism may now well have entered its end-phase, in which its last reserves are opened but inevitably also exhausted. To the degree weaker capitals are eliminated from the global production process, surplus profits evaporate. To the degree the production process is further technified, the counter-acting effect of cheaper labor power and its more intense exploitation becomes more marginal.

Accumulation then becomes at the same time even more imperative and even more difficult. In order to hang on to their surplus profits, the strongest capitals must try even harder to increase their productivity, while more and more others find themselves unable to do so. The difference between the exchange value invested in the production process and the exchange value that results from the production process becomes ever smaller. The total pie of surplus value shrinks for capital as a whole and the strongest capitals get an ever larger share of it. Others fail to obtain the necessary capital to follow the pace of technological innovation and are wiped out. This process leads to an ever greater concentration of capital on the one hand, and the demobilization of productive forces, of workers and potential workers, on the other. Developed capitalism retrenches and globalizes at the same time. The gap between the strong and the weak, between the rich and the poor, becomes ever wider and the latter ever more numerous.

But if that were the only problem, capitalism could find consolation in the fact that exchange value never stops growing, even if this growth decelerates, and that the growth of use values continues to accelerate. The surplus value, and thus the mass of profit, shrinks, but that smaller amount of exchange value represents more use values, more material wealth. The variable capital, the value of the labor power, likewise decreases in exchange value, but because of the giant leaps in productivity, it too increases in use values. That's why the current crisis of capitalism, which is so much deeper than the one in the '30's, is often perceived as much milder. When Clinton said in his recent 'State of the Union'-speech that "the world was never more prosperous and peaceful than today", that was a cynical lie, but one that FDR wouldn't have dared to utter. Without understanding the contradictory courses of exchange value and use values, one can neither explain why capitalism is sinking in crisis, nor why its grip on society remains so strong, despite its terminal illness.

But the fall of the rate of surplus value creation in production is not the only obstacle resulting from the paradox of capitalist development. The contradiction between the productive forces and capital, between the accelerating growth of use values and the decelerating growth of exchange value, reappears in the second phase of the capitalist reproduction process, in which the value that results from the first phase, production, is realized on the market. For surplus value to become profit, for the produced commodities to become the productive capital required by the next cycle of production, the total mass of commodities must be exchanged, value for value. Because use values grow increasingly faster than exchange value, the mass of commodities that must be sold to realize the exchange value, must also grow ever faster. Yet at the same time, the rising composition of capital tends to reduce the number of productive consumers, whose consumption itself is limited by the decreasing exchange value of their labor power. Therefore, long before the extreme situation we imagined before comes into sight, the one in which the completion of the inherent tendencies of capitalist production lead to the disappearance of profit, the contradiction between the conditions of production and of consumption leads to the disappearance of the market, to a breakdown in the realization of exchange value.

As we saw in part two of this text, Marx was very clear on the fact that this contradiction creates an insurmountable obstacle to capitalism, but he never explained precisely how it interacts with the tendential fall of the profit-rate to cause a breakdown of the capitalist reproduction process. He planned to analyze this in a final volume of "Capital" but he died before he could do so. But given the frequency with which he insisted on the importance of the market-contradiction (from the *Communist Manifesto* to the third volume of *Capital*) it is quite astonishing that so many Marxists ignored it. Rosa Luxemburg at least recognized it and attempted to bring it in focus. She correctly emphasized that the market-problem can not be solved by unproductive consumption (7). The realisation-process must achieve the return of most of the value of a cycle of production into the next cycle of production, so that the reproduction process can go on. It is a process through which the exchange value created in production is transformed (through the mediation of money into productive capital) but remains exchange value, so every step in this process must be an exchange of value for value.

Unproductive consumption does not exchange value for value, it makes value disappear. It may be that production yields enough surplus value, and thus enough surplus product, to allow a vast expansion of unproductive consumption, to finance enormous bureaucracies, luxury-spending, military expenditures and so on. But the source of that spending is the surplus value that remains after the needs of capitalization of the production process are met. To make this spending possible, the bulk of the production (containing all the value of the constant capital and labor power used in production, plus the part of the surplus value that must be capitalized) must be productively consumed, become new means of production, so that the next cycle of production can proceed and create new surplus value, which in part can then again be consumed unproductively. How the part of the surplus value that is not capitalized is consumed, is fundamentally immaterial to the health of the capitalist reproduction process. Whether the commodities that contain it are pyramids, nuclear weapons, diamonds, vegetables thrown in the sea or given to soup kitchens, makes no difference. So, the contradiction between the growth rate of the commodities that must be productively consumed and the rate at which productive consumption can grow under capitalism, cannot be solved by the increase of unproductive consumption.

But Luxemburg pointed out that there is, outside the capitalist production process, a market of consumers that does not consume unproductively, but exchanges value for value: the extra-capitalist market. So, while the unproductive consumers are only a burden to the capitalist production process, the extra-capitalist market is beneficial to it. That is true, and in part 1 of this text we explained in some detail how capitalism profited from its extra-capitalist environment. But Luxemburg couldn't adequately analyze the role of this environment in capital's accumulation process because she didn't understand this process. In contrast to Marx, she saw the market-barrier not as a product of capitalism's development, but as one present from its inception. She reasoned that, just as the individual capitalist cannot use all his profit for his personal consumption if he wants to invest in the expansion of his production capacity, the total capital cannot consume all its surplus value if it must accumulate. Like the individual capitalist, it must sell part of its surplus value to an outside buyer, exchange it for other value, to turn it into profit. For the total capital, that outside buyer can only be the extra-capitalist market. Therefore, as long as there are sufficient extra-capitalist markets available, the accumulation of capital can proceed, and once they are gone, accumulation becomes impossible, surplus value can no longer be transformed into productive capital.

Reality has since long proven this theory false! The extra-capitalist markets have for many years become almost insignificant, yet accumulation continues. As we have seen in part 2, Luxemburg fell prey to the single greatest source of confusion in understanding capital: she assumed that, what is true for the individual capitalist, must be true for the total capital. The individual capitalist cannot accumulate without an outside buyer, but total capital can and does. The requirement for accumulation is not, as Luxemburg thought, that the capitalists abstain from consuming all the surplus value themselves, but that part of the surplus value is consumed productively.

The market-obstacle is not static, not permanent, not affecting just the part of the surplus value that must be capitalized but the entire capitalist reproduction. It is dynamic, interacting with the tendency of falling exchange value creation in production, and brought about by the growing contradiction which capitalist accumulation creates between its productive forces and the market for productive consumption. To understand how this contradiction leads to a breakdown, we must first examine how competition and the hunt for profit shape the capitalist market. Rosa Luxemburg never did this and that made her particularly vulnerable to her critics.

SHARING THE LOOT: MARKETS, PROFITS AND THE MOVEMENT OF CAPITAL

Because Luxemburg didn't analyse the circulation process from the standpoint of "many capitals", it escaped her how competition between them affects the way in which the realisation of value on the market occurs. She didn't take into account how the movement of capital, brought about by the tendential equalisation of the profit-rate, alters the proportionalities between the departments of production, and therefore also the disproportionalities. So when she stated that the rise of the organic composition, because it implies slower growth of demand for consumer goods than for means of production, must lead to overproduction in Department II (the production of consumer goods) and underaccumulation in Department I (the production of constant capital, i.e. raw materials, machinery, infrastructure) requiring the extra-capitalist market to realize an otherwise unsaleable excess of consumer goods, several of her critics responded, quite reasonably, that if such a situation occurs, prices of consumer goods drop, while those of the (scarce) producer goods rise. As a result, the capital invested in Department. II would yield a low or no profit, while that in Department. I would yield a very high profit. This would set in motion an exodus of capital from Department II to Department. I, until an approximate balance were restored. What occurs thus (as it does in reality) is a transfer of surplus value, produced in Department. II, to Department. I, caused by the competition between capitals. This movement of capital results in the tendential equalisation of the profit-rate, which plays a very crucial role, in the functioning of capitalism as well as in its breakdown.

Differences in profit-rates triggering movements of capital are not only caused by momentary over- or underproduction, but also by differences in production methods, which create differences in the costs of production and therefore in the difference between these costs and the market-value. In other words, the capitalist who produces the cheapest, makes most profit and will therefore attract most capital.

If commodities were sold at their individual values, the capitalist with the lowest organic composition would not only have the lowest productivity, but also the highest profit-rate (his product contains most labor power, so presumably most surplus value). But competition forges a single market value for his commodity, based on the average production costs (and thus average organic composition) of all producers in that market. Or, in common speech, the market-value is based "on what it costs, on average, to make such a thing." So only for the capitalist whose organic composition is average is the surplus value he extracted equal to his profit.

> "If the ordinary demand is satisfied by the supply of commodities of average value, hence a value midway between the two extremes, then the commodities whose individual value is below the market-value realise an extra surplus-value, or surplus-profit, while those whose individual value exceeds the market-value, are unable to realise a portion of the surplus-value contained in them." (8)

The penalties and rewards are the same as in the case of over- and underproduction: like the capitalist who underproduces or has a monopolistic market-position, the one with the higher organic composition realises a profit which is higher than the surplus value he has extracted, and like the capitalist who overproduces, the one with the lower organic composition cannot realise all the surplus value he squeezed out, and maybe not even all the value of the capital he invested either. Therefore, a capitalist whose organic composition is lower than the average in his sector, whose commodities have an individual value that exceeds the market-value, must catch up, bring his organic composition at least to the average level and if possible above it, or else perish. Both happen at the same time. Some competitors go under, others catch up with those with a higher composition. The result is that, after some period of time, the whole sector will tend towards the same organic composition (and hence, the same cost) and the same rate of profit.

Between different sectors, which are making different commodities and are thus not directly in competition, a similar process takes place nevertheless, but at a much slower pace. Originally, the rates of profits in various branches or production varied greatly, in the first place because of the differences in their organic composition. But competition spreads the equalisation-process of the profit-rate over the entire economy, because "commodities are not exchanged simply as commodities, but as products of capitals, which claim participation in the total amount of surplus-value, proportional to their magnitude." (9) Therefore, "capital withdraws from a sphere with a low rate of profit and invades others, which yield a higher profit. Through this incessant outflow and influx, or, briefly, through its distribution among the various spheres, which depends on how the rate of profit falls here and rises there, it creates such a ratio of supply and demand that the average profit in the various spheres of production becomes the same, and values are therefore, converted into prices of production." (10)

So costs of production (cost plus an average rate of profit), not value directly, are the basis on which commodities are exchanged. This does not mean that profit is anything but surplus value. Competition doesn't create any surplus value, it interferes only with the distribution of it. The total sum of all profits equals the total sum of surplus value. But competition divides this sum, not in proportion to the surplus-value produced in each sector, but in proportion to the mass of capital employed there, so that the same amount of capital yields the same amount of profit. In this way, every capital "shares equally in the loot", as Marx puts it succinctly, so that "so far as profits are concerned, the various capitalists are just so many stockholders in a stock company (...) so that each capitalist gets a "dividend" "according to his investment in social production as a whole, according to the number of his shares" (11), regardless where exactly his money is invested.

Because different sectors have different organic compositions, costs still vary greatly between them, but the general rate of profit does not. If a whole sector operates with a low organic composition, the capital there originally yields a high profit-rate. Naturally, this attracts other capitals, so the sector expands. But as soon as this process gathers momentum, the profit-rate begins to fall. The more capital flows into the sector, the more its organic composition rises, as every capital seeks to produce under the market-value, to obtain more profit. The higher its average organic composition, the more its average rate of profit falls. So the investment-stream to the sector continues to flow until its rate of profit equalises with the general rate, at which point capital has no longer a special incentive to flock to this sector. Or, what may occur sooner, depending on the elasticity of the demand, the sector overproduces, with the same consequence: the rate of profit falls, slowing down accumulation, eliminating weak competitors, until the profit-level stabilizes around the general average (12). That point may be reached long before the organic composition of the sector reaches the global average. So the equalisation of the rate of profit does not equalize the organic composition of different sectors. Every sector has the incentive to raise its organic composition, but its expansion is at the same time bound by the expansion-capacity of its market.

Obviously, the rate of profit can only equalise to the degree that capital can move around and compete freely. Therefore, the equalisation of the rate of profit is a historical process, spreading inwards (within sectors) and outwards (to the whole national economy and then to the world economy). In capitalism's early stages, the restrictions to the mobility of capital were formidable. But the more the development of capitalism progresses (in particular its transportation and communication technology), and the more market-restrictions and other political obstacles to the mobility of capital are removed under pressure of the strongest capitals, the more also the tendential equalisation of the profit-rate becomes a global law. But, just as the law of value may not be visible at the surface because commodities are rarely exchanged at their value, this law may appear an illusion because profit-rates rarely are exactly the same, since every capital seeks continuously to escape from the general, falling rate.

To summarize: since capital never stops searching for the highest rate of return, it never stops moving around. This constant flux consists of two contradictory tendencies: the tendency to forge a single, general rate of profit and the tendency to upset this general rate. The first is the result of a movement of capital away from production which yields a profit-rate below the average and towards production which yields a profit-rate above the average. Since overproduction implies the first and underproduction (or a monopolistic market-position) implies the second, the movement of capital tends to eliminate both and bring supply and demand in balance. But what if overproduction in one sector does not imply any underproduction in another? We will see later how such a situation arises and how it affects profit-rates.

To conclude on the equalisation of the profit-rate, it’s important to note that it is not something which happens automatically. It results from the reactions of financial capital to technological and other changes which affect the rate of profit, and is therefore "the belated effect of a series of fluctuations extending over very long periods, fluctuations which require much time before consolidating and equalising one another to bring about a change in the general rate of profit." (13) Before this consolidation has taken place, capitals producing under the most favorable conditions (usually, those with the highest organic composition), continue to reap a surplus-profit. But the greater the mobility of capital, the shorter the time in which the movement of capital makes this surplus-profit disappear and equalizes the rate of profit at a lower level than before, since the average organic composition has risen. This in turn forces every capital to be constantly on the look out for "new methods of production, new investments of capital, new adventures, all for the sake of a shred of extra profit which is independent of the general average and rises above it." (14)

This constant tendency of every capitalist to try to escape the general downward trend of the profit-rate by using technological innovations to produce the same commodities cheaper than his competitors, or to produce commodities that are different and better than those of his competitors and thus give him a monopolistic or semi-monopolistic market-position, constantly alters the shape of the capitalist market and thus the conditions under which the realisation of exchange-value must take place.

THE MARKET-CONTRADICTION IN FOCUS

It would appear then, that the market-contradiction is solved by the market itself, just as bourgeois economists like Say claimed all along. Imbalances between supply and demand, overproduction and occasional underproduction are unavoidable under capitalism, but the movements of competing capitals in search of the highest return continuously tend to correct them, punishing (moving away from) production that is in excess of what the market can absorb, and rewarding (moving towards) production that finds a growing market. For Paul Mattick, whose positions we discussed in Parts One and Two of this text, this effectively eliminates the market-problem as a fundamental cause of capitalist crisis, since the overall market continuously expands as a result of the accumulation of capital, and "the proportionality of the various branches of production (...) is achieved by the same processes that lead to the formation of the average rate of profit." (15) The development of the capitalist economy itself creates an unending demand for new constant capital, for productivity-raising technology. The demand for consumer goods can always grow too, because "the commodity-market is at the same time continually broadened by the introduction of ever newer kinds of use values (16)... The capitalists' consumption can increase enormously, the mass of the unproductive strata of society can grow, and even the workers can improve their situation thanks to the fall in the value of consumer goods." (17) And the right balance between the sectors of production is maintained by the fluctuations of capital between them.

It is a viewpoint all bourgeois economists would wholeheartedly agree with. For them too, the market-barrier is a phoney problem. As one of them, MIT-professor Lester Thurow recently wrote:

> "Marx's vision of capitalist overproduction did not take into account technological change and the uncrowded investment opportunities it creates. Cellular phones expanded the market for phones. The videocasette recorder became a household necessity but also expanded the market for movies. Mass tourism was born with the jet airplane, and along with it came the need for hotels, airports, and taxis in strange, previously isolated places. Electronic communications hardware has made culture and entertainment into one of the world's biggest industries." (18)

The claim that Marx's vision of overproduction ignored technological change (while in fact it is based upon it) only proves Thurow's ignorance. Marx understood very well that the "limits of consumption are extended by the exertions of the reproduction process itself." (19) But unlike Thurow's, Marx's method consisted in looking underneath the surface of the market at the underlying structural dynamic, at the cycle of value. For bourgeois economists - and for all those, "Marxists" included, who can't see the forest of total capital for the trees of capitalists - any demand, any market-transaction is as good as any other, provided that it realises a profit. If one's analytical framework is based, as it always is for bourgeois economists, on a fraction of the whole (a company, a country), one can measure the health of that part by adding up those profitable sales, regardless of what kind of consumption they result in. But for capital as a whole, the distinction between productive consumption and unproductive consumption is fundamental. Today, a huge part of the output of capitalist production is consumed unproductively. Its sale does not reintegrate it in the process of production, neither as instruments of production nor as necessary means of consumption for the producers. That in itself is not a symptom of crisis but of success, of capitalism's enormous productivity, of the growth of its surplus product. Indeed, the more productive a society becomes, the larger a part of its total output can be devoted to other purposes than recreating its necessary means of production. As we have seen earlier, for the overall health of total capital, for its survival and expansion, it's not fundamentally important in what the market of unproductive consumption consists. But it is important how large that market is.

If that market is too large, if it grows faster than the surplus product as a whole, a shortage of surplus value for capitalisation develops. Just as the individual capitalist who used too much of this profit for his personal enjoyment faces a shortage of investment-funds and bankruptcy, for the total capital, excessive unproductive consumption compounds the fall of the rate of profit and creates a spiral of contraction. But if that market is too small, that creates problems too, because the surplus product is not a neatly separated category of production. All commodities contain a fraction of the total production costs of society (constant capital and labor costs, or c + v) and a fraction of its surplus value (s). A lack of unproductive consumption would therefore affect all sectors of production.

By definition, unproductive consumption does not make any more surplus value available for accumulation. It cannot counteract the problem of the declining rate of profit. But economic growth is not only dependent on the availability of profit for productive investment, but also on the capacity of the market to follow the pace of productive expansion. In captialism, production grows not simply in response to rising demand, but because it's the nature of the beast : the rising organic compsition and productivity inevitably increase production, divides the value consumed and created in prodcution over more commoditiies, requiring the market to expand acordingly. Ideally, this requirement is fulfilled by the expansion of productive consumption, but to the degree that it can't, the growth of unproductive consumption limits the damage. As we've seen, in regard to the problem of availability of surplus value for accumulation, there is no difference between overproduction and unproductive consumption. But in regard to the need to maintain an incentive for production, and in regard to their cost for total capital they are different because unproductive consumption does, and overproduction does not, realise the surplus value extracted in production.

Suppose that the bulk of unproductive consumption were eliminated. If production for unproductive consumption were a nealy separate sector of production (as is the case, for the most part, for the arms industry) then the decrease of production costs for total capital would be equal to the to the total value of the production of that sector (C+V+S). Therefore, the market would shrink more than capital's production costs. But becaue production for unproductive consumption is not a separate sector of production (unproductive consumers consume for a large part the same kind of commodities as productive consumers) and because the constantly rising organic composition enlarges the scale of production automatically (whether there is a sufficient market for it or not), the elimination of unproductive consumption would not allow a cost reduction equal to the value of the C+V going into the production for that market since part of that C+V would still have to be used for production fro productive consumption. The effect of the market shrinkage would therefore be even greater.

Therefore, to avoid spiralling overproduction, the market of unproductive consumption must keep pace with the growth of the surplus product, with its exponential growth in use values. A drop or a lack of expansion of unproductive consumption can and did aggravate capitalist crisis. That is one of the reasons why such a large part of the surplus value that goes to unproductive consumption is distributed or consumed directly by the state. In today's developed capitalism, the state absorbs on average 40% of the national income. Through taxation, it takes its cut from the profits (S) and from the working class' wages (V). Part of this value is consumed productively. It becomes productive constant capital when the state invests it in infrastructure, or subsidizes the expansion of companies, etc. It becomes productive variable capital when the state subsidizes health care, education or other forms of social spending that help to form and maintain the working class. But a huge part of the value spent by the state is consumed unproductively. The labor and resources that are spent to maintain the humongous state-apparatus, the military sector, subsidies that go to unproductive strata of the population or that are used unproductively by the capitalist class, are all costs to the economy as a whole, for which it gets no value in return (20).

The state can therefore regulate the size of the unproductive consumption, stimulate it when it appears too small, and shrink it, through budget-cuts, tax-increases or other means, when it appears too large (and Keynesians and monetarists, each claiming to have discovered the Holy Grail, can discuss endlessly whether to swing to one side or the other). But the real problem is the market for productive consumption. That market must be found for the bulk of production, if capital as a whole is to continue to exist, in the proportions dictated by technological change. The state can, to some extent, regulate the market for productive consumption also. Through various means, it can stimulate or cool off the entire economy. But is fundamentally powerless against the growing contradiction between the nature of the production process and the law of value.

The market for productive consumption consists of the demand of all producers for the necessities of life, and the demand for all instruments and resources for production. The first is determined by two factors: the size of the working class and the content of what is socially understood as the necessities of life. As we have seen earlier, the development of the productive forces is driven by the thirst for profit, the search for extra-profit obtained by increasing productivity, reducing labor time in production. Consequently the size of the working class decreases relatively, and, eventually, when a phase of expansion has exhausted its potential, absolutely too. The value of the labor power is the value of the sum of commodities necessary for the working class to remain productive. It is defined by a given quantity of use values and thus becomes ever smaller in exchange value. Therefore, in exchange value, the market of productive consumption of the means of consumption continuously shrinks. An ever smaller part of the total value can be realised in this way.

It is true that the use values that make up the exchange value of labor power are not a fixed quantity. They grow too, because the living conditions change together with the production process. The more technologically-based society becomes, the more complex also the conditions for survival. Things like education, transportation, communication and even the spending of leisure-time become more complicated and important and increase the value of labor power. On the other hand, the enormous increase of productivity makes many essential products plentiful and very cheap. Marx probably underestimated those factors when he predicted, in his earlier work, an absolute pauperisation of the working class. Even in the midst of the current crisis, the picture is more nuanced. The growing reserve-army of labor, those hundreds of millions who are expelled from or denied access to the global production process, clearly suffer absolute pauperisation. But the majority of the working class in developed capitalism, while suffering serious setbacks and facing a dark future, materially still lives much better than most workers in Marx's time. The production process has continuously advanced, both in quantity and in quality. The necessities of life, and thus the value of labor power, still are: housing, food and clothing, education, health-care, some free time and entertainment. But today, that represents more and better commodities. It's worth noting, however, that the one thing which, by the very nature of the transformation of the production process (the continuous reduction of labor time) could improve the conditions of the working class the most, namely free, disposable time, has not increased at all during most of this century. On the contrary, workers are working harder and longer every year.

Both the cheapening of the commodities caused by ever rising productivity, and the fall of the rate of profit, make it for the capitalist less important to allow the workers some more commodities then to force them to work more overtime and to intensify the work process. The fact that the work day does not diminish although technology makes its reduction increasingly feasible, shows most clearly that the value of labor power is determined by the limited quantity of use values needed by workers to remain productive. While other necessities evolve with the growing complexity of society, the number of hours a worker needs for repose remains fairly constant. While capitalists always have an incentive to lengthen the work day, they must take into account that productivity declines when workers are not allowed to rest sufficiently, and that they risk potentially costly social unrest and disruptions of production if they push exploitation beyond the limits of physical exhaustion. These limits are more rigid to the degree that the advancing technology of the production process makes it more dependant on highly skilled labor power, both because of the increased alertness required by more complex production tasks, and because of the need to recuperate the value invested in the formation of skilled labor, which makes work accidents and premature deaths much more costly to capital than when it employs mainly abundantly available, unskilled, labor power. So, the relatively static nature of the use values that make up the exchange value of labor power keeps the work day close to 8 hours, despite the technological possibility to reduce it and the capitalists' desire to increase it.

A worker in developed capitalism lives materially better then before, but in many aspects, his living conditions have worsened. Sure, he has many things he couldn't dream of back then, a car, a TV, household appliances and so on, but his conditions of life have also evolved so that he can hardly do without them. In the meantime, he has lost a lot. A scene from the movie "Avalon" portrayed the custom of working class people in American cities in the early parts of this century to leave their houses on hot summer nights, to chat and sleep in parks and on river banks. The same people today wouldn't have to do that, because they could afford air conditioning to cool off their bedrooms. But they wouldn't do it anyway, because the living conditions in big cities in decadent capitalism have evolved in such a way, that they would be too afraid of criminals robbing them in the parks or robbing their houses in their absence. And even if they didn't fear this, they still wouldn't want to sleep next to strangers, because of the alienation and the destruction of the sense of community which capitalism has wrought.

We digressed a bit, but it is useful to put the so-called continuous improvement of the workers'living standards in perspective. Capitalists themselves, always mirroring the war within their system, tend to expand the social definition of the value of labor power by waging a constant, massive propaganda campaign to increase consumption; always equating happiness with consumption and presenting more commodities as indispensable. But on the other hand, they also relentlessly try to lower their wage-costs and thus reduce the consumption-capacity of the working class, in order to increase their profit-rate. Capitalism is generally successful in keeping the price of labor power close to its value - sometines a bit above it, but more often, under it - because it buys labor power on a market, and, like on any market, competition between sellers equalizes the market-price with the average production price of the commodity - in this case, labor power. The greater the oversupply on the labor-market (and the more productivity eliminates labor time, the more the oversupply tends to grow), the stronger the position of the buyer - the capitalist - and the more succesful he will be in driving the market-price of labor power under its value. Conversely, favorable conditions for the sellers on the labor-market, as well as solidarity amongst the workers, can push the market price of labor power above its value. In the expansion-phase following World War Two for instance, developed capitalism suffered such a shortage of labor power that, despite the massive importation of immigrant workers, the social definition of life's necessities expanded more rapidly and some workers obtained wages above the value of their labor power. This is even true today for some categories of workers whose skills are in high demand. That doesn't mean that they are not exploited, their rate of exploitation (S/V) may even increase because of the cheapening of the commodities. It only means that their purchasing power exceeds the necessities of life, so that they can spend part of it on other things. But to the degree they can do that, they become unproductive consumers. Their increased consumption does not transform the value of commodities into productive capital. For capital as a whole, the value that is realised in this way is, like the unproductive consumption of capitalists and non-productive strata, a net loss of (C+V-S).

That's why Marx scoffed at those who thought that increased consumption by the working class could solve or soften capitalism's market-contradiction. Higher wages cannot substantially extend the limits of productive consumption, especially not because the continuous cheapening of commodities drives the value of labor power down. Not that the question is relevant today: in the last quarter of the century wages have been under constant attack everywhere and are, for a large part of the global working class, sinking deeply under the value of labor power, with devastating results. Given the perspective of deepening crisis and further globalisation (with the further reduction of the costs of relocating capital), the oversupply on the labor market will become ever greater, driving wages further down.

To summarize what we have established so far: In capitalism, production occurs because it yields profit and it doesn't occur when no profit can be made. Profits are made possible by the growth of the value of capital in the production-process (from C+V to C+V+S). But they are only realised to the extent that the expanded value finds a market. The market for unproductive consumption can never be more than part of the surplus value (Sb) without cannibalizing the economy. Therefore, for accumulation to proceed, the market for productive consumption must grow in exchange value (C+V+Sa). Because the rising organic composition of capital implies that commodities contain ever less exchange value, the market for productive consumption must expand ever faster in use values. But the same rise of the organic composition reduces the number of productive consumers. Since their productive demand is determined by the value of labor power and is thus relatively inflexible in use values, it continuously shrinks in exchange value, in relation to the size of the market that is required.

Can the shrinkage of the productive market for final consumption goods then be compensated by a proportionate growth of the productive market for instruments and resources for production (constant capital)? Marx noted that "continuous circulation takes place between constant capital and constant capital (even regardless of accelerated accumulation). It is at first independent of individual consumption because it never enters the latter. But this consumption definitely limits it nevertheless, since constant capital is never produced for its own sake but solely because more of it is needed in spheres of production whose products go into individual consumption." (21) Therefore, the shrinkage of the productive market for final consumption goods must also lead to a shrinkage of the market for instruments and resources of production.

As we have seen in Part Two, some Marxists such as Paul Mattick disagree with Marx on this. For Mattick, the market for constant capital can grow independently from the market for consumer goods. It is, in his view, the latter which follows the first. That the market for constant capital can and must expand faster than the market for consumer goods is clear, since the increase of the organic composition continuously increases the size of the first in relation to the second. Furthermore, the demand for new technology seems always expandable, even if the market for commodities made with this technology does not expand, because this new technology enables the capitalist who employs it to produce under the market-value, and thus to make a surplus-profit. Yet the linkage remains. The idea that the market for instruments of production can expand independently from the market of consumer goods not only sounds absurd, it is absurd. The cycle of production and circulation of value is a very interdependent process in which no part exists autonomously. As we saw, the market-barrier is stark and clear for final consumer goods. Therefore, as Marx wrote, "if all capitals expanded at the same rate (...) it would not follow from this that they would need even one percent more knives, because their demand for knives isn't connected at all with the expansion of their own product, nor with their increased capacity to buy knives." (22)

The demand for knives (or any other consumer article) is restricted by the limits to unproductive consumption and by the decreasing value of V. But the demand for the constant capital, used in the production of knives, seems more expandable: even if the demand for knives remains constant or falls, the demand for machinery for knife production can increase, if it incorporates new technology which lowers production-costs. The elasticity of the demand for constant capital increases, to the degree that this constant capital affects more sectors of production. In the present period for example, there is a seemingly inexhaustible demand for faster, more powerful computers because they increase productivity in almost all sectors of production, so everybody must buy them, at the risk of becoming inefficient, that is, producing above the market-value, and being driven off the market. This elasticity creates the appearance of independence from the barriers to the market for final consumer goods. But sooner or later the dependence reasserts itself. The demand of the sector of knife-production remains dependent on the total demand for the use value knife, regardless of the introduction of new technology. If its market does not increase, neither can its own total demand. New, productivity-raising technology then results in a "shake out" in the sector, eliminating the least efficient producers and thereby reducing future demand for machinery used for knife-production, and by extension also for constant capital used in the production of machines for knife-production. And so on. The greater the number of steps which separate the constant capital from the final consumer, the less obvious the market-barrier is. But less obvious doesn’t mean less real.

MARKETS AND PROFIT-RATES

Production is determined by the market because it must recycle its value, and the market is determined by production, by the relations of production and the level of development of the productive forces. The first are rigid, the second constantly changes. The productive forces tend to develop as if increasing productivity were its only goal; as if its market were unlimited, while its market is boxed-in by the relations of production. The narrowness of the market and the constant push of the productive forces creates a conflict which determines the way in which the decline of the rate of profit affects the different sectors of production, creating diverging rates of accumulation within them, which in turn shape the market.

Any capitalist who has the opportunity to invest in new technology must try to calculate the "marginal utility" of his investment. That means he has, in essence, to answer two questions:

1. Is my potential market large enough to justify the investment? The question is not only whether his market can expand enough to realise a profit but also whether it allows him to sell enough commodities to recuperate his production-costs.

2. Is my profit-rate high enough to justify the additional expense? The main elements that determine the answer to that question are the prevalent rate of profit in the sector and the difference which the new technology creates between his production-costs and the average production-costs in the sector. The greater that difference, i.e. the cheaper he can produce

compared to his competitors, the greater his surplus-profit.

In regard to the first question, we have seen that the market-limit is most brutal in the case of consumer goods. The fact that the production of knives, shoes, bread, detergents, etc. can easily expand, thanks to technological progress, doesn't mean that the productive consumption of these commodities can expand. Because the productive demand diminishes relatively in these sectors, due to the relative decline of labor power in production, the implementation of productivity -raising technology tends to raise supply over demand. The resulting overproduction causes prices to go down, companies to go broke, investment-capital to move out.

The most efficient companies can still prosper by conquering the market-share of competitors but overall, the realisation of value through productive consumption of consumer goods tendentially declines. This does of course not contradict the fact that some capitals in these sectors can expand their markets by introducing new commodities that are more desirable than the existing ones, or by creating, through massive propaganda-campaigns, the illusion that they are. That's why for a company such as Nike, marketing is the largest and most expensive item in its budget, while its actual production costs are shrinking (thanks in no small part to extreme exploitation of workers in countries such as Indonesia and"communist" Vietnam and China) (23). In this way, Nike and a few other giants can still make huge surplus-profits despite the fact that the global market for shoes does not expand. Their gain is therefore a loss for other capitals who are too small to wage such ad-campaigns.

The endless stream of brainwashing called "the advertising industry" is itself an unproductive cost (currently of more than 100 billion dollars a year in the US alone) which creates no value. It increases profits for individual capitalists but lowers profit for the total capital. When this constant psychological assault creates in many consumers an emotional need to dress according to the latest fashion so that they buy more clothes than they actually need, this does not expand productive consumption. If a worker buys twice the number of clothes he can wear (which often happens; at the expense of other needs) half of them are de facto thrown away. The value they contain dissappears from the cycle of capitalist reproduction, just like the value of commodities bought by the poor with their welfare-checks, or the value of luxuries consumed buy the rich, or the value of commodities than remain unsold in stores. The difference in those four cases is only who pays the bill: in the first case, the worker, in the second the state, in the third the rich and in the fourth the merchant. In other words: the successes of particular capitals in the market of consumer goods should not blind us for the fact that this market overall tends to shrink, first only in exchange value and then, as a result of technological development and the exhaustion of a global expansion-phase, in use values too.

For constant capital, the limits of the market can be less obvious. But it's obvious that a shrinkage of the market for consumer goods doesn't mean that the market for resources and tools of production automatically picks up the slack. Overproduction of consumer goods is not an incentive for increased trade between producers of constant capital. Capital has no interest in consuming constant capital for its own sake. Just as it's in the capitalist's interest to reduce his wage-costs, it's in his interest to reduce the cost of his constant capital. The only reason for the knife-producer to increase his investment in constant capital, is that it lowers his production-costs per knife. His total production costs increase but they decrease per knife. But if his market doesn't expand, they actually increase per knife. If that is the case, his investment has no marginal utility and he has no incentive to go ahead with it. The same is true for the capitalist producing machines for knife-production, the capitalist producing the technology for making these machines, and so on. But the market-limit affects different sectors of the production of constant capital in different ways. In the case of circulating capital (raw materials) the limit is quite inflexible because technological innovation not only reduces labor time in production but also increases efficiency in other ways, by reducing the consumption of raw materials, cheapening their extraction, developing cheaper substitutes, etc. That's why there is a historic trend towards a worldwide glut (and deflationary price-contraction) of most raw materials, despite the finality of the supply of natural resources and the massive growth of production.

But, as we've seen, the market-limit seems more elastic concerning other sectors of constant capital-production. Since all capitals have a permanent incentive to slash wage-costs, to reduce their demand for raw materials, and to improve quality, they also have a permanent incentive to increase their demand for the technology which makes this possible. Therefore, technology which improves efficiency and reduces costs (in particular in transportation, communication, power-drive and automatisation, which affect all categories of production) will find an expansive market, even in the face of overproduction of consumer goods. Competition forces capitalists to buy this new constant capital, even if their currently used constant capital is far from being worn out. Therefore, production in these sectors seems to escape from the straitjacket of the market. But, when seen from the point of view of total capital, the escape-hatch is only a trompe l'oeil. Yes, the market for computers expands automatically when a new, more powerful and faster computer is introduced. Many factories and offices must buy them, even if they already have computers. But they bought those three years ago, and now they're already dinosaurs. They risk extinction if they don't buy the new ones. But if their previous computers have been in use only for three years, only a fraction of their value has been transferred in the production process to new commodities. The rest of their value is wasted, just as surely as if part of the production would remain unsold. From the point of view of total capital, the premature obsolence of constant capital, which goes by the awful name "moral depreciation", is not really different from overproduction. In both cases, value is created in production but only partially recycled in the reproduction process. In both cases, the full production costs must be carried, but in the case of overproduction it is the seller who cannot recuperate the production costs of the commodities that remain unsold and must absorb them himself or go broke, while in the case of moral depreciation, it is the buyer who must pay for the value he cannot transfer into new commodities or else go under. For total capital, the end-result is the same: higher production-costs, less profit. The greater the pace of technological innovation, and the more unfettered the competition between capitals, the greater also the rate of moral depreciation. For instance, in Japan alone, technological innovation in recent years led to 407 billion dollars in excess factory capacity, in perfect working order but obsolete (24).

The capacity of the economy to absorb the costs of the moral depreciation of its constant capital depends on its capacity to expand its market for consumer goods and on its profit-rate. We have seen earlier (and we will come back to this in the next part of this text) that developed capitalism has gone through several expansion-phases which extended its markets and bolstered its profits. But when an expansion-phase has exhausted its potential, developed capitalism depends on its own market and on its own capacity to extract surplus value. The global market-contradiction then asserts itself both in stagnation and in moral depreciation. The necessity to absorb the costs of moral depreciation which grows with technological innovation, requires of capitalism an expansion of its market for final consumption, and since unproductive consumption is a net cost to capitalism, paid with its own surplus value, that means it requires an expansion of productive consumption of the working class, which is being reduced by the same technological innovation.

We have seen earlier that the knife-producer, or any other capitalist, loses the incentive to expand his constant capital when his market cannot expand sufficiently. The need to calculate also the cost of moral depreciation, requires an even larger expansion of his market to justify the investment. But there is an additional factor to take into account: his rate of profit. The higher this rate, the more he can absorb some degree of overproduction and/or moral depreciation. The lower it is, the more rigid the market-barrier becomes.

As we saw earlier, technological innovation (the rising organic composition of capital) implies a diminishing yield of surplus value., a tendential decline of the profit-rate. We saw also how competition between capitals tends to equalize the rate of profit, thereby spreading its downward trend over the entire economy. But we also emphasized that this equalisation is only a tendency, from which capitals constantly try to escape. They can do so, if they can lower their cost-price under the average, which determines the market-value and -price. To say it with Marx, "Our analysis has revealed how the market-value (and everything said concerning it applies with appropriate modifications to the price of production) embraces a surplus-profit for those who produce in any particular sphere of production under the most favorable conditions. (..) the market-price signifies that the same price is paid for commodities of the same kind, although they may have been produced under very different individual conditions and hence may have considerably different cost-prices." (25) On top of his normal profit (the differences between his production costs and the value of his production), the capitalist whose production costs are lower than average obtains a surplus profit (the difference between the value of his production and the market value, at which he sells), while correspondingly, the one with higher than average production costs gets less than his normal profit, because part of the surplus value he extracted, goes to his more efficient competitors.

This occurs not only within sectors. As we've seen, the market rewards the most productive sectors in a similar way. Prices of commodities of different sectors differ, because their average production-costs and thus their market-value differ. When technological innovation lowers the average production costs of commodity A but not of B, over time, A cheapens in relation to B. But because it takes time for the market to adapt to changes in production methods, the capitalists who produce A can sell their commodities in the meantime above their value and make a surplus profit. If in this period, the production costs of A decrease again, the sector producing A again obtains a competitive advantage and thus a surplus profit. Therefore "the special productivity of labour in any particular sphere (...) enables that particular sphere, vis-as-vis the total capital (..) to make an extra-profit" (26). In other words, if in a particular sector of production the pace of technological innovation is continuously higher than in the rest of the economy, that sector tends continuously to obtain higher profits than the rest of the economy.

There is another source of surplus-profit: a monopolistic or semi-monopolistic market-position. When a company, or a small number of companies, is the sole supplier of a desirable commodity, the discipline imposed by competition, driving the market-price down to the average production costs plus average profit per capital advanced, does not operate (or at least not fully operate), so that this company can charge higher prices, whatever the market can bear, and pocket an extra-profit. Companies that make a new product enjoy such a monopolistic position, until the competition has caught up. They can maintain their competitive advantage if they can develop another new product in the meantime. Since the development of new products is itself a technological process, it is again the pace of technological innovation which decides where surplus profits can be made and thus where capital is flocking to. As we saw in the case of Nike, to some degree propaganda can create an artificial monopoly. But both to create new, desirable commodities and to create the illusion of newness and desirability, an ever greater quantity of capital is required. That raises the threshold of capital formation. To thrive under the conditions of a declining general rate of profit and an exacerbating market-contradiction, a company needs ever more capital to finance research and development, marketing campaigns and the moral depreciation of its own constant capital. This raises its costs while their surplus profits themselves, because they imply less then normal profits elsewhere, reduce their markets over time.

Where an escape from the general rate of profit is possible, it is of course of great interest to capitalists but has no implications for the profitability of capital as a whole. Since surplus profits come from a competitive advantage and not from an increase in the extraction of surplus value, they don't change how large the total quantity of profit is, but only how this quantity is distributed among the capitalists. But to understand how this distribution occurs, it is of fundamental importance to see how the market-contradiction progresses concretely. It helps to understand why many capitals in the developed countries still enjoy hefty profits while the crisis deepens in most of the world, despite the tendential equalisation of the profit-rate. It explains why accumulation proceeds at a rapid pace in some sectors, while others are mired in stagnation.

There is a clear interaction between the potential of surplus profits and the degree of elasticity of the market. Indeed, the higher the rate of technological change, the higher the profit-rate and thus the greater the capacity to absorb the cost of moral depreciation, to expand the market despite an overproduction in use values. And the higher the elasticity of the market, the higher also the marginal utility of technological innovation; while the lower the market-elasticity, the lower the incentive for technological change, and thus the lower the profit-rate. So both factors have the same effect on the movements of capital, stimulating accumulation in some sectors of production and discouraging it elsewhere, thereby changing the proportions between them. Inevitably, the gap between the spheres of production where the market-elasticity is low and decreasing (because all capitalitst have the incentive to decrease their consumption of circulating and variable capital) and where the profit-rate is low (because of their trailing rate of technological innovation), and the spheres of production where the market-elasticity is relatively high (because all capitalists have the incentive to increase their demand for technology that increases productivity and quality) and where the profit-rate exceeds the average (because of their faster pace of technological change) must become wider and wider.

Consequently, the conditions of proportionality, as laid out by Marx in his analysis of the reproduction cycle in Capital, vol. II (see Part Two of this text) are increasingly violated. Not because the production of constant capital grows faster than the production of consumer goods. That in itself is not an imbalance but is in harmony with the changes occuring within the market, since the technological intensification of production (its rising organic composition) implies a growing demand for constant capital and a relatively declining demand for consumer goods. But the accumulation of capital in the production of instruments of production grows increasingly beyond the point of balance, because of the continuous movement of capital towards production that yields surplus profits. Meanwhile, those sectors of production where the market-elasticity and the pace of technologial innovation are low, suffer a continuous loss of surplus value on the market because of their competitive disadvantage, so that their profit-rates sink and investment-capital moves away. The overaccumulation in the first category of production leads to overproduction which ought to correct the imbalance. However, the correction takes place less and less, because the increasing gap in the pace of technological innovation implies an increasing gap in profit-rates, making investment in surplus profit-yielding production with some degree of overproduction still more profitable than investment in production with a lower than average profit-rate, especially since it is often the buyer, rather than the seller who bears the cost of overproduction because of moral depreciation. But the ultimate reason why overaccumulation in the production of instruments of production is not corrected by an outflux of capital towards production of consumption goods, is that the overaccumulation of the first no longer implies underproduction in the second, regardless how much the latter's rate of accumulation trails behind, because of the rigid limits which the capitalist relations of production impose on its market. As we have seen, these limits are, on the one hand, the unproductive nature of the consumption by those who produce no value, and on the other, the shrinkage of productive consumption because of the decline of the role of labor power in the production process.

The situation was different during the ascendancy of capitalism, when the primary means of expanding production consisted in using more labor time in capitalist production, thereby continuously expanding the market for productive consumption of consumer goods. Even though the value of labor power represented less in use values than it does today, and many workers were paid less than the value of their labor power, overall, the market for productive consumption of consumer goods was growing in value, while today, it is shrinking, not only relatively (compared to the market for constant capital) but absolutely too. Today, while the new information technology is ripling through the world economy, creating once again surplus profits for the strongest capitals (and thereby markets for others), the limited capacity of the world's productive forces to absorb the new technology is just as striking as the technology's capacity to raise productivity. It's clear that in a large part of the production of means of consumption, the profit-level and market-elasticity are so low that investing in new constant capital has a low and decreasing marginal utility. It cannot be disputed that for many, arguably most, human beings the basis necessities of life are being produced under backward conditions, which could easily be made much more productive. Neither is there any doubt that there are more than enough investment-capital (profit) and productive forces in the world to make that possible, to correct the imbalance. But because the rate of profit is so low and productive consumption cannot expand, there is no incentive. And so the disproportion grows.

It is a disproportion which is structural, not accidental, not corrected by the movements of capital from one sector to another, but growing through them. This disproportion is not the cause of the market-contradiction, it does not explain it, but follows from its interaction with the fall of the rate of profit and explains the way in which the market-contradiction and the shrinking profit-rate develop and spread together, preparing the conditions for capitalism's economic breakdown.

THE BREAKDOWN

In the final part of this text in the next issue of IP, we will see how the interaction between the market-contradiction and the tendential decline of the profit-rate has evolved through capitalism's history. Today. we are entering the end-stage of this drama, because only now is the capitalist economy becoming truly global. "We used to have a thing called the German economy or the Swedish economy or the American economy but now we have the whole planet sitting in one stadium." (27) Now that all obstacles to the mobility of capital are gradually being crushed with the aid of new technology and under the pressure of the global hunt for profit, all markets, including labor markets and financial markets, are becoming real world markets. And it is on the world market that the crisis becomes, in Marx's view, "the real synthesis and violent leveling of all the contradictions of the bourgeois economy." (28) With truly global competition, only the most efficient capitals survive. To the degree they eliminate the rest, their surplus profits evaporate. To the degree they raise productivity further, both the creation of surplus value and the market for productive consumption decline. The underlying contradiction between exchange value and use value becomes ever sharper and, ultimately, unsustainable. Unsustainable because of the combination of the fall of the rate of profit and the market-barrier. With a rising general rate of profit, capitalism could withstand a shrinkage of productive consumption much longer; and with continuously expanding productive consumption, the fall of the rate of profit would not lead to a global breakdown. But their combination is deadly: the first continuously erodes the creation of exchange value and the second prevents a growing part of it from being realised.

The problem is not just a lack of surplus value, as Mattick e.a. thought, nor the lack of the market to realise surplus value, as Luxemburg thought, but the diminishing yield of capital, in combination with its growing overcapacity, which brings the realisation of its total product into jeopardy. The value contained in unsaleable commodities, not just the surplus value, but also the constant and variable capital that went into their production, cannot be realised. When a capitalist tries to adapt to the contraction of the market by reducing his output, he can lay off part of his work force, and thereby reduce the value of the variable capital he must realise. He can also reduce his demand for raw materials and thereby reduce the value of his circulating capital. But he cannot fire the fixed capital he already owns, but whose value he still must realise through the sale of his commodities. He can leave part of it unused (but as Marx noted, the only means of production which does not devalorise when left idle, is land) or, depending on his specific production methods, he still must use all or most of it to complete his production process. Either way, he faces the impossible task of realising the total value of his fixed capital through the sale of a smaller quantity of commodities, while oversupply on the market is driving prices down. This forces capital to restructurations, wherein part of the existing production capacity is eliminated and replaced by more cost-effective production methods, in order to survive the intensifying competitive struggle. This raises the average organic compostion of capital further, which can only sharpen the contradiction between exchange value and use values: the creation of exchange value is further reduced by elimination of labor power in production and the creation of use values is further stimulated by the increased productivity, exacerbating the market-contradiction. Since there is no solution to this (every individual capital's solution worsens the problem for capital as a whole), inevitably the point is reached where upon exchange value, instead of increasing through the cycle of production and circulation, diminishes. But the only reason why production takes place in capitalism, is that it increases exchange value, that it yields profit. When it cannot accomplish that, production must collapse, dragging the value of existing capital into a free fall. When capital cannot valorise, it must devalorise. The greater the contradiction between exchange value and use value has become, the greater this devalorisation must be for production to become profitable again. As the military commander said, "in order to save the village, it must be destroyed."

But, while the fundamental contradiction can only deepen, we've also seen that the resulting crisis affects different components of the world economy in a very unequal way. While the average rate of profit sinks and the overal market-limit becomes sharper, the most productive capitals still haul in surplus profits and attract abundant investment-capital. Their income swells and stimulates the market for unproductive consumption. The growth of their productivity creates an abundant supply of commodities, of new and desirable products. Is it not possible then, that the deepening crisis does not lead to a global breakdown, but evolves as a creeping process, whereby developed capitalism, when properly managed by the strongest capitals, succeeds in continuoulsy throwing off the worst effects of the crisis on others, and becomes "leaner and meaner", wider and smaller, more global and yet more retrenched? The chasm between the haves and the have-nots would deepen, the ranks of the latter would swell and their situation would become more desperate, but wouldn't the former continue to prosper, at least for a very long time?

A global breakdown could indeed be avoided, if a breakdown of the realisation-process (the conversion of the value of commodities into money and of money back into productive commodities) could be avoided. For that to be the case, it would be necessary that most of the income, generated in the production process, is spent on the commodities produced, and thus returns to the production process. The competitive advantage of the strongest capitals would then assure that they continue to obtain sufficient surplus value, even if their number gradually decreases in relation to the number of the capitals which fall away.

Marx used the assumption that all income derived from production is spent on the commodities produced in his famous diagrams in *Capital*, vol. 2. As we saw in part 2, the purpose of these diagrams was to analyze how the circulation of capital makes its expansion possible, not to give a realistic description of how the accumulation of capital and its contradictions develop. For the narrow purpose of his investigation, Marx consciously ignored many essential factors (including the law of the tendential fall of the rate of profit) and regarded money only in its function as means of circulation, which allowed him to disregard disturbances resulting from the contradiction between capital in its money-form and capital in its commodity-form. But the school of thought of Grossman-Mattick confuses this assumption with reality. For them, as long as there is surplus value available that can set additional forces of production in motion, it will be accumulated somewhere. Problems in regard to the realisation of value are more or less automatically solved by market-fluctuations, so that only a lack of surplus value can explain capitalism's crises. This viewpoint, which resembles the equilibrium-theory of bourgeois economics in its trust in the magic of the market, conveniently eliminates the money-commodity contradiction, but thereby implicitly rejects Marx's analysis of money-capital. In contrast to Mattick, Luxemburg saw this contradiction, but her mistake was “to see in this potential difficulty a permanent one.” (29).

The contradiction exists permanently in capitalism in a latent form, but it explodes when the contradiction between exchange value and use values affects the rate of profit and the market for productive consumption in such a way that the growth of exchange value in the production process is imperiled. Yet Luxemburg is right when she writes: “for the capitalist producer, the manufacture of commodities is not an end in itself, it is only a means to the appropriation of surplus value. This surplus value, however, can be of no use to the capitalist so long as it remains hidden in the commodity form of the product. Once the commodity has been produced, it must be realised, it must be converted into a form of pure value; that is, into money.” (30). According to the CWO, faithfully following Mattick, in this quote, “once again, Luxemburg reveals her confusion on the nature of money. It is not “pure value” but a special case of the commodity-form, the universal commodity which affects the exchange between all others; gold and not super-tankers operate as money for reasons of convenience, not because it is pure value.” (31). After branding Luxemburg’s statement as “pure nonsense”, the CWO goes on to say that the circulation of constant capital within state-capitalist Russia proves that commodities do not necessarily have to be converted into money to be exchanged for other commodities. We will deal with this specific example later. The idea behind it is that money is a mere medium of exchange, an accounting device, whose function can be taken over by other creative accounting methods. But it is this idea which “reveals confusion on the nature of money”. If Luxemburg expressed “pure nonsense”, then so did Marx, who said the same thing, in similar words. (32)

If money were only a medium of exchange, permanently imprisoned in the circulation-process, then Mattick would be right, there couldn’t be a realisation-problem, aside from occasional disproportions between sectors, corrected over time by market-fluctuations. In the long term, supply and demand would always match, because money couldn’t be used in any other way than to buy commodities, and its total (symbolic) value would, by definition, always be equal to that of the commodities it circulates. But money is also a particular comoditiy for which a demand exists that is separate from the demand of all other commodities and that can exceed the latter.

Money existed already as a particular commodity before it became the universal commodity effecting the exchange of all others. What made it money, rather than just another commodity with its own narrow use value (as precious metal), was not yet the direct mediation of exchange, but another function: it measures value (labor time), making it possible to express the value of other commodities in prices (in a quantity of money). That made it easier to exchange commodities but with the greater division of labor the need arose for a middleman in that exchange, for a general medium of exchange, which represents exchange value in general: money became a form of pure exchange value, with no particular use value, but exchangeability into all use values.

While this second function of money is made possible by the first, it also stands in contradiction to it. As a measure of value (as a particular commodity) it didn’t matter how much of it was present (money didn’t need to be there for the values of other commodities to be expressed in it, they only had to be, as Marx put it, “ideally transformed” into money to be compared), but the value of its material substance of course mattered very much. As a medium of exchange (as the general commodity), the material substance of money didn’t matter; since it is only a symbol of exchange value in general, any symbol accepted as such will do. But since it represents exchange value as against all commodities, its quantity now matters very much and must grow (or decline) in proportion to the quantity of commodities it circulates.

As a medium of exchange, at first sight it doesn’t really alter the process of barter but makes it only more complex: instead of the direct exchange of commodities (C-C), we now have a barter of a particular commodity for the universal commodity money (C-M) and another one of money for another particular commodity (M-C). But the process is altered fundamentally because now

> “the acts of purchase and sale (..) appear as two mutually indifferent acts, separated in time and space (..) Their indifference can develop into the fortification and apparent independence of one against the other. But in so far as they are both essential moments of a single whole, there must come a moment when the independent form is violently broken and when the inner unity is established externally through a violent explosion. Thus already (..)in the splitting of exchange into two acts, there lies the germs of crises, or at least their possibility.” (33)

But to understand why and when these two acts, which need to work in tandem for the circulation process to function, go off in different directions, we need to take into account the third function of money, which “presupposes the first two and constitutes their unity.” (34).

Once money is a particular commodity that measures exchange value and a general commodity that mediates and thereby splits exchange (making it possible to buy without selling and to sell without buying), it can become the universal material representative of wealth, a commodity in which exchange value can be stored and thus accumulated. This function is as essential for capitalism as the other two. Accumulation requires saving; exchange value must be able to leave circulation and return to it. We have seen in part 2 that the value represented by the total quantity of money must exceed the value of the social production it circulates. There must be a “hoard” of money capital that functions as latent productive capital, that flows into the sphere of production when accumulation requires it. While not functioning as a means of circulation, it remains a means of payment.

Depending on which point of departure one takes in the circle, the circulation of value can be seen as C-M-M-C (with money as the general commodity effecting the exchange of particular commodities) or as M-C-C-M (value embodied in money is converted in commodities that lead to the production of new commodities whose value is again converted into money). In the latter form, money is no longer the means but an end in itself. In C-M-M-C, money serves only as an agent of circulation and remains constantly enclosed in its cycle, while commodities are being withdrawn from it and consumed. But in M-C-C-M, it becomes clear that money is something more than an instrument of circulation, that it can step outside of it and acquire a seemingly independent existence as a store of value. In this function, money serves not just as the general commodity that can mediate exchange but also as a particular commodity that can be withdrawn from circulation like any other. Yet the value it represents is no longer based on the particular value of its material substance, but on its exchangeability, on the fact that “all commodities are perishable money (while) money is the imperishable commodity.” (35) That means that its capacity to store value remains real only in so far as its exchangeability remains real, in so far as “real exchange value constantly steps into the place of its representative, constantly changes places with it, constantly exchanges itself for it.” (36) Therefore, the functioning of money as a store of value depends on its functioning as the general commodity enabling C-M-M-C. So its independence as a store of value outside of circulation is only apparent. It it were really independent, it would be just paper and metal (or today, not even that). As a store of value, money is autonomised ,yet not really autonomous from the circulation process, but standing in a negative relation to it. It turns its back to circulation, no longer mediates it. As we said, that is no problem, even necessary, as long as this withdrawal is only a detour and not a massive flight out. If too much of the M resulting from M-C-C-M is withdrawn, then obviously, the next step, M-C is in trouble and the split in the exchange process, made possible by the change of C-C into C-M-M-C, becomes an unbridgeable chasm.

As a particular commodity that can be withdrawn from circulation, money is, like other particular commodities, subjected to the laws of supply and demand. If the general demand for particular commodities drops, the demand for money as a store of value (and thus its price) rises. Competing with other commodities, money has the inherent advantage, because it “satisfies every need, in so far as it can be exchanged for the desired object of every need, regardless of any particularity. The commodity possesses this property only through the mediation of money. Money possesses it directly in relation to all commodities, hence in relation to the whole world of wealth, to wealth as such.” (37) So the demand for money can exceed the demand for all other commodities and thereby create a shortage of demand for the latter, because the incentive to convert commodities into pure exchange value can be stronger than the incentive to reconvert exchange value into use values. Because commodities are “perishable money” they must be transformed into money or lose their value. But money, “the imperishable commodity”, can store its value and must not retransform. So the C-M part of the circulation-process is forced to go on, at any price, even when oversupply on its market drags this price far under its value. But the M-C part must not go on. It will only go on if it can be expected that the next step, C-M, will increase its value. M-C-C-M, with money at the beginning and the end, makes no sense unless less money is exchanged for more. If that doesn’t happen, if it becomes increasingly difficult for productive investment to realise a profit, the incentive for M-C sharply declines. Instead of becoming productive capital, financial capital runs away from production and seeks refuge in a hoard-form. This increases the demand for M further and thus raises the price for money in its different forms, causing a corresponding decline of demand for commodities, sinking their prices. With the prices of C falling and of M rising, the circulation-process C-M-M-C is thrown in disarray. The incentive for M to accomplish M-C then really falls steeply. The partial breakdown of M-C-C-M becomes a global breakdown, as the basis on which money’s capacity to store value collapses. As Marx described it:

> “part of the commodities on the market can complete their process of circulation and reproduction only through an immense contraction of their prices, hence through a depreciation of the capital they represent. The elements of fixed capital are depreciated to a greater or lesser

degree in just the same way. It must be added that definite, presupposed, price-relations govern the process of reproduction, so that the latter is halted and thrown into confusion by a general drop in prices. This confusion and stagnation paralyzes the function of money as a medium of payment, whose development is geared to the development of capital and is based on those presupposed price relations. The chain of payment obligations due at specific dates is broken in hundred places. The confusion is augmented by the attendant collapse of the credit system, which develops simultaneously with capital, and leads to violent and acute crises, to sudden and forcible depreciations, to the actual stagnation and disruption of the process of reproduction." (38)

This disruption is a movement of correction, a violent realignment of purchase and sale. It must continue until existing capital, both in its commodity-form and its money-form, has lost so much of its value in proportion to newly created value that M-C-C-M makes sense again and C-M and M-C can be rejoined . The crisis works in that direction but the greater the amount of value stored in M, and the greater the contradiction between exchange value and use value and thus the greater the obstacle for M-C-C-M, the greater the amount of devalorisation, of destruction of existing capital that is needed to reach the point on which capitalist accumulation can take off again on a "healthy" basis. It is the hallmark of capitalism in its decadent period that crisis in itself no longer suffices to reach that point. Therefore massive, wholesale destruction of existing capital through world war has become an integral part of capitalism's economic life cycle.

We will examine the economic role of world war in more detail in the next part of this text. Here, we must adress one more question: can the realisation-problem not be overcome by the intervention of the capitalist state? Can the state not counteract the flight of money-capital from the cycle of reproduction , by forcing reproduction or by creating the demand for it, using its fiscal and monetary levers?

CAN THE STATE PREVENT THE COLLAPSE?

All such policies have been tried by capitalist states in this century, in all possible combinations, according to Keynesian, pseudo-Marxist and other recipes. It can't be denied that they have made a difference, that they have influenced the history of capitalism, the way in which capitalism's contradictions have developed. Without them, a violent breakdown of the world economy would have recurred long ago, instead of the "contained depression" we are living through today. But, by stretching out the process, these policies also assure that the breakdown will be more cataclysmic later on. They are powerless against the fundamental cause of the problem: the contradiction between exchange value and use values and its implications for the profit-rate and the market for productive consumption. That is what creates the conflict between the value of existing capital and the creation of new value, which makes the money-commodity contradiction explode.

What these policies have in common is that they all, to a greater or lesser extent, try to force the circulation of value, without adressing the fundamental obstacles that its reproduction runs into. That means trying to suspend the contradictions arising from the function of money as medium of circulation and its function as a store of value. But history has clearly proven Marx right when he wrote:

> "just as it is impossible to suspend the complications and contradictions which arise from the existence of money alongside the particular commodities merely by altering the form of money (…), so also it is impossible to abolish money itself as long as exchange value remains the social form of products. It is necessary to see this clearly in order to avoid setting impossible tasks, and in order to know the limits within which monetary reforms and transformations of circulation are able to give a new shape to the relations of production and to the social relations which rest on the latter." (39)

The case cited by the CWO to "prove" that the money-commodity contradiction doesn't exist, state-capitalist Russia, is perhaps the clearest example of such a failed attempt to overcome this contradiction. While "value remained the social form of products" in Russia (the economy remained geared towards the accumulation of value through the extortion of surplus value from the working class), in the circulation of most of the constant capital, as the CWO points out, the state organised C-C directly, without the mediation of M, reducing money to a means to circulate consumer goods. But since C-M-M-C becomes C-C, (a form of barter in which money's function as a measure of value is also manipulated and thus undermined by the state), the circulation of value in reproduction is also largely transformed from M-C-C-M to C-C; M is no longer its end-result, so value cannot be stored in money and the rouble cannot function as a material representative of wealth.

Consequently, the currency could only function as a means of payment to the degree the state could force it to be accepted as much. As a medium of exchange it therefore functioned in a kind of vacuum and thus very poorly. Rather than circulating commodities smoothly, the chain of payments constantly broke, and primitive, impractical barter had to fill in the gaps. Commodities had to be used as means of payment; an underground-economy and black markets, in which the rouble was not accepted as means of payment or only at a rate far below its official value, grew wildly. Since the rouble couldn't store value, no one had much incentive to obtain it. The agents of capital, the managers and bureaucrats, of course got their share of the surplus value and enjoyed the unproductive consumption which it made possible. But they got these rewards mainly in commodity-form and more as a result of their connectedness to the structure of power than as a result of their efficiency in cutting costs and raising quality and output. This was unavoidable, since only the growth of money in M-C-C-M makes this efficiency really measurable. So the disconnection of profit and money undermined the discipline of the agents of capital themselves, undermined their incentive to increase the extraction of surplus value.

For workers too, the forced currency was a disincentive. Neither the threat of lower wages nor the promise of higher wages could make them work harder. The situation was well captured by that famous quip of the Russian proletarian: "We pretend to work and they pretend to pay us." The result was low productivity, a low rate of surplus value, except when the defeat of the revolution and war-preparation created favorable conditions for state-terror in the workplace.

Since the rouble couldn't store value, it couldn't be used in international trade. Russia could only participate in world trade through barter-deals and payment with its real money (foreign currency-reserves and gold). Its autarchy was therefore not a choice but imposed by its crippled money, and further aggravated its backwardness and thus the obstacles to the accumulation of its capital.

The attempt to suspend the money-commodity contradiction in state-capitalist Russia has altered the way in which the fundamental contradictions of capital have evolved there- but rather than avoiding the resulting crisis, it has made it worse. The crippling of money and the resulting reduction of M-C-C-M to C-C made the growth of value immensely more difficult and finally had to be abandoned to avoid a total collapse. While this collapse would have taken another form than under 'normal' capitalist conditions, it would have come quicker and in a no less catastrophic way.

More measured forms of state-intervention to prevent the contradiction between C-M and M-C from exploding, by stimulating the latter without cripling money's essence as representative of exchange value, have been more succesful. By managing the demand-size through various means (In the first place their own consumption), by channeling money into productive investment and by establishing greater control over the banking system and the financial markets, both nationally and internationally (through international financial pools such as the IMF), the leading capitalist states have been able to contain disruptions that otherwise might have spun out of control and to prevent -or rather postpone- a global collapse.

But these policies work best when they are the least needed, when the creation of value in production (M-C-C-M) allows the state through taxation to take a huge chunk of the surplus value and reroute it for the overall needs of the national capital. But when M-C-C-M encounters increasing obstacles, the growth of tax-revenues declines and less value becomes available for that purpose. The state cannot adress these obstacles by simply increasing the level of taxation, without making the problem worse and encouraging a flight from productive investment.

It has also become painfully obvious that the state cannot circumvent the problem by covering its spending through a stepped up use of the money-printing presses. That increases the quantity of money in circulation without increasing the value in circulation. Therefore money devalues in relation to the commodities it circulates and inflation shoots up. The devaluation of money, encouraging consumption over saving, and the cheapness of credit initially stimulate M-C. But because the rising prices make the future yield of productive investment, especially long-term investment, hard to predict, its risks increase, the more inflation accelerates. Financial capital then demands a risk-premium for accomplishing M-C, so that interest-rates rise. They rise further because inflation encourages money-capital to seek refuge in a safe haven , so that rising demand drives the prices of high-interest yielding financial assets up. The uncertain yield of long-term investment and the new opportunities for making quick profits by exploiting differences in the rates of inflation of different commodities and different currencies, encourage all sorts of speculative investments at the expense of productive investment. So money increases in circulation but the more inflation heats up, the more money-capital is encouraged to look for alternatives to productive investment. So despite the stimuli it receives, the economy stagnates (“stagflation”).

Because the financial markets and the real economy are pulling in opposite directions, a paradoxical situation develops: as a medium of exchange, money becomes more abundant and its price falls; as a store of value, the demand for money-capital and its price rises, making it more “scarce” for productive investment. The simultaneous “abundance” and “scarcity” of money expresses the fact that C-M and M-C are becoming unhinged. The law of supply and demand affects money in the two cases in a different way. In C-M : since the supply of money grows faster than the commodities it circulates, money devalues in relation to them, so prices inflate. In M-C : the demand for money as a particular commodity (as a store of value) increases in relation to other commodities. So the price of gold and other monetary assets that appear to withstand the general devaluation better than average (and which are thus seen as a hedge against inflation) shoots up. If the trend is allowed to continue, if the growth of the money supply is not sharply curtailed, the situation degrades into hyper-inflation : circulating money ‘s future becomes so unpedictable that its function as a means of payment becomes paralysed, triggering a collapse of production.

Such a danger loomed in the very heart of the world economy at the end of the inflationary ‘70’s. This made a sharp reduction of the growth of the money-supply mandatory, but that meant a sharp contraction of credit, which made M-C, productive investment, even more difficult. So the 80’s begun with a deep recession, which could have easily turned into a full-blown depression, if the strongest states had not yet another weapon in their arsenal to prevent the collapse of M-C: stepped-up deficit-spending, without resorting to the money-printing presses. That meant the ballooning of public debt.

Debt-certificates are also money, so by increasing its borrowing, the state increases the total money-supply too. But when the growth of the money-supply in general circulation is at the same time curtailed, the effect is not inflationary. On the contrary, inflation is reduced, because the state’s demand for money mops up excess liquid money in general circulation. But to be able to finance growing deficit-spending with debt-creation, the state must of course find buyers for its debt-notes. Like any other investment, buying debt-certificates only makes sense when it means exchanging less money for more. The state can only find buyers if they can be confident that the state is and will remain capable (because of its taxation-powers) of increasing the value of their investment (in the form of interest payments). Since value only increases through the creation and realisation of surplus value, buyers of debt-notes are really buying shares in capital’s future profits. That means that the capacity of the state to raise its debt is directly proportional to the strength and size of its economy. It also means that, the higher its debt becomes, the greater also the part of the state’s budget that must go to interest-payments, so that less remains to help accomplish M-C.

Therefore, for the state to maintain its capacity to stimulate M-C through deficit-spending, its tax-income, and thus its economy, must grow faster than its debt-burden. But because the capitalist economy cannot escape from the decline of the general rate of profit and the relative shrinkage of the market for productive consumption, the opposite happens. Across the OECD-countries (developed capitalism), the stock of government debt grew at 9 percent a year from 1980 to 1992 -more than three times faster than their economic output. The US’ federal debt grew from 35 to 70 percent of its GNP in less than 20 years, Italy’s to 124%, Belgium’s to 132% and so on. Even in prudent Germany the debt-burden has doubled since the ‘70’s. So deficit-spending gradually becomes less a means to stimulate M-C and more a means to pay interest on previous borrowing. To stop this problem from worsening, the state must try to reduce its budget-deficit, but since it can’t withdraw from its interest-obligations, that means diminishing its support for M-C, for the demand-side of its economy. Meanwhile, the debt-load of private corporations is swelling too, because the underlying problems keep worsening: the decline of the rate of profit raises the cost of capital-investment and the growing productivity exacerbates the gap between supply and demand. To survive the toughening competition, corporations need more capital and thus must increase their borrowing. But the increased borrowing by governments raises the demand for money-capital and thus its price (interest-rates) (40). So the debt-burden increases for corporations too, weighing ever more heavily on profits. In the US, the world’s strongest economy, corporations spent 17% of their revenues on interest-payments in the ‘60s, 35% in the ‘70s and 61% in the early ‘90s.

The longer this goes on, the more profits and taxes (rerouted profits) are siphoned off to meet debt-obligations, the less value can return into production, into the creation of new value. Inevitably the moment comes where insufficient value is created in M-C-C-M to bear this burden. The imbalance between existing value and the creation of new value becomes too great. Production, no longer profitable, must fall off dramatically. As a result, debt-certificates (claims on future profits) become worthless. The value stored in them is wiped out. The loss of its ability to store value paralyzes money's function as a means of payment. The chain of payments breaks at countless places and the collapse becomes unstoppable.

The point at which value production can no longer meet the demands of existing value has already been reached in a large and growing part of the world economy. The total external debt of all "developing" nations has grown from $ 135 billion in 1974 to $ 751 billion in 1981 and to 1945 billion by the early '90's. Between this ever heavier debt-burden and the hard reality of the deepening world crisis, the falling profit-rate and shrinking market for productive consumption, which hits them, as the weakest, least capitalized competitors, the hardest, these economies are squeezed dry and sink into a deepening depression. Their states are powerless against this because they lack the means to help accomplish M-C, obtaining barely enough M to prevent their own disintegration and sometimes not even that much, so that the weakest are stripped to the last layer (an army). But despite its scope, this is still a partial, not a total collapse, because money hasn't collapsed as a representative of wealth, as a store of value (even though some local currencies have, and are de facto replaced with barter and foreign currencies). So there is still an incentive for M-C-C-M and thus a means of circulation for C-M-M-C. Although it's ever more difficult to increase value in M-C-C-M; where it is possible, it occurs, because the value created still can be stored somewhere (though that somewhere becomes somewhere else to the degree that the profitability of local production continues to fall).

One reason why the collapse remains partial is that a default on the debt of the weaker countries (and the massive flight of capital it would cause) is for the moment prevented. The debts are restructured (stretched out and, in a few cases, written off) and the World Bank, IMF and other donors keep loaning the depressed countries just enough (under conditions which further contract their economies) to enable them to keep paying interest. That way, a (sometimes skeletal) infrastructure for capital accumulation is kept in place and some degree of guarantee is provided that the capital invested in them will not lose its value.

So capital is still invested in the periphery, even creating rapid growth in a few oases. Because crisis is also a cure, the price-contraction of local commodities, in the first place labor power (because of the difficulty of accomplishing C-M) lowers production-costs, raises the rate of surplus-value. Because the political, regulatory and technological obstacles to the mobility of capital (both in its money- and its commodity-form) have rapidly declined, this opportunity for a higher rate of profit can be much more easily exploited. So there is still a stream of capital flowing to the periphery. To some countries, particularly in South-Asia, this stream has even become larger. Yet overall, most so-called developing countries have suffered since the mid '80's a net-outflux of capital, not only because of interest-payments, but also because the M resulting from the accomplishment of M-C-C-M in those countries, often has a better chance to store and augment the value it represents by moving abroad than by being reinvested locally.

In other, less afflicted countries too, new value created in MCCM is increasingly stored in money-capital rather than reinvested. Not only beause a growing part of the profit must be used to meet debt-obligations but also because of the expectation that it will appreciate more as financial assets than as productive commodities. This expectation is rational because the elasticity of the market for financial assets is far greater than the elasticity of the market for productive consumption. The more the expansion of the latter is in trouble, the more the demand for the former increases, and the more it increases, the more financial assets rise in price. The more their prices rise, the more exchange value they represent and thus the more sense it makes to store money in them, rather than reinvesting it in production. This further diminishes the demand for constant and variable capital, depreciates their prices (hence the current quasi-absence of inflation) and further erodes the creation of new value.So the financial market and commodity-production are pulling apart. What must be one, supply and demand, sale and purchase, increasingly separate because the more the incentive to transform exchange value into use values weakens in relation to the incentive to transform commodities into exchange value, the more prices of financial assets increase in relation to those of commodities, and the more rational it becomes to sell without buying and to store the profit in money-capital.

The elasticity of the market, and of the potential appreciation, of financial assets and related stores of value seems endless, the alternatives to productive investment many. Money can be stored, and grow in exchangeability, in the trade in art objects and other collectibles (paintings by impressionist and post-impressionist masters have appreciated more in recent decades than average stocks), it can be stored in real estate (in the late '80's, Japanese real estate was valued as worth more than all of North America) or in the currency-market, where "daily foreign exchange flows amount to one trillion dollars, and far outweigh the sums employed for the international purchase of goods and services or investments in overseas plants. Indeed, by the late 1980s, more than 90 percent of this trading in the world's foreign exchanges was unrelated to trade or capital investment". (41)

Most financial assets (bank deposits, government bonds, stocks) are at least to some degree related to productive investment. Part of the money flowing into them accomplishes M-C. But only a part, which shrinks in relation to the part that merely stores value. Indeed, "as the savings from past enterprise accumulate and flow into new financial assets, the rate of new capital investments in (the) advanced economies -new factories and other productive projects- has actually declined somewhat." (42) Driven by rising demand for stores of value, financial assets acquire an apparent autonomy from the state of health of the real economy. Stock prices may very well rise on bad news such as plant closings and growing unemployment. Yet since they are in essence claims on future profits, their apparent autonomy collapses when profits decline. The current boom of many stock markets is supported by a rising trend in profits of the strongest, best positioned capitals. We have seen earlier how the globalisation of the world economy creates temporary opportunities for surplus profits for capitals with a competitive advantage. Globalisation also accelerates the concentration of capital, creating opportunities for many profitable take-overs of other companies and their markets. This profitability is reflected in dividends but most of the appreciation of stock values does not result from dividends but from the rising demand for stores of value, which pushes their price up.

So the price-elasticity of financial assets seems to follow its own dynamic, to be suspended in its own world, where the sky is the limit, where value is created metaphysically, where a painting (by a man who died in poverty) is suddenly worth $ 100 million dollars because of the collective willingness to believe that it is, where "technology stocks fluctuate wildly on rumors that technology stocks will fluctuate wildly", where, in general, prices rise because of the collective belief that they will. As we've seen, this belief seems quite reasonable, since the present is better than the future: more value is being created than can be invested in the future creation of value, so the demand for assets that store value will continue to rise. According to a study by McKinsey&Company, a consulting firm which advises governments and corporations, the total stock of financial assets from advanced nations expanded in value by 6 percent a year from 1980 to 1992, more than twice as fast as the underlying economies were growing. In 1992, the financial assets of the OECD-countries totaled $ 35 trillion, double the economic output of these countries. Mc Kinsey predicts that the total financial stock will reach $ 83 trillion ($53 trillion in constant dollars) by the year 2000; that is, triple the economic output of those economies (43). Astonishingly yet typically, Mc Kinsey presents this forecast as a reason for optimism, as a sign of good times ahead.

It may seem so for investors. But a real increase in value can only come from the growth of value in the economy. Even if we accept McKinsey's unduly optimistic assumption that the growth of the OECD-countries will not be interrupted, the question arises: if financial assets will grow 50 pct. faster than the economy by 2000, as Mc Kinsey projects, where does that extra value come from? We'd like McKinsey to explain that. If value can be created out of thin air, from the collective belief in it, maybe we should all try to believe that we're rich.

A "value"-increase of financial assets that is not fed by a value-increase in the economy can only be fictitious. The claims on profit rise faster than the profits themselves, so, sooner or later, the fictitious nature of their swollen "value" is exposed and their capacity to function as a store of value collapses. The total amount of money represents the total exchangeability, the total value of all commodities. If the total price of financial assets goes up but the total price of commodities does not or much less, the exchangeability of money is de facto diminished. It must devalue, yet the growing demand for money as a store of value has the opposite effect. Money is thus increasingly impaired in its function as a medium for the circulation of value because the high price of capital makes productive investment increasingly prohibitively expensive. And this undermines its function as a store of value further, while the demand for it keeps growing.

The more this demand keeps inflating the financial bubble, the more thunderous its explosion will be. It seems unavoidable that an international banking crisis will ensue, that currencies will collapse, that money will be endangered in all its functions. The whole chain of payments will threaten to fall apart.

What can the capitalist states do when that happens? Today, there is more cooperation and consultation between the major powers than ever before and all developed countries have institutional safeguards that didn't exist in 1929. They can take joint political measures and use the financial reserves of their central banks to try to stem the panic. But the more they have force-fed their economies with debt-creation, the more they have undermined the power of their own monetary instruments. The highly liquid foreign-exchange market by itself already dwarfs the financial reserves of the states and has therefore more control over their currencies than they do themselves. In 1983, five major central banks (the US, Germany, Japan, Switzerland and Britain) held $139 billion in reserves versus an average daily turnover of $39 billion in the foreign exchange markets in these countries. In other words, the central bankers had more than three times as much firepower as the market traders. By 1986, the two were about even in size. By 1993, the traders controlled three times as much as the central banks. Despite the political structure of capitalism, based on the national capital, money-capital, by its nature, resists this limitation and has no loyalty but to itself. Liberated from most restrictions to its mobility, it has become far too liquid for any government or set of governments to control. Every owner of capital will only think of himself, dumping stocks and bonds, closing factories, laying off workers, marking down prices to unload commodities. And so the unraveling will feed on itself, dragging the world economy into its worst depression.

(To be continued.)

Sander

NOTES FOR PART 3

1. Marx, *Capital*, volume 3 (New World Paperbacks) p.250

2. It should be stressed that economic collapse does not automatically lead to the end of capitalism. That requires the political revolution of the working class, which must be global to succeed. Capitalism's slide towards economic collapse accentuates the need for revolution, but doesn't guarantee it .For it to occur, the consciousness of the need and possibility of this giant undertaking must be alive in a decisive majority of the international working class. But that subject falls outside the scope of this text.

3. It's no surprise that the question of value was one of the first addressed by economic thinkers. Indeed, the first observation one can make about the economy is that it is a cycle of production and consumption, the latter occurring in such a way that the first continues. In a market-economy, things are not directly produced for consumption but for trade; they thus become commodities, with an exchange value that can be compared to that of other commodities and thus expressed in a price. But what is exactly measured when something is sold? What determines its price? The obvious answer is not so bad: what it costs, on average, to make such a thing. Plus, of course, whatever profit the seller can get away with. That's where the law of supply and demand kicks in. But economic analysis cannot start there. Before you can see how changes in supply and demand affect prices, you have to know what it is that's being affected by them in the first place. What determines production costs? Early bourgeois economists (Smith, Ricardo) correctly understood that all components of the production process represent an amount of social labor time, that their use involves another amount of social labour time, so that all products of that process contain a specific amount of social labor time that makes them comparable to each other. This was generally accepted until Marx drew out the implications. Then this insight was dropped like a hot potato. Since then, most bourgeois economists stayed away from the subject altogether, even though that means that their analyses are situated in a vacuum. You cannot understand the economic cycle if you're afraid to investigate what it is, that's being circulated. Is it just goods, use-values? If that were the case, the economy would grow as fast as would be technically feasible, which is obviously not the case. Is it just prices? Then a doubling of all prices would make an economy twice as wealthy. For most bourgeois economists, value and price are the same thing. They claim that Marx made "an inconsistent and illogical distinction between value and price"(Lewis Haney, History of economic thought, Macmillan, p.492) to cover up his value-theory's "failing to explain prices". But as we shall see, rather than being a poor excuse , Marx's analysis of the value-price relation provides the real key to understand the dynamics of the capitalist economy. The few bourgeois economists who tried to find an alternative explanation of exchange value, came up with no more than a price-theory, and a poor one at that. They base themselves on differences in utility of different commodities (Jevons' "marginal utility"-theory, Rothbard's "Subjective theory of value"). Prices then merely express the various rapports of utility, and equilibrium-prices are those that are established when supply and demand are in balance. According to Conway ("A farewell to Marx", Penguin, p.89-92), these theories, by providing the argument for the rejection of Marx's theory of value, "undercut the basis of his entire economic theory". "All that is necessary to explain exchange-value", so he writes, "is the fact that different people have different preferences for things." Although the temptation is great, a critique of these theories will have to wait for some other time. This is, after all, a footnote. Besides, the theoretical contortions to which the urge to refute Marx give birth, speak eloquently for themselves. It's quite telling that these theories, after having accomplished their goal of "debunking Marx" are of no further use to bourgeois economics. No-one tries to apply them to explain anything whatsoever. Indeed, what could possibly explained by a theoretical framework which disconnects exchange-value from production-costs?

4. Marx, *Grundrisse* (Pelican Edition) p.704-705

5. ibid, p.340.

6. See also: Mac Intosh: *Theses on Decadence*, in this issue.

7. She made, illogically, an exception for military consumption. For an interesting critique of her position, see *Rosa Luxemburg et le probleme des armements*, in Communisme ou Civilisation 22 (october 1987). Various insightful articles on Marxist crisis-theory in this review (especially C.ou C. 12 and 14), although not always agreeing with our positions, have generally been helpful in the preparation of this text. (Communisme ou Civilisation can be contacted at: BP88, 75722 Paris Cedex 15, France.)

8. Marx, *Capital* volume 3, p.178

9. Ibid. p.175

10. Ibid. p.195

11. Ibid. p. 158

12. This is the general process but that doesn't mean it applies to any given situation. For instance, the production of raw materials in the peripheric countries operated for a very long time with a low organic composition, because the extreme cheapness of labor power lowered the incentive for capitalisation. We will examine futher which circumstances impede the equalisation of the rate of profit.

13. Marx, *Capital* volume 3, p.166

14. Ibid. p.259

15. Paul Mattick, *Economic Crisis and Crisis Theory* (Ed.Sharpe, White Plains 1981) p.65

16. Ibid. p.70

17. Ibid. p.116

18. Lester Thurow, *The Revolution Upon Us*, Athlantic Monthly, March 1997, p.98. This quote comes from a review of a new book by William Greider, *One World, ready or not: The Manic Logic of Global Capitalism* (Ed. Simon&Shuster,New York) While Greider distances himself from Marx (whom he probably didn't read) and calls himself a "global Keynesian", his book amasses a wealth of material on the market-contradiction and the money-commodity contradiction and even points out the decline of the rate of profit.

19. Marx, *Capital*, vol.3 p.482

20. Except for the surplus value that is extracted by the state itself. It is not, for instance, because arms are not consumed productively that the workers in the arms-industry are not exploited. The net-cost of arms-production for total capital is thus C+V-S.

21. Marx, *Capital*, vol.3, p.304-305

22. Marx, *Theorieen uber den Mehrwert,* part3 (Stuttgart, 1919) p.137

23. In 1992 Nike paid almost twice as much in promotional fees to basketball star Michael Jordan than the entire workforce earned in the Indonesian shoe industry – the 25,000 workers who make Nike, Reebok, Adidas and other famous brands. A shoe worker in Indonesia would have to work almost four months to earn enough cash to buy a pair of Nikes. A worker in China would have to work even longer (though, of course, neither one would ever be able to save enough for such a luxure). See Greider, op.cit., p390.Wall Street Journal, May 22, 1995, p.1

24. Marx, *Capital*, vol.3, p.198

25. Idem

26. Robert Johnson, manager of Soros' Quantum Fund, quoted in Greider, op.cit. p.247

27. Marx, *Theorieen uber den Mehrwert*, p.282

28. Communisme ou Civilisation 12, p.28

29. Rosa Luxemburg, *The Accumulation of Capital* (Modern Reader Paberbacks) p.38

30. Revolutionary Perspectives 6, p.22

31. See for instance *Grundrisse*, p.188: "..the commodity as pure exchange value is money (..) It is the universal material into which they [the commodities] must be dipped (..) in order to win their independent existence as exchange values. They must be translated into money, expressed in money."

32. Marx, *Grundrisse*, p.197-198

33. Ibid. p.216

34. Ibid. p.149

35. Ibid. p.212

36. Ibid. p.218

37. Marx, *Capital*, vol 3, p.254

38. Marx, *Grundrisse*, p.145-146

39. Since the late '70s real interest rates have run more or less consistently at nearly twice their historic average.

40. Paul Kennedy, *Preparing for the 21st Century* (Random House, New York) p.51

41. Greider, op.cit. p.232

42. McKinsey Global Institute, *The Global Capital Market: Supply, Demand, Pricing and Allocation* (Washington, 1994)

VALUE, DECADENCE, AND TECHNOLOGY:

TWELVE THESES

1. In his project for a critique of political economy, first adumbrated in the Grundrisse, the preparatory notes of 1857-1858, Karl Marx laid bare the fundamental categories -- value, abstract labor, the commodity, and capital -- which "express the forms of being, the characteristics of existence"[1] of the capitalist mode of production. It is these categories which Marx was convinced shaped the economic, social, political, and cultural dimensions of human life in, and the historic trajectory of, capitalist society. And it was the inherent, and insoluble, contradictions of a mode of production based on these selfsame categories which Marx believed indicated both the historicity of these categories, their supersession through the abolition of value production, and the prospect of a human community (Gemeinwesen). The law of value, value production, is not eternal, is not inherent in the life of the human species. Value is coeval with capitalism, and with the commodity form; it is the form of wealth mediated by the market, by exchange, where wealth is constituted by human labor-power. Moreover, there can be no abolition of capitalism which is not at the same time the abolition of value production.

2. Marx never completed the systematic development of his seminal insights into the categorial structure of the capitalist mode of production, and its historic trajectory, during his own lifetime, and his intellectual heirs, beginning with Engels, have not only failed to complete this theoretical task, but have consistently subverted it through the articulation of a "productivist Marxism." This productivist Marxism, common to Social Democracy, Leninism, the projects of both Stalin and Trotsky, and even the economic perspective of much of the Communist Left (despite the mutual hostility of these different currents on the political plane) affirms the trans-historical nature of value production, the permanence of industrial labor once it has made its appearance with the genesis of capitalism, and celebrates unlimited industrial growth and technological development, together with the proletarian labor which is its condition, as the very basis of socialism or communism. Lenin's formula that socialism is the soviets + electrification is the very quintessence of this productivist Marxism.

3. For productivist Marxism, the inherent contradictions of the capitalist mode of production take one of two forms.

First, a contradiction between an industrial mode of production and a bourgeois mode of distribution; between the forces of production, the development of which capitalism has brought about, and which can assure prosperity for all, and the relations of "production," in fact understood as a mode of distribution ("private" appropriation of the wealth socially produced by proletarian labor), which condemns the mass of humanity to an existence in which its needs remain unsatisfied. On the basis of this interpretation, the contradictions of capitalism can be resolved through a socialized mode of distribution (abolition of "private property," nationalization, and central planning), which will be consonant with the existing mode of industrial production, and proletarian labor.

Second, the contradiction between the expansion of the productive forces and the capitalist relations of production which fetter, block and/or prevent, their development. In one form or another, this vision of the contradictions of capitalism entails a concept of decadence the hallmark of which is the halt

[1] Karl Marx, Grundrisse: Foundations of the Critique of Political Economy, trans. Martin Nicolaus (Harmondsworth: Penguin Books, 1973), p.106.

or slackening in the growth of the productive forces, fettered by capitalist relations of production. On the basis of this vision, the contradictions of capitalism can be resolved through the removal of the barriers to the unfettered development of the forces of production, to the unlimited development of the industrial mode of production and of technology initiated by capitalism in its ascendant or progressive phase, through the abolition of the market and private property.

4. Whereas productivist Marxism, and any concept of the decadence of capitalism articulated on its bases, reifies and celebrates the industrial mode of production and the proletarian labor which is its basis, Marx's own insights into the fundamental categories which shape the capitalist mode of production, e.g. the commodity, value, abstract labor, indicate not just the historicity of these categories and of the mode of production to which they give rise, but the necessity for the abolition of the law of value, and of the industrial production and proletarian labor which it enshrines. As long as proletarian labor and industrial production remain the foundations of social life, the law of value and capitalism remain its irreducible bases. And this is the case however many changes in the mere forms of proletarian labor and industrial production are introduced. In this sense, productivist Marxism is revealed to be an ideology of capitalism, which in its several different forms has perpetuated the capitalist mode of production throughout much of the twentieth century.

5. For Marx, the basic characteristic or determination of existence [Existenzbestimmung] under capitalism is value. Value, as the historically specific form of wealth characteristic of capitalism, is created by the direct expenditure of abstract human labor in the process of production; it is the form of social wealth measured and produced by the direct expenditure of labor time in the production process, and both its very existence as a form of social wealth, and its mass, remains integrally bound to the expenditure of labor time and to the quantity or amount of living labor employed in production. No matter how many changes occur in the forms and techniques of production, the structure of the market, or the forms of private property, capitalism remains a mode of production whose "presuposition is -- and remains -- the mass of direct labour time, the quantity of labour employed, as the determinant factor in the production of wealth."[2] A society in which wealth is determined by the quantity of living labor employed in the production process, where living labor is a commodity which is exchanged against a wage, is a capitalist society, whatever the juridical forms of property may be.

[2] Marx, Grundrisse, p.704, my emphasis.

6. The historical trajectory of capitalism produces a contradiction between its unsurpassable basis in value production, and the expenditure of living labor, on the one hand, and the actual results of its own developmental logic on the other:

> "But to the degree that large industry develops, the creation of real wealth comes to depend less on labour time and on the amount of labour employed than on the power of the agencies set in motion during labour time, whose `powerful effectiveness' is itself in turn out of all proportion to the direct labour time spent on their production, but depends rather on the general state of science and on the progress of technology, or the application of this science to production."[3]

The introduction of the category "real wealth," and the contrast between value and real wealth, the former dependent on the direct expenditure of living labor, and the latter increasingly on the application of science and technology to the production process, has its basis in the twofold nature of the commodity form which Marx has explicated: exchange-value and use-value. The very development of the productive forces by capitalism results in a growing, and fatal, disjunction between value and real wealth: living labor remains the only source of value, while real wealth is no longer dependent on "the direct human labour [the proletarian] himself performs, nor the time during which he works,"[4] but rather on the productive power of the "social individual," the collective laborer [Gesamtarbeiter], and the technology which he sets in motion.

7. The decadence of capitalism marks the point in the transition from the formal to the real domination of capital (the penetration of value and the commodity form to all segments of human existence), when the production of value has ceased to be the condition for the production of material wealth; indeed, when the perpetuation of value production, with its insurmountable basis in living labor, has become an obstacle to the continued production of material wealth. "As soon as labour in the direct form has ceased to be the great well-spring of wealth, labour time ceases and must cease to be its measure, and hence exchange value [must cease to be the measure] of use value. The surplus labour of the mass has ceased to be the condition for the development of general wealth ...."[5]

[3] Marx, Grundrisse, pp.704-705.

[4] Marx, Grundrisse, p.705.

[5] Marx, Grundrisse, p.705.

At that point in its historical trajectory, capitalism will have passed from being a necessary condition for the development of the powers of the human species, and of its material wealth, to being an obstacle to that development. Indeed, at that historical conjuncture, capitalism will have become a destructive factor in the life of the human species, constricting its potential, and condemning ever larger masses of humanity to insecurity, misery, and death. Despite -- indeed, even because of -- the unprecedented development of technology and the productive forces in the twentieth century, humankind has lived amidst a growing insecurity, widespread and increasing misery, and the risk of violent death through war and genocide, which have become the hallmarks of the decadence of capitalism.

8. The existence of capitalism in its decadent phase, bound as it is to the production of surplus value extracted from living labor, and yet confronted by the fact that the mass of surplus value tends to fall as the level of surplus labor rises, compels it to <u>accelerate</u> the development of the productive forces at an ever more frenzied rate and tempo:

> "Thus the more developed capital already is, the more surplus labour it has created, the more terribly must it develop the productive force in order to realize itself in only smaller proportion, i.e. to add surplus value -- because its barrier always remains the relation between the fractional part of the day which expresses <u>necessary labour</u>, and the entire working day. It can move only within these boundaries. The smaller already the fractional part falling to <u>necessary labour</u>, the greater the <u>surplus labour</u>, the less can any increase in productive force perceptably diminish necessary labour; since the denominator has grown enormously. The self-realization of capital becomes more difficult to the extent that it has already been realized."[6]

However, this very contradiction increases the pressure on every capital entity to expand the forces of production, develop new technologies, increase its productivity, in a desperate attempt to escape the downward course of the average rate of profit, and obtain a surplus-profit by producing commodities below their socially average value. Therefore, the faster the rate of profit falls, as a result of the rising organic composition of capital, i.e., the growth of the productive forces, the greater the pressure on each capital entity to further develop those self-same productive forces in the endless quest for a surplus-profit. Thus, capital's compulsion to increase productivity, and thereby develop the forces of production, does not diminish in its decadent phase; quite the contrary, even though the frenetic expansion of material wealth that occurs does not result in a commensurate expansion of wealth in the form of value. Despite its increasingly meagre results, in decadent capitalism the constant and boundless expansion of material wealth remains the very condition for the perpetuation of value production. It is this imperative which underlies the vast changes in the production of material wealth ushered in by the computer, the micro-chip, biotechnology, visual imaging, robotics, and artificial intelligence, for example.

9, Decadent capitalism, notwithstanding the frenzied pace of its scientific and technological developments, is plagued by catastrophic economic <u>crises</u> which have their bases in the expanding social contradiction which is inherent in value production, and which tends to become permanent in its phase of decadence. According to Marx:

> "Capital itself is the moving contradiction, [in] that it presses to reduce labour time to a minimum, while it posits labour time, on the other side, as sole measure and source of wealth. .... On the one side, then, it calls to life all the powers of science and of nature, as of social combination and of social intercourse, in order to make the creation of wealth independent (relatively) of the labour time employed on it. On the other side, it wants to use labour time as the measuring rod for the giant social forces thereby created, and to confine them within the limits required to maintain the already created value as value."[7]

The contradiction between the imperative to reduce direct labor time to a minimum, even while this same abstract human labor remains the only measure and source of value, constitutes the veritable basis for the catastrophic economic crises of capitalism, both in terms of the decline in the rate of profit, and the inability to realize the surplus-value produced. (The modalities, trajectory, and history, of these economic crises are worked out in the text of comrade Sander.)

10. It would be a grave error, however, to conclude that once set free from the constraints of value production, with its indissoluble link to the expenditure of direct labor time, the production of material wealth through the application of science and technology would have severed its link to capital. Industrial production itself bears the stigmata of capital, on the bases of which it first emerged. Indeed, Marx designates industrial production as a "specifically

[6] Marx, <u>Grundrisse</u>, p.340.

[7] Marx, <u>Grundrisse</u>, p.706.

capitalist form of production ... (at the technological level too)."[8] The science, technology, and the organization or structures which underpin them, and permit their development, are all shaped and indelibly stamped by capital and value. As Ernst Bloch has insisted: "... the technological relationship to nature repeats in a different way the bourgeois-social one to the misunderstood tendencies and contents in its own operation: in both cases the activity never gets beyond the mere exploitation of opportunities; in both cases there is no communication with the matter of occurrence."[9]

The rationalization, and instrumentalization, of all aspects of human existence, which are the constitutive achievements of modern science and technology, are inseparable from the abstraction, homogeneity, and quantification, which are integral to value, and the social relations which it generates. In short, on the historic bases of the capitalist mode of production, material wealth as the product of modern science and technology is itself impregnated by the form of value, even when it is no longer measured by the quantity of living labor incorporated in it. So long as what Bloch designates as the "technological relationship to nature" continues to characterize the interaction between humans and their natural environment, so long as humans relate to nature simply as its master and possessor, that relationship will be increasingly one which threatens not just the destruction of nature, but of the filiation between humans and nature on which the very existence of our species depends.

11. The decadence of capitalism is not incompatible with the development of the productive forces, the expansion of technological control over nature, and the prodigious increase in material wealth. Indeed, the very contradictions of value production impel each capital entity to the frenzy of "production for production's sake," in a desperate attempt to obtain a surplus-profit through the development of new technologies which permit it to sell their commodities below their socially average value:

> "`Production for production's sake' -- production as an end in itself -- does indeed come on the scene with the formal subsumption of labour under capital. It makes its appearance as soon as the immediate purpose of production is to produce as much surplus-value as possible, as soon as the exchange-value of the product becomes the deciding factor. But this inherent tendency of capitalist production does not become adequately realized -- it does not become indispensable, and that also means technologically indispensable -- until the specific mode of capitalist production and hence the real subsumption of labour under capital has become a reality."[10]

It then becomes clear, as Ernst Bloch has pointed out, that "very great retrogression of society can correspond to progress in the `control of nature.'"[11] Retrogression or decadence can occur even while science and technology continue their prodigious development. The link between the concept of the decadence of capitalism and the halt or slackening in the growth of the productive forces, itself the legacy of productivist Marxism, must be shattered. As Walter Benjamin pointed out, that vulgar-Marxist conception "recognizes only the progress in the mastery of nature, not the retrogression of society; it already displays the technocratic features later encountered in Fascism."[12]

In the place of that vulgar or productivist Marxism, that ideology of capitalism, and on the bases of Marx's own insights, we must elaborate a concept of capitalist decadence as a form of social retrogression which is accompanied by technological "progress," which -- in the absence of social revolution and the abolition of value production -- contains the objective-real possibility of massive ecological destruction, as well as industrialized genocide and thermonuclear war, all of which threaten the very existence of the human species.

12. The historic alternative to the social retrogression of capitalist decadence is the abolition of value production, its forms of being [Daseinsformen], including the science and technology on which it has stamped its character as abstract and unmediated. This entails not just the abolition of a mode of production based on the direct expenditure of living labor as the source of surplus value, but of the very industrial mode

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[8] Karl Marx, Results of the Immediate Process of Production, trans. Rodney Livingstone, in Karl Marx, Capital, volume 1, trans. Ben Fowkes (Harmondsworth: Penguin, 1976), p.1024.

[9] Ernst Bloch, The Principle of Hope, volume two, trans. Neville Plaice, Stephen Plaice and Paul Knight (Cambridge, MA: The MIT Press, 1986), p.696.

[10] Marx, Results of the Immediate Process of Production, p.1037.

[11] Bloch, The Principle of Hope, p.696.

[12] Walter Benjamin, "Theses on the Philosophy of History," in Walter Benjamin, Illuminations (New York: Harcourt, Brace & World, Inc., 1968), p.261.

of production, set in motion by proletarian labor, which is no less integral to capitalism.

It is the historic trajectory of the capitalist mode of production itself which has made the abolition of value and industrial production an objective-real possibility on

the Front of history. In their place can arise a Gemeinwesen constituted by the social individual entering into a qualitative, and socially mediated relationship to nature. In contrast to capitalist technology, for which nature is merely an object for exploitation and subjugation, a technology adequate to the Gemeinwesen, and the social individual -- in Ernst Bloch's words -- will "have surmounted its catastrophic side and its abstractness. An unparalleled hook-up is intended here, a real installation of human beings (as soon as they have been socially mediated with themselves) into nature (as soon as technology has been mediated with nature)."[13] What would such a technology mediated with nature look like? How can technology be divested of its abstractness and its catastrophic side? It is much easier to point to the dangers of a science and technology which treats nature simply as an object for exploitation and control, as the ecological destruction which results is now patently obvious even to many who do not see the link between this relationship and capital. The dim outlines of such a technology can perhaps already be glimpsed, though it is only the experimental praxis of a humanity which liberates itself from the capitalist interregnum that can fill in the contours of a technology adequate to the human Gemeinwesen which is the alternative to the barbarism of capitalism.

MAC INTOSH

[13] Bloch, The Principle of Hope, p.698.

Book by Louis Janover

NIGHTS AND FOGS OF REVISIONISM

In 1996 an ideological campaign in the French bourgeois press amalgamated "revisionism" (the fascist-inspired 'theory' which claims that the Nazi-gas chambers and the Holocaust of the Jewish people in World War Two never happened) and the Marxist political positions of the communist ultra-left. Papers such as "Le Monde", "Le Figaro", "Rouge" and "Liberation" presented the pamphlet "Auschwitz ou le grand alibi", published in 1960 by "Programme Communiste", the Bordigist 'International Communist Party' or PCI), as the founding text of a "revisionism from the left". According to "Liberation", Bordiga was the forerunner of 'revisionism' and an accomplice of fascism (Liberation, 8-21-96). The "revisionist" ravings of Pierre Guillaume, an old sympathizer of the ultra-left group "Socialisme ou Barbarie" and manager of the ultra-left Paris-bookstore "La Vieille Taupe" ("The Old Mole") were used to make believe that the "revisionist" crap is really reflecting the positions of the internationalist communist current. One cannot help but wonder what's behind this press campaign -because that's what it was - against political positions which unfortunately still have little influence in the working class.

All this makes the publication of *Nuits et Brouillards du Revisionisme* ("Nights and Fogs of Revisionism") very timely. Indeed, this book by Louis Janover, published by Editions Paris Mediterranee in France, sets the record straight on what really happened and what positions were really developed by the groups claiming the political heritage of Left Communism. This book does leave no trace of doubt on the anti-capitalist fight of the militants of the communist left; on the struggle they waged against capitalist power, in all its particular forms, democratic, fascist, stalinist and nazi included. Furthermore, *Nuits et Brouillards du Revisionisme* deconstructs, in a clear and uncompromising way, the offensive waged by intellectual cercles of "the left" which, by linking the "revisionist denials of the holocaust to the Marxist positions against democratic anti-fascism, try to smear the communist left of today. What Janover, sees behind this, is an attempt to restore the credibility of certain stalinist intellectuals. Under the cover of anti-fascism and the struggle against 'revisionism', they try to make amends and to reintegrate the "establishment".

In the first part of the book, Janover analyzes how these "anti-totalitarian" intellectuals lumped the Marxist critique of anti-fascism and the "revisionist" positions together. He frames the debate well and reminds the reader what positions were defended before 1940 by the Marxist groups which simultaneously resisted Stalinism's iron heel and the fascist drift of the Western bourgeoisie. They saw it as their task not to choose sides between one bourgeois camp and another but to denounce, clearly and firmly, all compromises of principles, all goulags, despite the risks of being attacked and even liquidated by Stalinist goons or Nazi-brownshirts. They didn't stay above the fray whith their arms crossed but were the first to call upon the workers to organize themselves to resist the armed gang of the fascist counter-revolution while at the same time, in Italy, France as well as in Germany, the social-democrats called for social peace and sabotaged the workers'struggle.

> "The anti-stalinism of the ultra-left is naturally based on a radical anti-fascism, and gives it its full meaning. While they saw in Nazism the coronation of capitalism, they blamed the reflux of the wave of revolt that followed world war one in a large part on the Bolchevik strategy and on Stalin. The militants of the multiple groups of this tendency were to be found at the forefront of the struggles against the new forms of Barbarism which engulfed the German, Spanish or Italian people. They were the first to stand up against the suicidal policy of the Communist International on the rise of Nazism and clearly established the historical link between the victories of the fascists and the Stalinist repression in Russia, without confounding the regimes in question." (*Nuits et Brouillards du Revisionisme*, p.100).

In Bilan, the publication of the left of the PCI, we can still read testimonies of workers who resisted the grip of bourgeois ideology and its polarisation fascism- anti-fascism. These voices are still relevant to the struggles of the working class today. Indeed, the fundamental contribution of the Communist Left to the historical consciousness of the proletariat, is precisely the understanding and demonstration of the class nature of the different forms of political power of the capitalist class, of the irreconciliable opposition between the interests of the working class and the interclassist ideologies of capitalism. The Communist Left denounced the opposition fascism -anti-fascism as a frontist position, because the historical opposition between the working class and the capitalist class. The PCI-pamphlet "Auschwitz or the great alibi", published in 1960, spells out the main lines of this analysis, as *Le Proletaire*, the paper of the PCI , recently noted:

> "We deny that "democracy" and "fascism" correspond to different types of society, with different ways of life and social activity. We affirm that they are only two forms of the bourgeois-state, assuring, the one as well as the other, the domination of capital and its functioning, but in different conditions." (*Le Proletaire*, # 437, summer '96).

For the Communist left, the war was not a conflict between "democrats" and "barbarians", but the fruit of the opposing imperialist interests of national capitals. And the right response to the imperialist war-drive, the proletarian position, was to call for revolutionary defeatism. Needless to say, this position was not defended by Socialists or Stalinists. We now understand the meaning of this press campaign in 1996. Janover makes no mistake about it.

In the second part of his book he analyzes why this campaign was waged against the political positions of the communist left. Indeed, the struggle against "revisionism" is only a conventient pretext for this slanderous campaign, hiding its real goal: like the "Hitlero-Trotskyism" invented by the Stalinists in the thirties to hound communist militants, capitalist ideologues today invent a "Bordigo-Fascism", to discredit the internationalist Marxist current.

> "…the intellectuals of the PCF ("French Communist Party") were pushing for a anti-fascist witchhunt against "the Trotskyist Victor Serge, a confirmed police spy and ally of Nazis and chauvinists", in the words of Dominique Desanti, official "historian" of the PCF." (*Nuits et Brouillards du Revisionisme* p. 39).

Several objectives are behind such campaigns:

- to smear every critique of inter-classist anti-fascism as "sympathetic to fascism". Every Marxist analysis of Nazism and every attack on the crimes of Western democracies can then be denounced as "abetting Fascism" and all Stalinist monstrosities can be passed over in silence;
- to discredit the revolutionaries who, using Marxist analysis, put forward action perspectives that go beyond frontism and the defense of bourgeois democracy;
- to rekindle the official anti-fascist ideology by finding new scapegoats; while the state at the same time multiplies its repressive actions against the workers: lay offs, expulsion of immigrant workers…
- to restore the credibility of Stalinist intellectuals who repented at the last minute, so that they can, under the cover of their new anti-fascist virginity, serve openly the interests of the capitalist state.

Indeed, Janover reminds us of the course of some of these "anti-totalitarian intellectuals", who, at the time of the Stalinisation, supported it in the name of "the defense of the fatherland of socialism" and said nothing about the Stalinist goulags, while the Communist Left denounced both Nazism and Stalinism.

> "While "Hitlerism" was presented as something outside of history, an object of abhorrence, a poisonous seed always ready to contaminate the minds, secretly and almost without them realizing it, "Stalinism" was banalized with the help of anti-fascism. Anti-fascism and the union of the left were always part and parcel of the strategy of the Communist Party. When anti-fascism was on the rise, so was the Communist Party, but political consciousness went down proportionally." *(Nuits et Brouillards du Revisionisme*, p 29).

Like the Communist Left, Janover rejects both fascism and Stalinists and rightly points out that the right doesn't have a monopoly over the "revision" of history: the "anti-totalitarian intellectuals "of the left have revised history too, by erasing the Stalinist gulags.

This book has the merit of setting the record straight and of deconstructing a campaign aimed at repairing the credibility of the old allies of Stalinism, while discrediting the political positions of those who have always critized the opportunist drift of the "intelligentia of the left". Janover was a member of the Surrealist group in the fifties and worked since 1968 on the publication of the works of Karl Marx (Ed. La Pleiade).

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