

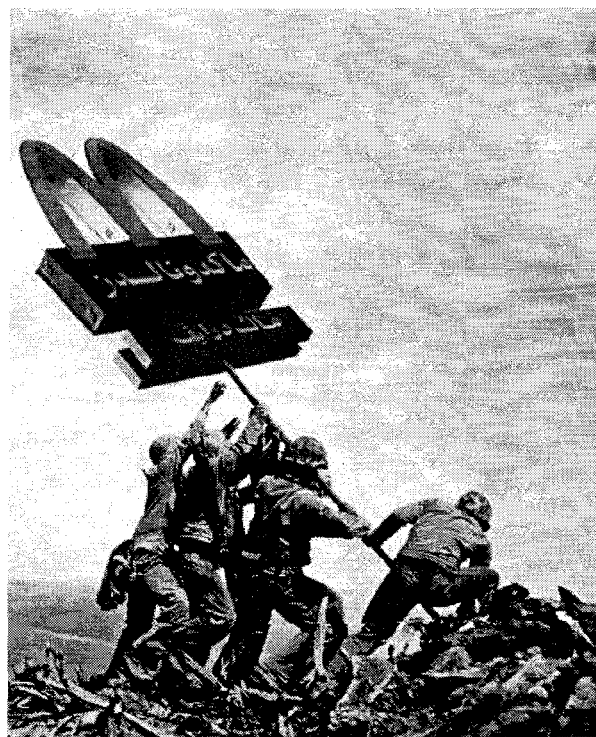
INTERNA TIONALIST PERSPECTIVE

War and the Logic of Capitalism

The Trade-Unions, Pillars of
Capitalism

The Bolcheviks, the Civil War
and Red Fascism

Fictitious Capital and the
Crisis of the Global Economy



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HOW THIS WAR FITS INTO THE LOGIC OF CAPITALISM

As this is written, the war in Iraq is raging. Its real goal of course is neither the liberation of the Iraqi people nor the defense of America against the military threat of Iraq. This threat was destroyed ten years ago, when the previous Gulf War brought this country to its knees. Since then, its population has been starved and its territory regularly bombarded by Anglo-American planes, without drawing much attention from our 'free press'. The real goals of this war sprout from the very logic of capitalism. It compels the US to reinforce the system of capitalist exploitation and consolidate its geo-strategic hegemony in this crucial region. The stakes are both geo-strategic (imperialist) and economic, and they are closely linked and sometimes difficult to separate.

THE IMPERIALIST STAKES

American domination and its virtually total freedom of movement in regard to the UN or any other opposition, is a result of the collapse of the Russian bloc, which left a vacuum that wasn't filled by a new imperialist entity that could challenge the American bloc. Even though there is opposition, even though there are candidates for the role, the vacuum gave the US room to deploy its domination over the world. Its strategy has two aims: to strengthen its domination (by multiplying its military bases and tightening its grip on regions that are strategically important, both economically and militarily) and to prevent the rise of potential imperialist rivals.

This double, economic-political strategy was already visible during the war in Afghanistan: it allowed the US to implant itself more firmly in southeast Asia and to control the transport routes of oil and gas, isolating Russia and surrounding potential imperialist rivals such as China and India. The war in Iraq is not a passing folly of Bush junior but a continuation of this process. The control over Iraq will allow the US to:

- surround Iran between an Afghanistan and an Iraq controlled by the US;
- surround Syria between Turkey, Jordan, Israel and Iraq;
- put pressure on Saudi-Arabia through its firm control over Kuwait and Iraq;
- extend the Atlantic Alliance, by incorporating Lithuania, Estonia and Latvia in it and through military bases in Uzbekistan and Kyrgyzistan and later in Turkmenistan and Kazakhstan;
- to top off the encirclement of this region by reinforcing its control over Yemen.

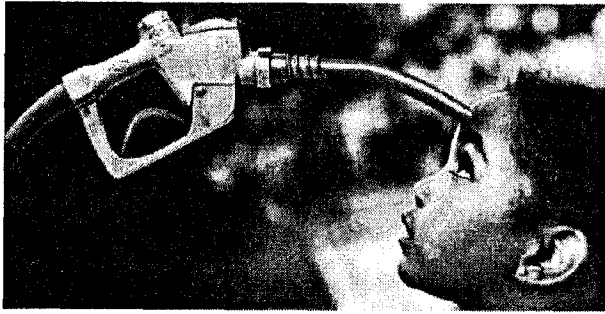


Looking at a map, one can see clearly how this strategy extends the area firmly dominated by the US to the doorsteps of its potential rivals and assures its direct control over the oil and gas resources and supply lines of the Caspian basin, the Caucasus and the Arab region. This is clearly a well-planned policy and a global strategy serving its economic, political and imperialist interests.

The try-out of new armaments and tactics is an additional benefit on the military level. The presence of permanent military bases in Iraq after the war will also allow the US to act swiftly in the region, without the logistical difficulty of having to move troops far away, and to use very mobile small intervention forces.

THE ECONOMIC STAKES

As we said, it would be artificial to disconnect the imperialist drive from its economic foundations. The world economy is in deep crisis and American capitalism doesn't escape this. Despite the bourgeoisie's attempts to explain the current situation as an unfortunate result of the attacks of 9/11, we know that this crisis is global and results from the deep contradictions of the capitalist system, which lead to a permanent overproduction in the developed countries, an expulsion of ever larger numbers of workers from the global chain of production, a swelling and bursting of a speculative bubble fed by fictitious capital, the failure of the policies imposed by the IMF on countries such as Argentina and Brazil, a global storm brewing since the Asian crisis...



Faced with this deep crisis, the ferocious competition between capitalists pushes them to an ever more desperate and ruthless struggle. Global industry is very dependent on the supply of oil and gas. The control of these resources is therefore crucial and provides a definite advantage in the competition between economic rivals. As a recent leaflet of IP pointed out: Bush invaded Iraq "because the US economy is sitting on a mountain of 31 trillions dollars of debt, because the stock market bubble is bursting, because the dollar is plunging, because foreign capital owners are seeing investing in US assets increasingly as a risk. That's what makes this project so urgent. Iraq's oil could be a huge cash crop for US capital. The American occupation would give the US control over oil prices (paid in dollars, thank you) and where would the new Iraq invest its profits but in the US stock market?"

Even though the US is already very much present in the region through its oil companies and American participation and investment in this sector, OPEC still has a grip on the exploitation and management of this wealth. It's still OPEC which fixes the price of a barrel of oil and which can thereby put pressure on industrialized countries. And while the British, the American oil companies are firmly established, the French (TotalFinaElf) are fighting for their share too, as are the Russians. Time for the strongest wolf in this hungry pack to affirm his domination. The tightening of its control over the production and circulation of hydrocarbons will allow the US to:

- gain a powerful weapon against potential rivals (in particular China, whose economic development increases its consumption of energy and therefore its dependence on foreign oil);
- break the grip of OPEC, so that the US can control the price of oil;
- become invulnerable to tensions in other oil producing countries (Russia, Saudi-Arabia) whose commercial interests might not always coincide with those of the US, so that it can count on a stable supply of oil.

The diplomatic tensions between the warring coalition (the US and the UK) and the "pacifists" of the hour (France, Germany and Russia) neatly coincide with the economic rivalries in the region. For France and Russia it will be a serious loss to be cut off from investment and control of this juicy part of the oil business.

THE PROTESTS

The conflict has provoked a surprisingly strong reaction throughout the world. This reflects several trends:

- an unrest and a vague questioning about our global future;
- the recomposition of classes and of the working class in particular;
- "globalization".

We saw already in the workers struggles of 1994-95 a tendency to raise questions about the global perspectives of capitalist society. Since then, this discontent has expressed itself in frameworks as different as the "anti-globalization" movement and the opposition to the war in Iraq. On February 15, as many as 10 million people demonstrated simultaneously against the war throughout the world. This was probably in part a result of the growth of the global organization of capitalism itself, and thus of a tendency to perceive problems and reactions to them on an international scale from the outset.

Even if the ideological discourse of the warmongering bourgeoisie was roughly the same as in the case of the wars in ex-Yugoslavia and Afghanistan (the liberation of a people from its tyrant and the prevention of a menace from an aggressive country), its impact was considerably smaller. It's clear that the patriotic poison is losing potency -even in the US. The economic and hegemonic goals of the US were already denounced in the first protests.

Even within the American armed forces, doubts were raised. There were graffiti and slogans against the war in some military quarters, like during the Vietnam war. In March, there was a second wave of demonstrations in which some trade unions also participated. Their presence raises the question of the position of the working class on this war. We know from experience that the unions tend to act preventively to be ready to contain reactions from the



workers when they suspect they might be coming. Even if the working class did not manifest itself on a terrain of opposition to the war, this does not necessarily mean that the atmosphere in the class is one of indifference.

So where does the working class stand in regard to the war and what did the anti-war movement represent?

Even though workers participated in this movement, they did so, as far as we know, as individuals or in small groups. We can't say that the class as such participated. The profound transformations of capitalism in recent decades has redefined the boundaries of the social classes and made it more difficult for the working class to see the links that unite it as a class. This recomposition has brought more atomization and even though strike movements continue to occur throughout the world on a daily basis, they are expressions of a punctual resistance against capitalist exploitation; the working class does not manifest itself as a class when global stakes of society are posed. Yet we also see in these movements a strong presence of groups of young people, often excluded from production, unemployed or proletarianized. They have few illusions in the traditional ideological discourses and tend to see their revolt on a radical, even violent terrain from the outset. But as long as this radicalism is not linked to the struggle of the working class, it remains punctual and more an expression of the destructiveness of the existing society than of a constructive perspective of a new society. While these young people express the rejection of the current functioning of society, they also express their own situation of being socially excluded and robbed of a future. Their protest is an immediate reaction to their conditions of existence.

The recent anti-war movements were very important gatherings but they were also heterogeneous, without a class base. Crucial questions were raised in it about what this society is based upon and where it is going, but it remained at the level of questions. The fact that they were raised in movements that gathered very diverse people not linked by a common class interest, implies that they could not be brought together in a common reflection process and lead to a common perspective. While these questions help to unmask capitalism, only the struggle of the working class can show how they fit together and place them in an historical perspective of changing society through the collective political reflection that is part of the development of class consciousness.

The variegated components of the protests (pacifists, anti-globalists, radical marginalized young people, unions worried about workers' discontent) indicate that we are in a contradictory situation in which the questioning of capitalist society continues without really advancing. Georg Lukacs, in his book "History and Class Consciousness", emphasizes the dialectical link between partial struggles and final goal and points to a seemingly contradictory phenomenon: the more the stakes of daily struggles become clear, the more obscure the global stakes become. That is what we are witnessing today: every punctual reaction (against exploitation, against the war, etc.) makes it possible to question capitalism as a social relation more precisely, but the very importance of the unmasking of the functioning of capitalism in these partial struggles creates a tendency to fixate on them without pushing the questioning of the totality further. That also makes the development of class consciousness so difficult today, because it must advance to an understanding of the totality of the capitalist social relation in order to open a new historical perspective.

Finally, a word on the anti-Americanism in the anti-war protests. It raises indirectly the question of what revolutionary fractions can do to clarify what's at stake in the war. Even though the arrogant imposition of American supremacy and the fate of the powerless civilians submitted to the murderous bombardments of the American war machine provoke disgust, it's important to identify the real enemy. The immediate danger may seem Bush (like Sharon, or Hitler in his time) but the real danger is not this or that leader or faction of the capitalist class but the very logic of capitalism. Driven by the unrelenting search for profit, this logic implacably follows its course towards more struggles between imperialist rivals, more massive destruction of human beings and material wealth. Several articles in IP have analyzed this destructive aspect of capitalism. They make clear that supporting a "more liberal" faction, or a "more democratic" regime, or any kind of territorial "autonomy", will not save humanity from destruction, war and misery. The only way to escape from this destructive machine is to stop capitalism itself, the ruthless exploitation and death it sows all over the planet. More urgently than ever, the alternative "socialism or barbarism, war or revolution" is being written in blood in the daily history of human beings. The only social class which has no privileges to preserve in the existing society and which has the potential power to overthrow it, the only class that has no stake in maintaining the capitalist system, is the working class. Only this class, the living representative of the negation of capitalism within it, united by its common interest, can link the questions which are posed today to a general perspective that opens the door to a new society.

Rose
March '03

POST-SCRIPT

The speed of the American military triumph in Iraq is extremely disturbing, not because of the destruction of the Ba'athist regime, but because it will embolden the US to consolidate its global hegemony and to use its military might in a possible series of wars to consolidate its position as the "New Rome" of the epoch of "low capitalism," of capitalism in its phase of decadence. That, and not the specific political configuration that emerges in Iraq should be the primary concern of revolutionaries (in Iraq, as in the US or elsewhere). That consolidation of the global hegemony of the US may involve new military undertakings against "rogue" states, permanent military bases in Iraq, and attempts to use its success on the battlefields of Iraq to reign in those European states

(France, Germany, and Russia) that -- for their own geo-political and economic interests -- sought to block the unleashing of the war.

The only hopeful sign that has yet emerged from this debacle is the unwillingness of the mass of Iraqi conscripts

to fight for "their" nation, for the Ba'athist regime. The sight of thousands of Iraqi conscripts abandoning the battlefield, throwing down their weapons, tearing off their uniforms, refusing to make Baghdad into a latter-day Stalingrad (1942) or Berlin (1945), means that however powerful the hold of Arab nationalism on certain middle-class American anti-war activists may have been, it did not have that power over Iraqis. And that, despite Sadaam Hussein's desperate effort to link the Arab nationalism of the Ba'ath party to Islamism. The problem now is to

counteract the upsurge of patriotism that the war may generate in the US -- a formidable task indeed. Whether in the Arab-Islamic world, in the US, or in France, Germany and Russia, the nation, and nationalism, remains the indispensable framework for capitalism; and any concession to it ("peace is patriotic" or anti-Americanism) constitutes a betrayal of the struggle to overthrow the capitalist system.

MacIntosh

Leaflets

Don't talk about resisting this war unless you are prepared to resist capitalism!

As the US launches its attack on Iraq, the horror of this war, and the massive casualties that will almost certainly result, are blamed on everything except the real cause: the laws of motion of capitalist civilization. Some blame the war on the "cowboy" in the White House, and the unilateralism of his administration, in contrast to Clinton who only unleashed missiles and bombers with the blessing of the UN or NATO. For others, this war is simply about oil. For others, it is about the need to distract the American electorate and play the card of patriotism in order to assure the re-election of the President. While each of these factors may play a role as proximate causes for the unleashing of war at this time and place, they do not explain the basic necessity for war that is integral to our civilization and that inevitably finds an outlet in an immediate cause of one kind or another.

Some blame the war on to the arrogance of America, unwilling to listen to the French, the Russians, and the Chinese, all of whom argued that war could have been avoided, if UN inspectors were given the chance to complete their job. Yet, while the French prattled on about peace in Iraq, French troops joined an orgy of ethnic cleansing in the Ivory Coast, just as they assisted in the genocide in Rwanda a decade ago. The Russian army engages in mass murder in Chechnya, while the Chinese continue their vicious ethnic cleansing of Tibet. Their objections to an American attack on Iraq are real enough, but they have nothing to do with opposition to war. What they object to is a war that will enhance American power, and thereby weaken theirs -- as indeed it will; a war that will consolidate America's grip on the world, and thereby weaken their own projects for, at least, regional hegemony.

They don't give a damn about the people of Iraq, for whom the absence of war would not mean peace. It would just replace the danger of dying at the hands of American missiles and bombs by the danger of being murdered in the ethnic cleansing campaigns of the Ba'athist regime, which is just one more capitalist state prepared to shed any amount of blood to cling to power.

This war will bring death, disease and hunger for millions. They don't show up in the cost-benefit analyses of the Pentagon, they are not discussed on CNN. They are made faceless, nameless. The war-effort demands that their pain is hidden and the media intuitively understand that. They know that they must transform a brutal, impersonal industrial slaughter into a video game. The victims must be reduced to mere numbers. They must be subhumanized. The war propaganda is racist at its core because racism -the denial of the humanity of the "other"- is necessary to make the mass killing acceptable. The US government spends a lot of money to sell a tolerant image to the Muslim world but in the US itself, foreign-born Muslims are terrorized with mass arrests and deportations. Many are held in solitary confinement for no other reason than that they are Muslim. Basic rights of prisoners are denied. This is not done for security reasons but to send the message that "these people" can be treated in a way that would not be accepted for "normal," Christian, Americans. It is done to devalue them, to make the slaughter of "their kind" acceptable.

What is driving the US is the need to prop-up a system of capitalist exploitation and to consolidate its geo-political hegemony. The real risk that the American ruling class is seeking to avoid, is the collapse of its capital assets. Capitalism was born out of scarcity and it cannot function

properly without it. Its opposite, abundance, means – within the framework of capitalism – overproduction and crisis. While capitalist competition impels the system to ever greater productivity, that very development expels ever greater numbers of workers – now more than 1.5 billion – from the global productive process, and thereby drastically reduces global purchasing power. The capitalist reaction to the very over-capacity it engenders is to attack wages, thereby further reducing effective demand, and further increasing productivity, and therefore the plethora of commodities seeking buyers. Since global over-capacity resurfaced in the late 1960's, capitalism has responded with inflationary demand-stimulation in the '70's, and an explosive growth of the public debt in the '80's. In the 1990's, the end of the cold war, globalization, and the explosion of information technology, seemed to provide capitalism with new hope. The combination of access to pools of cheap labor and higher productivity did boost profits, but at the same time it also raised the problem of over-capacity to an even greater scale. At the same time, the flight of capital seeking a safe haven, its search for places to store its value safely, protected from deflation, pushed up the "value" of the assets of the strongest capitals, especially the US – the controller of the global currency and guarantor of global order. But that wealth was just so much paper, a mere illusion, unless constantly fed by real profits. And that profit creation is jeopardized by the very efforts to perpetuate it. That is why capitalism in crisis is so dangerous. Its whole financial system collapses when there is a collapse of assets. Capitalism must go to any lengths to prevent that – including war!

That is why Bush invades Iraq. Not to avenge his daddy, not to get cheap gas for American SUVs, but because the US economy is sitting on a mountain of 31 trillions dollars of debt, because the stock market bubble is bursting, because the dollar is plunging, because foreign capital owners are seeing investing in US assets increasingly as a risk. That's what makes this project so urgent. Iraq's oil could be a huge cash crop for US capital. The American occupation would give the US control over the oil price (paid in dollars, thank you) and where would the new Iraq invest its profits but in the US stock market? From military bases in Iraq, the US would increase its leverage over the Middle East and the projection of its power would inspire the confidence of capital owners all over the world. That is the grand scheme that motivates this bloody undertaking, for which 9/11 and the military weakening of Iraq (not it's growing threat) provided the right conditions. It follows a logic inseparable from the very existence of capitalism. And that is why it is ultimately futile to oppose this war if you are not prepared to oppose *capitalism*!



Capitalist crisis pushes "normal" competition to become a violent struggle. This is the real source of terrorism, of the increasing number of conflicts in the world. There's no escape from this. The future of capitalism is more war, more misery, more racism and despair. We must end it before it ends us. It doesn't have to be this way. Most people are fundamentally decent and want nothing else but to be free from want, free from fear, free from oppression and they want the same for their fellow human beings. We can organize global production and global society for that goal. We can put an end to this whole profit system, to the system based on wage-labor, which has become outdated, absurd, and lethal. It's a huge task and it starts with confidence in ourselves as human beings, as workers. Let's trust ourselves. When we follow unions or parties we are led time and again to defeat. Lets not allow ourselves to be divided by nation, race, gender, religion or ethnicity. Let's develop our self-organization and solidarity, let's collectively defend our standard of living, and stand up for the interests of the global working class, for humankind. Let's come together in a resistance without compromise that blossoms into global revolution.

March 21, 2003
INTERNATIONALIST
PERSPECTIVE

They really take us for fools!

Are they right?

Who are “they”? The politicians who decide about wars and our misery, who supposedly “represent” us but who are actually only the managers of the interests of the owners of capital in each country.

Who are “we”? Those who in all countries, developed or underdeveloped, produce and operate practically everything in society including the arms factories, and who in times of economic crisis and war (which often go together) see our daily anguish getting worse, under the reality of threat of unemployment and, for some of us, under the fire of bombs or as cannon fodder.

They take us for fools, because they all tell lies, coldly, cynically

Both those who have gone to war and those who are against it. Those who are waging the war are not doing so for the reasons they claim: Bush and Co speak of a crusade against a tyrant, of a struggle of democracy against dictatorship, whereas it's a question of oil, markets and geo-strategic positions. The governments that are against this military intervention speak of loving peace and of humanitarianism, whereas it is a question of . . . oil, markets and geo-strategic positions. The so-called opponents of the war also have blood and gun-powder on their hands. The French government, today the most anti-war and anti-American, bears a direct responsibility for the different wars in former Yugoslavia, for the genocide in Rwanda in 1994, for the first Gulf War, for the war in Afghanistan; its soldiers permanently play an active and bloody role of neo-colonial police in Africa, as at this moment in the Ivory Coast. German capitalism is no different, not to mention Russian capitalism.

Are they right to think we believe what they tell us?

The opinion polls, despite being known to be the subject of multiple manipulations, are clear: for the great majority of the population of the countries that publish these kinds of enquiries, politicians have become the subject of mistrust where it's not disgust. Many of us today distrust the discourse that the politicians employ to justify or oppose this, second Gulf War. Rarely has the sordidly economic character of wars appeared so openly. To the extent that sometimes even the most blasé, in front of their television sets, get the impression of seeing a crime against humanity during “prime time”.

However, some of us console ourselves by believing what our politicians tell us . . . as with religion, for which the world does not appear as bad as it is. Sometimes people even go as far as voting for one of them, as if the

candidates for the management of capitalism could be any different from one another.

People console themselves with lies because they have no alternative project. Because we are convinced that a different world, a world not governed by money and profit, where human welfare can become the sole aim of production, of all activity, is a pure unrealisable utopia.

As long as we think this way, we will be condemned to submit to their laws, their exploitation, their absurd wars; their mad self-destruction of the planet. And to console ourselves we will be pushed into believing their lies.

Another world is possible

The existence of a new world, a new society without classes or fatherlands, based on the general free availability of goods, on co-operation and sharing, depends, however, on us and only on us. On those who do not benefit from the laws of the market, who do not live from the exploitation of others, who are exploited (when we are not left on the street) and who by our daily work perpetuate the machine that mangles us. It is us who produce all the material means that make wars possible, it is us who feed and maintain the politicians and the military who wage them. It is us who could take all decision-making power from them by taking it ourselves, collectively by becoming the masters of the means of production so as to orient them exclusively towards satisfying human needs.

The old slogan “Proletarians of All Lands, Unite!” is more relevant than ever. Not only because only the uniting of those who world-wide suffer from the system can stop the logic of capitalism, but also because the material, the technological means of this same uniting are developing before our eyes.

Develop our confidence in ourselves. Transform our immediate, partial struggles into parts of the struggle against capitalism itself, seeking the widest unity, discussing collectively the shape of the society that we can and must build. There is no other way, if we want to see the day when there will be no longer anybody to take us for fools.

Some internationalists.

20 March 2003

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THE TRADE UNIONS: PILLARS OF CAPITALISM

What has characterized *Internationalist Perspective* since its formation is its conviction that Marxist theory needs a renaissance to come to grips with today's reality, a creative effort both to restore the theoretical gains of the past and to go beyond it. In this undertaking, nothing can be considered sacred; no position is a dogma, to be accepted without questioning; yet the Marxist method remains the best possible tool for that questioning. In our attempts to contribute to that renewal, we have critically re-examined the economic and political tenets on which our positions rested and we continue to do so. With great pleasure we saw other revolutionaries participate increasingly in the same effort. We have supported in particular the formation of an internationalist discussion network and took part in its many debates, both in its French and English-language 'wings', and we encourage our readers to join the network (intsdiscnet-subscribe@yahoogroups.com).

Naturally, our positions have evolved as a result of the insights that we gained from our theoretical efforts. Yet our adherence to what used to be called the basic 'class lines' remains unchanged: we still believe in the necessity and possibility of a global human community without oppression and exploitation, we still think that it can only be realized by the struggle of the working class for its class interests; we still believe this struggle must be self-organized, that it must reject the leadership of parties and other specialists who want to substitute themselves for the class as a whole, yet we continue to insist on the vital role of the organized political minority in the development of revolutionary class consciousness; we continue to fight nationalism and any other ideology that opposes the need for the international working class to unite; we keep opposing all illusions that capitalism can be reformed or that socialism can be realized on something less than a global scale; we still see capitalism today as state-capitalist, in which private capital, the state and civil society have merged and in which all social institutions, including the trade-unions, are integrated.

Yet we used to base these positions, in particular on trade-unionism, parliamentarism and 'national liberation', on a version of the concept of capitalist decadence which we have come to reject. Both our factual analysis of the history of capitalism and our theoretical investigation of the roots of capitalist crisis convinced us that this concept, in which 'decadence' means a halt or stagnation of the development of the productive forces, and therefore an

objective impossibility for capitalism to grant reforms, improve workers' living standards or create new national development, is deeply mistaken. That means either that the concept of decadence itself is useless, or that it has to be redefined. In our opinion, the concept of decadence remains a valid analytical tool because something really has fundamentally changed in capitalism since the early 20th century. This change has not halted the growth of the productive forces --at times quite the opposite, since the threat of a falling profit-rate and cutthroat competition are powerful incentives for technological development-- but the productivity unleashed in decadence is also a productivity of death. In the 20th century, the fundamental contradictions of capital reached a point of maturation on a global scale that placed the choice between global war and global revolution on the agenda. Despite the manifest development of the capacity to produce use-values, to meet economic needs, with each economic cycle, capital's contradictions reemerged on a larger scale, creating deep global crises and making capitalism's survival dependent on ever greater destruction. No longer was there any harmony of interests possible between exploiters and exploited, no longer did it make any sense for the proletariat to support any faction of the ruling class or any part of its system. We have developed a new concept of capitalist decadence in several texts in IP, even as we recognize that it needs to be deepened further. We also realize that it is not the catchall explanation that answers all questions. Other historical changes, in particular the transition from the formal to the real domination of capital, have to be factored in to understand the challenges and stakes of the class struggle today.

Not surprisingly, the same issues came up in the discussions of the internationalist discussion network. In the Francophone wing of the network, the discussion also started with a critique of a concept of decadence that ignores the real developments of capitalism and moved to a re-examination of the union-question and other positions that for many participants were linked to the theory of decadence. In the Anglophone wing, the discussion started with a more practical question: is the traditional left communist position "outside and against" the unions not too rigid? Does it not cut off revolutionaries from the mass of the workers? That discussion led, on the one hand, to a reaffirmation of the counter-revolutionary role of the unions, supported by a lot of factual arguments, some from the participants own experience, and, on the other hand, the

claim by some that, since the pressure of capitalism on the working class is permanent, there is also a need for permanent forms of resistance to it. IP participated in the discussion in both wings of the network. What follows are some of our interventions in the discussion in the Anglophone wing. It might have been preferable to also publish interventions by other participants in order to render the richness of the debate and reflect the nuances of

the various positions. We don't have the space or the time to do this and have to refer readers to the archives of the network. However useful it would be to present the debate as a whole, our purpose here is more limited: to explain why we think that our positions on the 'class lines', and on the unions in particular, remain valid, even though some of the arguments on which they were based are not.

HOW THE UNIONS BECAME ENEMIES OF THE WORKING CLASS

Most of us agree that the unions are an integral part of the capitalist system. Not just the corrupt ones and those with a heavy bureaucratic apparatus but also those who profess a belief in "grass roots democracy" or even in "revolution". The arguments given for that position have been mostly empirical. Indeed, time and time again, the unions have screwed the workers, contained and defanged their struggle, have spread capitalist ideology in the working class and acted as capital's police on the shop floor. But empirical arguments are not enough. Indeed, on the basis of past experience alone, one could very well conclude that global revolution is impossible, as Paul wrote. Some have argued that it's the union's function within the capitalist economy -to manage the sale of labor power- which inevitably ties it to the system and hence opposes it to the class whose fundamental interests are irreconcilable with those of that system. That is true but it's not sufficient either. One could argue that as long as the goals of the struggle don't go beyond obtaining better wages and working conditions, or preventing their deterioration, and as long as those goals are achievable within capitalism, the irreconcilability is not immediate and the existence of permanent institutions to negotiate a better price for variable capital remains in the interests of the workers. In short one could argue, as does Adam, that despite the empirical evidence and despite the integration of the unions in the structure of the capitalist economy, the existing unions are bad but unionism is good.

Moreover, despite the widespread disillusion, many workers still see the unions as their (imperfect) organisations, and sometimes the most combative workers are active in them. And sometimes capitalists fight the unions and try to get rid of them. When they attack a union and the workers rise up to defend "their" organisation, should revolutionaries who understand the real role of the union tell them not to wage that fight, even though the attack is clearly meant to defeat the workers and have a free hand to impose more exploitation? What to do when the workers most willing to fight are shop stewards and others who ardently defend the unions -not the leadership but the organisation? Should we simply call upon workers to leave the unions? And what do we offer as alternative, not just in

times of open struggle but also when the conditions for collective struggle aren't ripe while the pressure from capital continues? Is the 'outside and against' directive more than an empty slogan when the only meetings where workers gather are those organised by the unions?

To answer those and many other questions pertaining to the practical aspects of class struggle and the defense of workers' immediate interests, the question **why** unions are not just counter- revolutionary but against the working class in their daily practice, must be answered first.

The answer is not that obvious. After all, it is a logical reaction of workers, who are utterly powerless as individuals towards their employers who seek to exploit them as much as possible, to band together in permanent organisations to defend the price of their labor power. The first unions were clearly created by the working class even though many did bear the corporatist imprints of the guilds (professional organisations from the pre-capitalist era). Their existence as permanent organisations was a necessity, not only because of the permanency of capitalist pressure, but also because of the need of permanent preparation for confrontations with the capitalists, confrontations which often took the form of wars of attrition which the workers were doomed to lose without this preparation (the build-up of strike funds etc). Likewise, the growth of unions into bigger organisations, operating on a national scale, reflected the need of workers to increase their power by extending their class solidarity. So the growth of the unions reflected and stimulated class consciousness. Capitalists feared and loathed them and fought them bitterly.

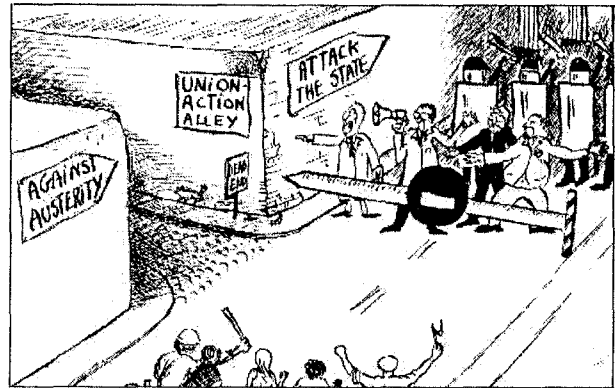
Yet very soon, the permanency of these large organisations posed a problem. The class struggle goes through ups and downs which reflect the contradictory tendencies to which the workers, as an exploited class, are subjected. The conditions of exploitation push the workers to fight collectively and thereby to assert itself as a class with interests separate and opposed to those of capital; but those same conditions also create competition among workers, atomisation, alienation, passivity, receptiveness to the ideology of the dominant class. Those two tendencies

do not neutralize each other but give the class struggle a very non-linear character, with sudden advances and retreats, moments of rising class consciousness and stretches of 'social peace', as one or the other of those tendencies dominate. During those periods of non-collective struggle, when atomisation and alienation prevail, these big permanent organisations cannot express what isn't there, a class collectively fighting. It does not mean they immediately become bourgeois but they inevitably acquire an autonomy from the class they are supposed to represent. As autonomous institutions they inevitably develop hierarchical, authoritarian attitudes and relations and come to have interests which are distinct from those of the class as a whole. Thus the source of conflict of interests between the working class and the unions is already potentially present in the permanence of unions as social institutions.

I write 'potentially' because from this does not yet follow that these institutions must side with capital against the workers. For this to happen, these institutions must first become part of capital, absorbed into the social fabric weaved by the law of value. This did not happen immediately because the extension of the law of value throughout society was a slow, gradual process. In the early stages of this process, the domination of capital over society was only 'formal'. The work process itself was at first not yet intrinsically capitalist, capitalism only squeezed as much surplus value as possible from it by making the working day as long as possible and keeping the wages as measly as possible. It took a long time for a specifically capitalist method of production (based on machinism, which reversed the relation worker-technology: the tool was an extension of the worker's hand but now the worker became an appendage of the machine) to develop and become dominant. The giant leaps in productivity which technology-based production unleashed created mass-production and set the stage for capitalism to transform the totality of society in its own image, which meant that the law of value came to determine social relations not just in the sphere of production but also in distribution, education, entertainment, culture, media and every other aspect of human life.

But before that process (called the transition to real domination of capital) amassed critical weight, there remained a large space within society that was not yet penetrated by the law of value. Therein, not only expressions of pre-capitalist classes survived but organisations of the fledging working class too could maintain a relative autonomy. Unions were not the only permanent workers organisations that flourished in that space: there were workers' cooperatives, mutual aid societies, political mass parties, cultural organisations, newspapers, etc. that were genuine expressions of the working class. The modest size of the bourgeois state apparatus also reflected the merely formal control of capital over society. The fact that the state's policy towards the unions was largely repressive shows that capital had not yet developed the means to organically integrate them; the unions were still by and large standing outside the state.

As the real domination of capital progressed and the complexity, technification and interwovenness of the capitalist economy developed, the state gradually fused with the economy and its tentacles spread over civil society.



It's striking how this transformation of the economy and the integration of the unions into the structure of capitalist society went hand in hand, in particular towards the end of the 19th and the beginning of the 20th century.

The test of that integration came when the interests of capitalism and those of the working class (and humanity) became diametrically opposed as never before. What was at issue was not the price of variable capital but its survival or destruction. In the first world war, many millions of proletarians were slaughtered and it happened with the active collaboration of the unions. This epochal event signaled a new paradigm in which both crisis and war meant something different than before: they became both catastrophic and global in nature as well as essential to the continuation of capitalist accumulation.

Today more than ever, there cannot exist any large permanent institution outside of the fabric of capital. That is true not just for unions but also for churches, political parties, cultural institutions and so on. The market either absorbs them, accords them a specialized function within its overall operating structure, a niche according to what they can do for the valorisation of capital, or marginalizes them, makes them disappear. When the class struggle heats up, the market shifts, a demand is created for a company of management of 'human resources' that has a more radical market image, which is quickly filled, either by a new union or by a radicalisation of the existing ones. Neither represents a gain for the working class. Today, there are no longer any progressive factions of capital. The unions' interests are inextricably bound to those of capital, to those of the nation. The logic of capital makes them complicit in trying to impose the worst possible fate on the working class. In the revolutionary struggle, which is a defensive struggle, the working class will have to take on the entire capitalist machinery, including the unions.

It is true that this does not mean that every act or every word of the unions are opposed to the immediate interests of the working class. The productivity-increases made possible by the progress of capital's real domination allowed capital to accord improvements of the living

standards and to increase exploitation (increase the portion of the labor day that is unpaid) at the same time, at least in periods of expansion. It doesn't like to do this, of course, since every wage gain is a profit loss, but over time it came to realize that this can be in its own interests. The main reason is that the production process under real domination, with its huge assembly lines and increased specialisation and thus interdependency, became more vulnerable to interruptions, to class struggle. That was a powerful incentive, especially in the post-world war two period, to grant better wages and to give the unions a bigger say in the management of the economy.

The unions have their own particular interests. As companies that manage the sale and the smooth exploitation of variable capital, they compete among themselves and have a market image to defend, both in regard to the workers they seek to represent and in regard to the enterprises with whom they seek to negotiate. Their credibility is their most valuable asset and if it's necessary to protect it, they can sometimes drive a hard bargain with the buyers of labor power. The most intelligent capitalists realize that unions can only fulfill their capitalist function if they have some credibility as defenders of the workers and must do what they have to do to maintain it.

The international waves of class struggle in the '60's and '70's which repeatedly broke through the dykes of unionism and did great damage to capitalist profits and to the myth of unions as defenders of the working class, was a powerful stimulant to the restructuring of the capitalist economy that followed it. The 'post-Fordism' in which it resulted, with its increased automation, the computerization of labor, the decentralisation of production, the explosion of

outsourcing, subcontracting and temp work, the increased mobility of capital (vastly expanding the use layoffs and closings, and the threat thereof, as social weapons) decreased the vulnerability of production to industrial action considerably. By decreasing that vulnerability, capital also decreased its dependence on the unions. This allowed for more anti-unionism among capitalists, and led to a marked increase of 'union-busting'. But this also helped the unions to shore up their credibility in the eyes of the workers somewhat, because the enemy of your enemy can seem to be your friend.

The unions resisted the post-Fordist trend, in part to maintain their credibility in the eyes of the workers and in part because it was and is a threat to their own power. But since the trend reflected not a mere policy choice but the direction in which capitalism, of which they are a part, was going, their resistance was doomed to be ineffective. The alternative of the unions to this trend is conservative, to resist changes in capitalism. As this is impossible, they end up almost invariably defending 'capitalism lite', layoffs, but less layoffs than the bosses are demanding, wage cuts, but with a percentage and a half shaved off. But they need a culprit, a scapegoat for the worker's anger, and since they are tied to national capital, the scapegoat is usually foreign competition (foreign workers really). That makes the unions the most ardent defenders of protectionism. As an economic recipe that is plain stupid and sometimes really annoying to other factions of capital, but politically it is very useful to capital because it makes them work tirelessly to spread the nationalist poison into the working class.

(Sander)

THE ROLE OF UNIONS TODAY

It seems to me that the discussion of the unions is, in fact, two separate, though related discussions. One concerns the role of unions today: are they enemies of the working class; an integral part of the politico-economic and ideological apparatus of capital. The other concerns the problem of how revolutionaries are to forge links with the working class, involve themselves in its struggles, become active factors in the battles waged by workers. These two questions should not be confused. Even if we conclude, as I believe we must, that unions are today formidable obstacles to the unfolding of the class struggle, institutions of the class enemy, the issue of how revolutionaries are to forge links with the working class must be confronted. At the same time, the need to forge links with the working class must not lead revolutionaries to conclude that -- in some fashion or other -- they must work within the unions, because that is where the workers are. Our conclusion as to the role of unions today, should not be driven by the need -- understandable though it is -- to physically engage in class struggle. Rather, the mode of our intervention in the class struggle should -- in large part -- be shaped by the conclusions we draw as to the role that unions play in the present epoch of the real domination of capital.

One more point before I turn to the issue of the role of unions today: I am deliberately not using the language of the class "nature" of unions, or speaking of their "essence." That is because I believe that the role of determinate institutions, such as unions, is shaped by historical development, and is not reducible to a fixed nature or essence. Marxism is a genetic or genealogical theory; it analyzes and explains the historical role of determinate institutions, the historical trajectory of social relations -- with a view to revolutionary intervention. Thus, in the case of unions, for example, the focus must be on the role they play in the historical unfolding of the class struggle, and their relation to the reproduction of the dominant social relations; a role that changes as capitalism undergoes its transition from the formal to the real subsumption of labor to capital. While such a genealogy of the unions is necessary, this text can do no more than indicate the broad outlines of the development of unions over the past century; a more thorough genetic account remains to be written.

If we turn back to the first decade of the twentieth century, the social landscape included two distinct types of unions -- each of them organs of the working class, instruments of its struggle. There were the trade unions,

exemplified by the AFL in the US, which limited themselves to the struggle for reforms (higher wages, shorter hours, better working conditions) within the capitalist system. And there were the revolutionary syndicalist unions, exemplified by the IWW in the US, the CGT in France, the CNT in Spain, which waged the class struggle to overthrow the capitalist state and the social relations determined by the system of wage labor. While the trade unions were not revolutionary, in contrast to the syndicalist organizations, they were organs of class struggle, expressions of the working class, not yet an integral part of the apparatus of capital.

Over the course of the first three decades of the twentieth century, both types of unions were incorporated into the politico-economic and ideological apparatus of capital – a process integrally linked to the transition from the formal to the real domination of capital. This transformation of the unions did not occur from one day to the next (with the outbreak of World War I), but filled an era that spanned several decades. In the case of revolutionary syndicalism, the IWW, for example, played a vital role in the Seattle general strike of 1919, probably the high point of the revolutionary wave in the US. And even in 1923 with the Centralia strike, or in the coal miners strikes of 1926 in Colorado and in “bloody Harlan,” the IWW could still be the instrument of class struggle – albeit a class struggle in its ebb phase. To take one more example of the vitality of revolutionary syndicalism beyond 1914, the AAUD and the AAUD-E in Germany (the former linked to the KAPD) numbered tens of thousands of revolutionary workers and engaged in massive struggles throughout the early 1920’s.

However, by the end of the 1920’s (with perhaps a last gasp in Spain with the decision of the CNT to support the Republic in the civil war in Spain in 1936) syndicalist unions either became revolutionary political organizations, as opposed to mass unions (this was the case with the KAUD in Germany in the early 1930’s with its few hundred members), or became mass industrial unions, like the French CGT, in which case they were incorporated into the apparatus of capital (in the case of the CGT, as the organ of the Stalinist party). The quintessential industrial union of this epoch, the CIO, in the US, the model for industrial unions in the Fordist era of capitalism, was from its very inception an organ of capital – and this despite the bitter opposition of a part of the capitalist class to the unionization of the industrial working class that the organizing struggles of the CIO produced. If Henry Ford and the steel barons originally fought the CIO, the Roosevelt administration recognized that industrial unions were a necessity for capitalism as it sought a way out of the depression, and as it prepared for war. It was this latter tendency that prevailed, just as Keynesianism prevailed over the doctrines of laissez-faire in economic theory and policy.

The result was the emergence of industrial unions whose role was the discipline and control of the working class. That is the reality of unions in the present epoch, whether their origins are to be found in the craft unions of the AFL, the revolutionary syndicalist unions of the CGT,

or the mass industrial unions of the CIO; a reality that manifests itself in a multiplicity of ways, economic, political, and ideological.

The need to discipline and control the working class has of course always been a problem for capital. In the epoch of its formal domination, capital could rely on traditional means of ideological control, such as the church and patriarchal social relations, together with the brutal violence of its Pinkerton’s and company police to control its labor force. In the epoch of its real domination, with the dramatic shift in the organic composition of capital attendant on the growing weight of technology in the productive process, more sophisticated means of discipline and control have become necessary. External forces (Church or goons) cannot be depended on to assure the needed level of discipline and control; instead, internal means, the way the worker is “constructed” as a subject, ideologically interpellated (subjectivated by capital), become the veritable basis for capital to discipline and control the working class. The unions have become vital factors in this process, the arm of capital within the physical ranks of the working class. This can be seen in the economic, political, juridical, and ideological domains. Economically, unions have become an important factor in the management of capitalist enterprises (co-management, for example, in Germany, where union representatives sit on the boards of the largest corporations), and important shareholders in the firms that employ “their” members (in Sweden, for example, the unions are among the biggest shareholders in the largest companies, thanks to legally mandated investments by the union pension funds). Politically, the unions, through the political parties of the left in which they play a preponderant role, have entered the government in most liberal-democratic regimes, thereby shaping policy, especially with respect to labor issues (imposition of austerity on the working class during periods of economic crisis; mobilization for the army during war). Juridically, the labor contract, negotiated and enforced by the unions, has become the guarantee of “labor peace” for its duration, incorporating the unions directly into the legal apparatus of the capitalist state. Ideologically, the unions have become a privileged vehicle for the subjectivation of the worker as citizen of the democratic state, loyal to its constitution, devoted to the nation. Indeed, the unions, as institutions, are congenitally tied to the nation, and to nationalism, the two most formidable obstacles to the class struggle.

In an epoch where the perpetuation of the capitalist mode of production, threatens the whole of the human species with catastrophe, the unions must be judged on the basis of their incorporation into the apparatus of capital, the role they play in the discipline and control of the working class, not on the basis of their capacity to deliver a better contract to a diminishing portion of the global working class – and that in exchange for the “labor peace” that permits capital to continue to ravage the planet. In an epoch when only autonomous class struggle, with the potential for extension, constitutes the basis for the revolutionary overthrow of capitalism, the unions must be recognized for what they have historically – though now irretrievably –

become: organs of capital, enemies of the working class. Without clarity on this point, it seems to me that revolutionaries have nothing to offer workers by way of intervention in the class struggle – and therein lies the

enormous importance of the present discussion of the role of unions.

(Mac Intosh)

THE FORMAL AND REAL DOMINATION OF CAPITAL AND THE UNIONS

We have linked our claim that unions in the present epoch constitute agents of capital, powerful weapons of the capitalist class and state, to the transition from the formal to the real domination of capital. Adam has responded by asserting that, according to Marx, the transition from formal to the real domination of capital is simply “the replacement of manufacture by machinofacture,” that this process was already complete by the 1840’s (long before we claim that the unions were transformed into agents of capital), and that in applying the terms formal and real domination of capital to domains of society other than the economy, we are speaking of a different phenomenon than the one he (and Marx) are referring to: the phenomenon of “culture,” which pertains to a very different transition than that from the formal to the real domination of capital. We believe that Adam is mistaken on all these points, and that his mistakes have profound implications for how revolutionaries understand the role of unions today, and for their intervention in the class struggle. Let us explain.

When, in the manuscripts of *Capital*, Marx speaks of the transition from the formal to the real subsumption of labor to capital (the transition from a virtually total reliance on the extraction of absolute surplus-value to an increasing reliance on the extraction of relative surplus-value in the English textile mills of the 1850’s-1860’s), he is providing a theory of a process that was only at its very inception in historical actuality. What Marx articulated was a tendency in the production of capital that would only seize hold of the actuality of capitalist production on a broad scale over many decades; a tendency that would only come to fruition globally in the course of the twentieth century (even as the extraction of absolute surplus-value would never completely disappear while capital reigned supreme, and under determinate conditions would even experience a renewal). Marx’s theorization constitutes a genealogy of capital, a theory of the immanent tendencies of the production of capital, not an account of a process that was already complete. This distinction between theory and historical actuality, between the production of theory by Marx (or by Marxists) and the production of capital in historical actuality, is crucial to the task at hand. The latter cannot be reduced to the former, as Adam seems to do, so that, for him, Marx’s theoretical account of the transition from the formal to the real subsumption of labor to capital becomes tantamount to the actualization of that tendency in historical time and space.

That what Marx designated as the transition from the formal to the real subsumption of labor to capital (or the transition from the formal to the real domination of capital) was only at its very inception in historical actuality in the mid-nineteenth century – however prescient was Marx’s theorization of that phenomenon – is clear to economic historians (bourgeois or Marxist). A few citations should suffice. Thus, according to A.E. Musson: “Even as late as 1870 about half the total steam horsepower in manufacturing was in textiles In many trades power-driven mechanization had as yet made comparatively little impact. The great majority of industrial workers in 1851 and perhaps in 1871 were not in large-scale factory industry but were still craftsmen in small workshops. The massive application of steam power did not occur until after 1870.” (Musson, “Technological Change and manpower,” *History* 67, p.240) R. Cameron, in his *Economic History of the World*, points out that “Agriculture was still the largest employer of labour until as late as 1921, with domestic service second. The textile industries accounted [in 1851] for less than 8 percent of the labor force. Blacksmiths outnumbered workers in the primary iron industry; shoemakers were more numerous than coalminers.” (p.226) Here both Musson and Cameron are speaking of England, by far the most industrialized country in the nineteenth century. Beyond England, with its transition to machinism, at least in the textile industry, in the mid-nineteenth century, the methods and tools of production did not yet fundamentally differ from those that shaped the pre-capitalist workshop, and the transition to the real subsumption of labor to capital had scarcely begun. Thus, as Cameron shows, in France, to take but one case, “as late as the Second Empire [1860’s] handicrafts, artisan and domestic industry accounted for three quarters or more of total ‘industrial’ production.” (p.238) And most laborers did not then work in capitalist industry. Indeed, at the outbreak of World War I, peasants still composed the largest segment of the working population in every country of the world, and a near majority in all the developed countries, except for England and Belgium. For Ernest Mandel: “When Volume I of *Capital* was first published, capitalist industry, though predominant in a few Western European countries, still appeared as an isolated island encircled by a sea of independent farmers and handicraftsmen which covered the whole world, including the greater part of Europe.” (“Introduction” to Marx, *Capital*, Volume I, Penguin Books, p.11)

Beyond the very limited extent to which the transition from the formal to the real domination of capital had progressed at the time that Marx published volume I (1867), it is necessary to add that Marx's analysis in that volume was focused on the production of capital, ignoring its circulation, as well as the process of accumulation in its totality. Yet despite what Adam seems to think, the transition from formal to real domination was never conceived by Marx to be limited to industrial production alone. Indeed, if one studies all the manuscripts for *Capital*, including the crucial 1861-1863 manuscript, only recently published and translated in its entirety, as well as the *Grundrisse* (the first draft of *Capital*, 1857), and the *Results of the Immediate Process of Production* (perhaps not completed until 1866), it is clear that Marx envisaged the transition from formal to real domination to encompass the whole of the economy, and not just industrial production.

To limit the phenomenon of the real domination of capital to industrial production, or even to the whole of the economy, constitutes a denial of the depth and scope of the transformation of the human and natural world wrought by capitalism and the operation of the law of value. We are asserting that, beyond capital's real domination of the economy (the historical actualization of which shaped the twentieth century, and is still not complete even today), it is no less important for Marxists to provide a theoretical account, and genealogical analysis, of the transition from the formal to the real domination of capital in all the other domains of human existence (politics, law, art, science, ideology (not conceived simply as false consciousness), the symbolic realm, and the very "construction of the human subject. While Marx provides important theoretical insights in these domains, this is a task that has only begun to be addressed by revolutionaries. Adam, however, relegates all that to the "cultural" domain, implicitly reproducing the disastrous base/superstructure model of the economic determinist version of Marxism; the version of Marxism that came to dominate the Second International, as well as the Third and Fourth, and from which Marxist revolutionaries must extricate themselves under pain of falling into theoretical sterility and political irrelevance.

For us, the real domination of capital entails not just the penetration of the law of value and machinism into every facet of the cycle of the accumulation process, but also into the once autonomous realms of culture, civil society, and private life. Indeed, this is the same transformation that has occurred in the economic domain, but which does not cease there. The development of capital necessitates its domination and control not just of the economy, but of all of society. It makes no sense to separate these several aspects of the same process, as does Adam. Indeed, it is the reconstitution of the productive and industrial process by machinism that constitutes the veritable basis for the penetration of the law of value into the politico-cultural domains. Indeed, this latter is the continuation of the processes of quantification, instrumentalization, commodification, abstraction, and the universal reign of the exchange mechanism and the market, that was first instantiated by the triumph of machinism in the industrial and productive process. And the seizure of the

political, cultural, and symbolic realms has become a lynchpin for the real domination of capital, the site for the extension of the domination and control by capital over the totality of human life. These extra-economic facets of working class existence, no less than the point of production in the narrow sense of the word, becomes the locus of the class battles of the present epoch. It is here that the link between the real domination of capital and the unions must be forged.

It is not surprising that Adam wants to separate these processes and limit the transition to real domination to just industry (and if we were to take his assertion that that transition had been completed by the 1840's seriously, that would mean basically only the English textile industry) and reduce the analysis of the wider implications to a mere "cultural critique" that has nothing to do with the transformation of capitalism at its industrial core. The understanding of the transition to real domination as a much wider and deeper phenomenon leads to conclusions he cannot accept: that the penetration in depth of the law of value establishes an intrinsic capitalist *modus operandi* not only in industry, but in all sectors of the economy, and that means everywhere, since it also integrates all sectors that were standing outside of it, into the economy. In other words, it means that the unions, mass parties and all other institutions that once enjoyed a relative autonomy in a civil society that was only formally controlled by capital, have all become, irreversibly, part and parcel of capitalism.

Adam seems to believe that unions and probably also electoral politics, are a terrain that is neither intrinsically capitalist or proletarian, part of a civil society that can be used by both. If that were the case, obviously revolutionaries would have to be in those arenas and try to use them for the defense of the workers' immediate interests as well as for revolutionary propaganda. That is a variation upon a main theme of capitalist propaganda: that "democracy" creates a "marketplace of ideas" in which all viewpoints can freely compete. The part that is true in that claim is that "civil society" is indeed a market. It operates according to market mechanisms, i.e. the law of value, which determines how it does and does not function. Like every market, it is part of a wider web, the global market, the fabric of capitalist society. So when the unions scheme against the workers, they do not betray their class, they act in self-defense, as an intrinsic part of capital. There is a terrain in which both the working class and the capitalist class are acting. But it is not the unions or electoral politics, it is the working class struggle in which capital acts through the unions.

But what about the claim that the workers need permanent mass organizations to help stave off the downward pressure on wages, since that pressure is permanent too? That claim rests on the dubious assumption that unions really do help stave off the downward pressure on wages. They may do so when their credibility is at stake but in the end they are part of the capitalist system that they help to manage, and when capital needs wage cuts, they are the ones that coat the bitter pill and make the workers swallow it. They are the ones who dress up our defeats as victories.

But what about the good unions, those yet to be founded? The claim that we need unions, old or new, to defend our working conditions outside of periods of open collective struggle assumes that it is possible for workers to defend themselves without open struggle. We think that is a big mistake. When there is no open struggle and no threat thereof, there is nothing that stops capital from imposing what it wants. And when there is no danger of open struggle, because workers are scared or demoralized or confused or for whatever reason, that is certainly not the time at which the unions feel a great need to defend them. It is only when the workers want to struggle, that the unions adopt a combative camouflage.

But what about the money collected by the unions, isn't that an essential weapon to win strikes? Naturally, that is the workers' money, coming out of their dues, they have a right to it. But that doesn't make the unions "their" organizations, any more than the insurance companies that provide them with health care are really theirs. Besides, as Eric has already pointed out, money is not the decisive factor in struggles today. If a struggle becomes a battle of attrition, going on and on thanks to the union's deep pockets, it almost always ends in a crushing defeat. The capitalist wins because he can count on the solidarity of his class, on the state, its courts, its police, on bank loans, on whatever it takes. It is not the puny sums the workers can

obtain to avoid starvation while striking that can decide the outcome of the struggle. It is because their struggle shows their determination and is pushed by the active participation of the mass of workers, and because they are reaching out to other workers, because their struggle has a real echo in the class and implicitly or explicitly carries the seed of extension, that workers sometimes can resist that downward pressure on their wages and working conditions. That kind of struggle is not to be waged by unions, by permanent mass organizations, integrated into the politico-juridical system of the capitalist state. It is waged despite them, by the workers collectively. The self-organisation of the workers struggle manifests itself in general assemblies, in elected and revocable strike committees. Such organs of the working class either dissolve when that struggle ceases, to be reconstituted again when the struggle erupts, or become the embryos of worker's councils if and when the class struggle assumes a revolutionary form. There is no other way. It would be nice to have permanent institutions that contain that pressure on wages in our place. But it would be foolish to think that we have them or could have them, just because that would be nice. Indeed, the historical trajectory of the past century provides abundant evidence, theoretical and empirical, to show that unions have become an integral part of the real domination of capital.

(Mac Intosh and Sander).

IT'S NOT JUST A FEW BAD APPLES

Adam points to the "faults" committed by existing unions: corporatism, class collaboration, being undemocratic, hierarchical, bureaucratic. I don't believe that these are "faults," which implies that they are transient and/or correctible, but rather integral to the role that unions play under the conditions of the real domination of capital and its political forms. The hope that unions can become democratic, internationalist, militant, is one of the bases for enrolling workers in the struggle to reform the unions. But the characteristics to which Adam points are not transient or incidental features of the union form today, but necessary features, linked to the economic, political, juridical, and ideological structure of capitalism. That structure is not the same as the one prevailing when Marx wrote *Capital* -- though *Capital* provides the basis for understanding the change in the structure of capitalism that has taken place, and therewith the genealogy of unions as organs of capital.

Adam insists that unions today can "resist downward pressures and arbitrary actions from employers." By contrast, it seems to me that the primary role of unions today is to insure that capital and the state will be able to discipline and control the working class. The issue revolves around which of these two roles, overall, defines the unions in the present epoch.

Adam says that he is in a union, "not as a revolutionary," but as "a worker selling my labour-power." In fact, most workers are in unions because they are legally obliged to be: union or closed shops in liberal-democratic regimes; the legal obligation of all workers to belong to the union in Stalinist or fascist regimes in the past. The fact of legally obligatory unionization should in itself tell us volumes about the bond that exists in the present epoch between unions and the state. That said, the distinction between what we do as revolutionaries and what we do as workers who must sell our labor-power is, indeed, crucial. Our involvement in political activity, indicates that we are acting -- in this respect -- as revolutionaries. And it is as revolutionaries that we need to evaluate the unions: not are they revolutionary organs, but are they or are they not obstacles to revolution; are they or are they not a barrier to the kind of class struggle that contains the potential to escape the control of capital, to develop in the direction of revolution. If unions are such a barrier, such an obstacle, as I believe, then they must be recognized as enemies of the working class.

Does that mean the by virtue of the fact that a worker is in the union he/she is an agent of capital? Not at all! Because I shout for a cop, when I am being mugged, does not make me an agent of capital. Because I take my unemployment check when I'm out of work does not make

me an agent of capital. And because I take my union benefits does not make me an agent of capital. However, that does not change the fact that the police, unemployment compensation, and unions, are agencies of capital; the means by which the operation of the law of values is imposed upon the social world.

What then, of the class struggle? History, I believe, has demonstrated that in the present epoch it is through elected and revocable strike committees, the embryo of workers councils, that the class struggle can be prosecuted -- whether this ultimately leads to an insurrectionary situation or just to a vigorous defense against the imposition of savage austerity. While such strike committees are not inherently revolutionary, they do possess that potential.

And because they disappear when the conditions of struggle that gave birth to them are no longer present, they cannot be incorporated into the apparatus of discipline and control that the operation of the law of value requires.

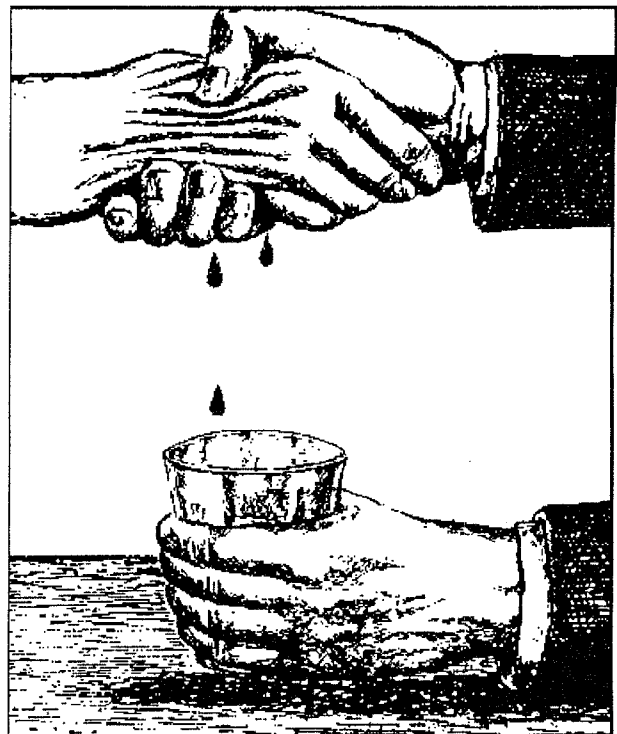
Finally, the last thing that one can say about unions today is that they are "irrelevant," as Adam claims revolutionaries often say. They are, rather, essential to the operation of the law of value, necessary to the domination of the working class by capital. My claim is not that unions are irrelevant, but that they are among the most formidable weapons that capital has in its arsenal to use against the working class.

(Mac Intosh)

INTERVENING 'OUTSIDE AND AGAINST' THE UNIONS

It would be a huge mistake for revolutionaries to fight for more democratic, more radical or more revolutionary unions or to join solidarity campaigns for unions under threat such as the ILWU in the US (yes to solidarity with the dockworkers of course, but let's not blur that line). If we have the opportunity to intervene in open, collective struggles, we should not focus primarily on the theoretical denunciation of the unions, but on how to make the struggle as effective as possible. Despite the unions overwhelming advantage in propagandistic means etc, we have the advantage that there is no contradiction between what is needed to make a struggle for immediate workers' interests more powerful and what is needed to fight capitalism, while the unions are boxed in the contradiction that they must pretend to fight something of which they are a part. The strength of a workers struggle clearly depends on the number of workers that join it and on their active participation. The more workers do away with all the divisions imposed on them (between union- and non-union workers, workers of different trades and qualifications, workers of different races, men and women, immigrant- and non-immigrant workers, blue collar and white collar, workers of different companies, sectors, nations...) and the more they take the struggle into their own hands instead of passively relying on leaders and specialists, the more firepower a struggle acquires. It's not necessary that workers understand the true nature of unions or the need to fight the capitalist system for them to see the need to organize their struggle effectively, the need for general meetings in which they are not just 'informed' by union-leaders but in which they discuss collectively on how to push the struggle forward, the need for strike committees whose members are elected and revocable by all instead of manned by union specialists, the need for roving pickets, mass delegations to other workplaces, aggressive demonstrations and collective self defense that don't fold in the face of court orders and other legalistic attacks, instead of the appeals to the media and the Democrats and the left wing of capital and the petitions,

boycotts of products, media-campaigns and other ineffective forms of pseudo-struggle the unions propose.



Collective bargaining

Real solidarity rather than theoretical insight is where such tactics and organizational forms originate. The expression of real solidarity in struggle implicitly opens the possibility of revolution, because the revolution is nothing else but solidarity taken to its logical conclusion and that is what unions are trying to block. There's another angle from which to look at this. One can describe the post-revolutionary society in glowing terms and exalt how 'democratic' it will be and so on. But the organizational

structures of power in that society, whether called workers councils or any other name, will not fall from the sky after capitalism is defeated. They cannot exist if they are not created in the struggle and they cannot arise in the revolutionary phase of the struggle if they are not being developed in the lab of the struggle for more narrow, immediate interests that precedes it. Despite the interruptions, ebbs and flows, it is one process of the proletariat asserting itself as an autonomous class, freeing itself from its shackles, of which unionism is one of the heaviest and most insidious.

As for the question of how to deal with the unions when there is no open struggle, I'm not sure what the problem is. Revolutionaries cannot do much more in their workplaces at such times than having individual discussions, in which of course it's important to be honest and forthright. Whether they want to be a member of the union so they can use the services it provides or not, is not an issue.

At a meeting Loren talked about what to say in response to the position that revolutionaries ought to agitate in the unions "because that's where the workers are", and said that revolutionaries ought to defend unionization in some cases. The example he gave was of a small chicken processing plant in Arkansas or Mississippi. The workers there, he argued, could really improve their living and working conditions by becoming part of a national union, so if we would have the opportunity to discuss with them, we should not argue that they ought to fight 'outside and against' the union. And Adam, in one of his contributions to this discussion, talks about the strike of the firefighters in Britain, in which the role of the union (FBU) was, according to Adam, beyond reproach; so he asks us: "what's wrong with this strike? Do you really think a national strike could be organized by some ad hoc unofficial strike committee? And will you really be "intervening" on the picket lines with a leaflet saying "the FBU is an organ of the state which is only working to preserve capitalism"?"

All this harks back to the post of Paul that launched the union-discussion, in which he criticized the "outside and against the unions" position as too schematic. It indeed risks becoming so, if the 'outside'-aspect is taken too literally. If it is really true that there is an opportunity for a revolutionary to "agitate" within a union, I suppose he/she would be foolish not to take it. But I assume 'agitating' means to discuss with other workers and defend, honestly and as clearly as possible, one's views on the future that capitalism has in store, on the need for workers struggle and its obstacles, including the unions. Few, if any unions will allow that kind of agitation. Furthermore, outside the open struggle or the build-up to it, it's simply not true that the union-apparatus is the place 'where the workers are', and if it's true before and during a struggle (to the degree that union holds meetings, etc), it is because it fears and wants to contain the self-activity of the workers. So that makes it all the more important to state clearly what the union's role really is. In intervening in the strike of the firefighters in the UK for instance, the focus should be: what are the needs of the struggle? How

can we make it stronger? That would also imply pointing out the real function of the union and warning against its manipulations. As indeed left communists in the UK are doing, as the following quote from a leaflet of 'No war but the class war' shows:

"However, the unions stand between the workers anger and the bosses and act as a buffer. The current militancy in the base of the unions forces the leaders to be radical, to keep the support of, and so control over, the rank and file. The unofficial action in 20 London fire stations on the day of the proposed strike showed Gilchrist that if he made too many deals, the struggle could get out of his hands. Now that the strike has started it will take on a momentum of its own through the experience of the firefighters and their supporters.

The FBU leadership has to make compromising deals and postpone action when negotiating with the government in order to maintain their own role as mediator, and therefore their own union jobs and the whole existence of the union. If workers just took action themselves the legitimacy and existence of the unions would be threatened. They play the game with the bosses, as much as try to 'lead' the workers. This has led to the recuperation of workers' dissatisfaction into union-boss deals over and over again in recent years, or 'selling out'. The basic contradiction of exploitation is thus smoothed out and 'managed' by the unions, but they also act as a focal point for struggle. This contradictory position can lead to the recuperation of anger into smoother exploitation or to wildcat strikes and workers' self-organization."

Adam's question, "Do you really think a national strike could be organized by some ad hoc unofficial strike committee?" seems to imply that organizing a strike on a national scale is beyond the capacity of the working class's self-activity; that for this it needs the help and protection of the union apparatus. But if the idea of workers organizing a strike autonomously on a national scale stretches credibility, who came up with that wild and crazy idea of workers organizing their own revolution? Won't it need a state or party organizing it in their place? And, by the way, we never said that a mass strike can or should be organized by a committee, whether union or non-union. It is in the workers' immediate interests as well as in the fundamental interests of humankind that a mass strike is waged and organized by the mass of workers. The reason that the unions are an obstacle to this, is not just their authoritarianism but that they are part and parcel of capitalism. For Adam, they are not and neither are they "organs of the working class". They are simply "instruments that the workers can sometimes use (...) and that revolutionaries can join". We would have to repeat what we have stated in earlier posts on this list to explain why, in the era of capital's real domination, there are no longer such instruments, large permanent institutions that retain an autonomy from capital, that the workers can use for their own class interests.

They don't exist anymore. But that does not mean that membership of the unions cannot have, in certain

instances, specific benefits for workers. The unions provide certain services, like other institutions do, and help enforce regulations. It is in their interest, as "companies" which grow through the expansion of their membership, to tie certain benefits to that membership -- provided those are no threat to capital, to the wider fabric of which they are an integral part. The capitalist class is a unified class only when its class interests are threatened by a common danger. Otherwise, it is divided by competition. Small capitals compete against big capitals and the only way they can obtain the same rate of profit is by imposing lower wages and worse working conditions. It is then in the larger capitals' interests that collective bargaining agreements are imposed on the sector as a whole. So it's often the smaller capitals who are the most anti-union. The unions have their own specific interests. As companies, their capacity to grow or even just to survive depends on their market image towards capitalists, as smooth managers of exploitation, but also on their market image towards workers, whose membership they need. This position makes the practice of the unions sometimes seemingly contradictory. I am not saying that there are no instances in which workers can obtain something from the union's need to maintain its buffer position even when this requires it to "radicalize". But I'm saying that revolutionaries who understand the function of unions always should warn against any illusions in them, any "faith" or confidence that they can be used as organs of anti-capitalist struggle. Because when it counts, they are always on the class enemy's side. To come back to Loren's chicken-processing plant in Arkansas: no, were we there we would not argue against unionization, since the workers in that plant would clearly temporarily benefit if an industry-wide contract were imposed (unless the plant closes, or moves off shore, a distinct possibility in a global market). But we would say to them, when you join the union keep your eyes wide open. The union is not your "tool;" it has its own corporate interest to serve, and the wider interests of the capitalist system to protect. In the end, your strength is derived from your capacity as workers to stick together, to overcome divisions, and to extend class struggle beyond corporatist boundaries (the very boundaries inscribed in the functioning of unions). The union is right when it says, in its recruiting campaigns, you're either organized or you are nothing; together we are strong and alone each worker is powerless. In every powerful ideology there is always some important truth at the core that gets denatured. The union dresses up as the organization of the working class but in reality it is capital that is organizing the workers.

The trouble is that these illusions can only be shattered by experience. But that is no reason for revolutionaries to hold their tongues. Our articulation of what may be only a vague suspicion, can only help to clarify what experience will teach.

(Sander)

CONTINUED FROM PAGE 20

Félix Pyat (the future communard) whom Robert hates to the point of refusing to comment on his writings in his very (too) Marxist review! [A biography will soon show that Félix Pyat was not the "evil genius of the commune," an allegation of the anti-Semite Benoît Malon, taken up by the Gambettist Lissagaray, a journalist put in the panthéon of the worker's movement for his biased *History of the Commune*].

The climax of all this, is the failure to emphasize the considerable clandestine work carried out by Leo Jogiches to bring out the internationalist revolutionary press, not only in Poland (1896, 1905), but also in Germany (1914-1918, January/March 1919, when he was the leader of the Spartacist League after the murder of Karl and Rosa by soldiers acting on the orders of the Social-Democrats, when he had the courage to remain in Berlin in the heat of the struggle). Even more galling, is to publish -- without so much as a comment -- the disgusting text of Karl Radek, that agent of the Comintern, sent to Germany to sabotage a revolution judged too "leftist" (KAPD, AAUD, AAUD-E, going beyond parliamentarism, trade-unionism, and nationalism), in the interests of an alliance between German and Russian capitalism (see the secret clauses of the treaty of Brest-Litovsk followed by those of Rapallo).

KEEP YOUR FILTHY HANDS OFF LEO JOGICHES! Keep your filthy hands off this militant who, in Zurich, fought the reductionist vision of Marxism that Plekhanov sought to introduce into Russia -- a "Marxism" adulterated by Social-Democracy. Soon the Leninist ideological smokescreen will be dissipated, perhaps by the eagerly awaited biography of Jogiches by the historian Feliks Tych (to which I will devote a detailed commentary when it is published). The weight of dead ideas unhappily still lies on the heads of the living, and Robert has put himself in the service of an odious cause.

An Internationalist Communist,

Guy Sabatier

GOODBYE JEF



With sadness we say goodbye to our old comrade Jef Berckmoes, who died last october from a heart-attack. In recent years our paths diverged but Jef was a dear friend whose radical critique of the inhumanity of capitalism and of pseudo-revolutionary politics

continued and continues to inspire us. He is gone but not forgotten.

THE BOLSHEVIKS, THE CIVIL WAR, AND « RED FASCISM »

The opening of the state archives in the wake of the disintegration of the Stalinist regime has provided us with access to materials vital to an understanding of the complex process that led to the triumph of the counter-revolution in Russia. While *The Black Book of Communism: Crimes, Terror, Repression*, published by Harvard University Press, consists largely of tendentious anti-Bolshevik diatribes, one long piece, by Nicholas Werth is both animated by a real concern to unearth the elements of counter-revolution, and by a familiarity with a mass of hitherto unpublished, but crucial, official documents.

The point of departure for my own analysis is to be found in a framework provided by Victor Serge: "It is often said that 'the germ of all Stalinism was in Bolshevism at its beginning.' Well, I have no objection. Only, Bolshevism also contained many other germs – a mass of other germs – and those who lived through the enthusiasm of the first years of the first victorious revolution ought not to forget it." Nor should we revolutionaries of today forget the heritage of the Bolsheviks and the Russian Revolution. But part of that heritage is the brutal crushing of the promise of October. And while a complex of factors condemned the revolution to defeat, the germs that led to Stalinism, germs that were already present in Bolshevism at its moment of triumph, played a decisive role. It is those germs, and that role, that I want to examine here.



Nicholas Werth's "A State against Its People: Violence, Repression, and Terror in the Soviet Union" compels revolutionaries to reflect on the trajectory that led from the October revolution to the triumph of what the German Marxist and revolutionary, Otto Rühle termed "red fascism" (in contrast to the brown fascism of the Nazis). The focus of revolutionaries on the violence of the Bolshevik party-state against the working class at Kronstadt, the treaties of alliance with imperialist states, e.g. Rapallo, or the opening up of the Russian economy to

private capital and foreign investment (the NEP), have all centered attention on the early 1920's as the definitive moment for the triumph of counter-revolution. Werth, however, focuses on the period of civil war (1918-1919). And while he makes no claims about the class nature of the Bolshevik party-state, the documentation he provides (most of it from organs of the party-state and from Bolshevik authorities) is both beyond reproach, albeit one-sided in its focus, and so compelling, that it cannot fail to raise the most far-reaching questions in the minds of those committed to the overthrow of capitalism and its state forms. I want to focus on several issues raised by a reading of Werth's text: the role of the French revolution as a model for the Bolsheviks, the role of the *praktiki* (practitioners) within the Bolshevik party, Lenin's own role as the leading figure in the party, and finally the tendency to what I term the "racialization" of one's enemies, revolutionaries such as the anarchists, the left SR's, the Menshevik internationalists (however one might disagree with them programmatically), the working class in the industrial centers of Russia, and the masses of poor peasants, large numbers of whom it became the task of the party-state to *exterminate*.

It is clear that the French revolution, and in particular the Jacobins (Danton, Robespierre) served as a model for the Bolsheviks in 1917. Yet the French revolution was a *bourgeois* revolution, and in the hands of the Jacobins was dominated by a capitalist version of the *statolatry* that in a crucial sense made it the heir, the continuator, the perfecter and not the gravedigger of the *ancien régime*. Indeed, socialists were always of two minds about the heritage of the French revolution insofar as it constituted a model for the working class in capitalist society. In France, for example, while the (different) traditions represented by Jaurès and Jules Guesde wrapped themselves in the mantle of the Jacobins, the revolutionary syndicalists (Sorel, Monatte) unequivocally rejected such a model for the working class, seeing the Jacobins and the Terror as, in Sorel's words "worthy of the purest tradition of the *ancien régime* and of the Inquisition" (Georges Sorel, *Reflections on Violence*, CUP, 1999, p.98) For Sorel, the issue was not violence, but rather the nature of the violence, its class provenance, and its link to the state and its juridical regime. Thus Sorel could say: "... that syndicalist violence, perpetrated in the course of strikes by proletarians who desire the overthrow of the State, must not be confused with the acts of savagery which the superstition of the State suggested to the revolutionaries of [17]93 when they had power in their hands and were able to oppress the conquered – following the principles which

they had received from the Church and from the monarchy. We have the right to hope that a socialist revolution carried out by pure syndicalists would not be defiled by the abominations which sullied the bourgeois revolutions.” (*ibid.*, p.108) The documentation provided by Werth leaves little doubt as to which heritage the Bolsheviks laid claim to during the civil war in their organization of the repressive apparatus and the establishment of a state form.

Discussion of the debates within the Bolshevik party, with respect the question of defensism after the February revolution, the seizure of power in October, the role of the soviets, or the peasant question, for example, focus on *theoretical* issues and controversies, albeit controversies that have a direct link to *praxis*. Werth, however provides us with the elements to begin to elaborate a Marxist political sociology of Bolshevism that acknowledges the powerful role played by the *pratiki*, for whom questions of theory, and the *praxis* that flowed from it had no interest whatsoever. Instead, the *pratiki* were concerned with one thing, and one thing only: power! Marxism was of no interest to these elements, who provided the leadership and cadre of the *Cheka*, and who would recruit elements drawn from the lumpen proletariat to carry out the gruesome work of repression and murder, more often than not directed at revolutionaries, industrial workers or peasant villages. In the course of the civil war, these “practitioners” assumed a power within the Bolshevik party-state that made them virtually unassailable and responsible to no one. Here, not in the reign of Stalin, is the veritable basis for the Gulag and mass murder. And both the consequences of this abominable power that arose within the party-state in the immediate aftermath of the seizure of power in October 1917, and its profound socio-political bases, require a thorough investigation by revolutionaries – an investigation not burdened with the claim that such “excesses” began after the death of Lenin, or as a result of Stalin’s rise to power.

Indeed, one of the most striking facts that emerges from Werth’s account is the extent to which Lenin was directly implicated in the veritable orgy of violence unleashed against revolutionaries, workers, and peasants in the course of the civil war. The Lenin who emerges from the pages of Werth’s text, the Lenin whose own statements are copiously documented, is very different from the Lenin in Switzerland during the war, upholding the best traditions of proletarian internationalism, the Lenin of the “April Theses,” charting a course towards revolution, or the Lenin engaged in his “last struggle,” against the power of bureaucracy, as portrayed by Moishe Lewin. Those other Lenins cannot be ignored or forgotten, but neither can the Lenin who emerges from the pages of Werth’s text, the Lenin who candidly admitted that the “People’s Commissariat for Justice” would be more aptly labeled the “Peoples Commissariat for *Social Extermination*” (Werth, p.62, my emphasis), the Lenin who sanctioned the taking of hostages and the bombing of peasant villages in order to break strikes and compel deliveries of food (from starving

peasants) to the state and its functionaries. It is inconceivable that a civil war against revolutionaries, workers, and poor peasants, alongside the other civil war against White armies, could have been waged by Dzerzhinsky, Ordzhonikidze, and the *pratiki*, with their power base in the *Cheka*, without the virtually unqualified support and initiative of Lenin.



Finally, we come to way in which the Bolsheviks saw and constructed their enemies, especially revolutionaries, striking workers, and peasants reduced to starvation. Terms like vermin or lice are indicative of the sub-human status imposed on them. The objective was not the defeat or surrender of these elements, but their extermination or liquidation. The crimes for which these elements were to be murdered was not so much their actions, as their very biological existence. That is why I see a racialization or biologization as an incipient element of the actions of the Bolshevik party-state in the course of the civil wars. The starving peasant transformed into a kulak, the striking workers transformed into lice, the anarchist or left SR designated as vermin, are we not in the ante-chamber of mass murder and genocide; can we fail to see the embryo of what Rühle would designate as red fascism already growing within the womb of the October revolution? We are certainly not there yet, but the seed has sprouted, and any attempt to explain the triumph of the counter-revolution must acknowledge that Werth has traced its origins to actions of the Bolsheviks at the very moment of their triumph.

That the October revolution and the Bolshevik party-state provide no model for a revolution that has as its objective the abolition of the capitalist law of value and the creation of a human *Gemeinwesen* is something that revolutionaries have long known. Werth, however, forces us to confront the uncomfortable fact that the path to red fascism, which most certainly was not a straight line, nonetheless has its inception a decade before Stalin consolidated his hold on power; before Kronstadt, before the NEP, before Rapallo. If we are to comprehend the process that led to Kolyma, then we have to begin where Werth begins, with the October revolution.

MAC INTOSH

AGAIN, THE DICTATORSHIP OF THE PARTY

*Our comrade, Guy Sabatier has asked us to publish this text denouncing a decision of the review *Présence Marxiste*. The question raised by G.S., nationalism, needs to be debated and theoretically developed, and we invite *Présence Marxiste* as well as G.S. to continue the debate. The pages of our publication, not being those of a party, are open for that very purpose.*

As a result of a telephone call, brief but bruising, the leader of the review *Présence Marxiste* (R.C.) has refused to publish the letter printed below. The "reasons:" 1) the central organ of the Party does not open its pages to outsiders; 2) instead of wasting his time on a biography of Félix Pyat, he will respond in his own way by publishing a book or pamphlet on the "Polish left." What is more serious is that many neo-Bolsheviks will share that reasoning. Be that as it may. I will let the wolves howl with the wolves ... while simply pointing out that not so long ago I undertook the defense of that so-called "leader" against the slander of another publication in the "revolutionary milieu" (no, it wasn't the ICC!).

Félix Pyat was one of those rare '48'ers to become a member of the (Paris) Commune, and as a result he was condemned to death by the Versaillais. He spent thirty years in exile, during which his group, "La Commune Révolutionnaire, founded in 1852, adhered to the First International from its inception as a French section overseas. Three years before his death, he had the courage to oppose General Boulanger, at a time when many socialists, including the "collectivists" (Guesde, Lafargue), however close to Marx they were, were attracted by the populist, demagogic and anti-Semitic siren calls of that "brave general" -- who we may recall, had served in the Versaillais army and participated in the massacre of the communards. A biography will soon render justice to this figure, unjustly slandered and misjudged. It's important to note that while from 1830, Félix Pyat was an active defender of the national independence of Poland from Tsarist Russia, R.C. remains pro-nationalist, with all his Leninist chums, beyond World War One. A text on the "Polish left" has existed since 1978 (see the letter below) and I am proposing a long, critical, commentary on the biography of Leo Jogiches by Feliks Tych, who has the advantage of both reading Polish and having access to all the archives. A thorough debate on the Russian Revolution and the concept of the party is necessary more than ever, inasmuch as -- despite the numerous and important critiques since 1917 -- inveterate Leninists persist in glorifying not just the coup d'état of October 1917, but also (which goes without saying) the dictatorship of the party. All the texts that are apologias for the Bolsheviks deserve better than being left to the gnawing of the mice. But, just the same, we need to be on our guard, and to

warn the new generation of revolutionaries about the crimes committed in the name of a state capitalism shrouded in a revolutionary mystique. At the very moment that Lenin proclaimed: "The dictatorship of the proletariat is one party in power and the others in prison" (repression of oppositionist Bolsheviks, left social-revolutionaries, anarchists), Rosa Luxemburg proclaimed: "FREEDOM OF THOUGHT IS ALWAYS FREEDOM FOR THE ONE WHO THINKS DIFFERENTLY."

The letter sent to R.C., *Présence Marxiste*
Greetings,

I ask that Robert Camoin immediately publish this letter in the next issue of the review, and to refer to the text, "The Polish Left" (photocopies of which I enclose) which is still available in editions Spartacus (8, impasse Crozatier, 75012 Paris) in the pamphlet "The Roots of October 1917," published in 1978 as a supplement to "Jeune Taupe" no. 18. Having read the new pamphlet titled "The Communist Left in Poland and Lithuania" (January 2003, 112 pages) and signed by a Robert, I am shocked and dismayed. It is sullied by so many pages to the glory of Lenin, who in the good old Bolshevik-Leninist tradition was right about everything!!! But where is the brilliance of yesteryear and the critical intelligence of the *Cahiers du Communisme de Conseils* (published by R.C. in the 1970's), which received the approbation of H. Chazé (Gaston Davoust, who died in 1984, a member of the communist left in France from the 1930's, with the Union Communiste and its journal, *L'Internationale*)? In effect, this new pamphlet, more Leninist than Lenin (just as there were those more royalist than the King!) utilizes every possible means to demonstrate the validity of the "right of nations to self-determination" in the case of Poland, economically integrated into the Russian empire (the end of the nineteenth century). Thus, Robert ransacks the writings of Rosa Luxemburg in search of a contradiction, because in a few instances she admitted the possibility of "a certain -- but not complete -- national autonomy for Poland" (pp.62-63, the section titled, "Where Rosa Luxemburg acknowledged the importance of the Polish national factor"). But, elsewhere he refrains from citing *The Industrial Development of Poland*, the thesis written by Rosa Luxemburg in Zurich and defended in Leipzig, in which she explains the foundations of her political position *against* not just what is termed the "social-chauvinism" of the PPS (Polish Socialist Party), but the NATIONALISM of that party, from which would come the dictator Pilsudski, in contrast to the intransigent *internationalism* of her own SDKPiL (Social-Democracy of the Kingdom of Poland and Lithuania). Support for the independence of Poland manifested itself in the ranks of socialists, in particular in France, at the beginning of the nineteenth century and during the revolutions of 1848. It was put forward by figures like Raspail, Barbès, Blanqui ... and

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FICTITIOUS CAPITAL AND THE CRISIS OF CAPITALISM

With the following article, we continue our investigation of the capitalist economy's structural crisis. The text analyses the connection between fictitious capital and tendencies in the sphere of production: the growth of unproductive production and of production for unproductive consumption and the technological devalorisation of capital (technology becoming obsolete before it has passed on its value in production). It puts these phenomena in the larger context of the basic contradictions of capitalism and shows how their exacerbation pushes the creation of fictitious capital in the financial sphere and how this is establishing the conditions of a collapse of the global economy. This text was written as a contribution to a debate between Loren Goldner and the review Aufheben. The texts of this debate can be found on Lorens website: <http://www.home.earthlink.net/~lrGoldner/>. Since this text was written, Aufheben has published another contribution to the debate, which can be found at: http://www.geocities.com/aufheben2/auf_lg_reply.html

The discussion between Loren Goldner and Aufheben is, in essence, about the role of fictitious capital in the crisis of capitalism but they disagree at the outset about what fictitious capital actually is.

Fictitious Capital

While for Goldner, fictitious capital originates in devalorization and pseudo-value creation in production, for Aufheben, "fictitious capital (and for that matter fictitious value) only arises when we consider the financial and credit system. If we abstract from finance and credit we cannot talk about fictitious capital".

To explain the concept of fictitious capital, Aufheben gives the example of a sum of money borrowed to finance production and repaid with interest (part of the surplus value which that production yielded). That sum of money, Aufheben writes, is fictitious, since it "exists separately from the real capital that is in the hands of our capitalist enterprise." For Aufheben, the fictitious character of that capital is independent of the question whether the production which it finances yields surplus value or not. It is determined by the fact that it is not that financial capital directly, but machines, labor-power etc (C and V) that serve to produce and to realize surplus value (despite the fact that the moneylender de facto owns that C and V or a portion of it). Since all capital in its money-form "exists separately from the real capital" that it can represent, it

would seem that for Aufheben, fictitious capital is just another word for financial capital. In a certain sense that is correct, of course, since the value of all financial capital, its power to represent real commodities, ultimately depends on a fiction, on "faith in money-value as the immanent spirit of commodities" (Marx). But money is also "only a different form of the commodity", of capital. If 'fictitious capital' is used as a mere synonym for money, the term becomes useless to express the distinction between capital that does correspond to real value and capital that doesn't. Indeed, according to Aufheben, fictitious capital may correspond to real capital, but then again, it may not.

The concept of fictitious capital predates Marxism and it has had, over the course of time, many definitions but not much systematic theoretical development. Marx never gave a precise definition of fictitious capital and never developed, as far as I know, a specific analysis integrating the concept explicitly in the framework of his value-theory. Of course, any concept is merely an analytical tool. Once you have defined that tool, what matters is what you do with it. The problem with Aufheben's concept of fictitious capital is that it is so broad that it can be used for little more than to point out the particularities of capital in its financial form. But for that we don't need the category of 'fictitious capital'. 'Fictitious financial capital' would merely express a tautology, unable to distinguish between money that expresses illusory value and money that mobilizes productive labor and thereby realizes itself; that is, in other words, real capital.

In contrast to Aufheben's, Goldner's use of the concept of fictitious capital acknowledges the difference between capital that realizes real value and capital that doesn't. He sees (if I understood him correctly) the source of fictitious value in the capitalization of earnings that are expected but don't materialize, in the creation of financial assets on the basis of the assumption of a valorization that doesn't occur. The root of the problem then, lies in the production process itself. Why is the valorization of capital at times so much smaller than expected that gigantic bubbles of fictitious capital appear, usually right before the outbreak of open crisis? Goldner's answer is that the growth of fictitious capital in the financial sphere corresponds to a growth of fictitious capital in the sphere of production. He identifies two sources of the latter: the moral depreciation of fixed capital as a result of technological innovation, or technodepreciation as Goldner prefers to call it, and the growth of production destined for unproductive consumption. Both are indeed

important elements in the crisis of capital but there are problems in the way Goldner analyzes them.

Unproductive Labor

Let's begin with the latter. According to Goldner, capital that is used for the production of commodities that are unproductively consumed, that don't become the C and V of the next cycle, creates no value and is therefore fictitious from the standpoint of capitalism as a whole. No value is created in it, the labor that goes into it, is unproductive. Yet this capital claims its share of the total surplus value, without creating any. Capitalization based on this kind of production therefore automatically expands fictitious capital in the financial sector.

The heart of the problem here, is Goldner's concept of unproductive labor, which is quite different from Marx's and in my opinion stands in contradiction to his value theory. The term, again, predates Marxism and has had many definitions. Marx defined it strictly within the context of his analysis of value in capitalism. Because the value of a commodity is the value of the C and V transferred in it plus surplus value, the value created is greater than the value invested. This growth is due to productive labor, the labor that valorizes capital, that is productively consumed by it. That definition excludes all extra-capitalist labor (not because its products have no value when exchanged but because it is not capital) and all labor that does not create commodities, either directly or indirectly. The latter is obviously a drain on capitalist accumulation while the former provides a welcome injection of value to it, so it is somewhat confusing to lump them together.

Personally I think that trying to calibrate precisely which labor is productive and which is not, has largely been made pointless by the very evolution of capitalism that Marx foresaw: "With the development of the real subsumption of labor under capital, or the specifically capitalist mode of production, the real lever of the overall labor process is increasingly not the individual worker. Instead, labor power socially combined and the various competing labor powers which together form the entire production machine participate in very different ways in the immediate process of making commodities, or, more accurately in this context, creating the product. Some work better with their hands, other with their heads, one as manager, engineer, technologist, etc., the other as overseer, the third as manual laborer or even drudge. An increasing number of types of labor are included in the immediate concept of productive labor, and those who perform in it are classed as productive workers, workers directly exploited by capital and subordinated to its process of production and expansion. If we consider the collective worker, i.e. if we take all the members comprising the workshop together, then we see that their combined activity results materially in a collective product which is at the same time a quantity of goods. And here it is quite immaterial whether the job of a particular worker, who is merely a limb of this collective worker, is at a greater or smaller distance from the actual manual labor". (1)



Many types of work that, at the time Marx wrote this, would still fall under his definition of unproductive labor are now, with the advance of capital's real domination, clearly integrated into the collective worker, including health care, education, transportation and distribution, many types of free-lance work, gardening and cleaning, even many public sector jobs, etc. Of course that leaves still is a lot of unproductive labor, work that neither directly nor indirectly valorizes any capital but that falls under the 'faux frais' necessary to capitalist rule (the work of soldiers, policemen, tax collectors, etc) which grow together with capitalism's contradictions. But Goldner's concept of unproductive labor is much wider. For him, all labor that creates commodities which are consumed unproductively, is unproductive. Not the way in which the commodity is produced but the way in which it is consumed is the criterion. In this, he clashes with Marx, who wrote: "A large part of the annual product which is consumed as revenue and hence does not re-enter production as its means, consists of the most tawdry products (use-values) designed to gratify the most impoverished appetites and fancies. As far as the question of productive labor is concerned, however, the nature of these objects is quite immaterial (although obviously the development of wealth would inevitably receive a check if a disproportionate part were to be reproduced in this way instead of being changed back into the means of production and subsistence, to become absorbed once more -productively consumed, in short- into the process of reproduction either of commodities or of labor-power). This sort of productive labor produces use-values and objectifies itself in products that are destined only for unproductive consumption." (2)

Goldner is aware that his view differs from Marx's but he explains this by pointing to Marx's shift, from the vantage point of the single capitalist in the first volume of *Capital*, to the standpoint of capitalist production as a whole in the

third volume. It is only from the latter that the unproductive nature of labor that goes into the production of commodities destined for unproductive consumption becomes clear, according to Goldner. Indeed, for the individual capitalist, such production yields profit, it valorizes his capital and allows him to accumulate, while for capital as a whole, unproductive consumption destroys capital, it makes it disappear. Goldner concludes from this that this capital never existed, that it was fictitious all along, by virtue of its destination. While I agree with Goldner that Marx's shift in vantage point from individual capital to capital as a whole is real and a cause of much confusion, I don't think he is right in this case. Besides, the difference is less black and white than Goldner makes it appear; there are parts in vol. 1 and 2 where Marx explicitly analyzes capitalism in its entirety and others in vol.3 where he looks at things from the standpoint of individual capitals (3). Consider how the passage quoted before continues: "Ordinary economic theory finds it impossible to utter a single sensible word on the barrier to the production of luxuries even from the standpoint of capitalism itself. The matter is very simple, however, if the elements of the process of reproduction are examined systematically. If the process of reproduction suffers a check, or (...) is held up by the disproportionate diversion of productive labor into unproductive articles, it follows that the means of subsistence or production will not be reproduced in the necessary quantities. In that event it is possible to condemn the manufacture of luxury goods from the standpoint of capitalist production. For the rest, however, luxury goods are absolutely necessary for a mode of production which creates wealth for the non-producer and which therefore must provide that wealth in forms which permit its acquisition". (4)

In this passage from "Results of the Immediate Process of Production", the 'unpublished chapter' of Capital, vol.I, Marx clearly looks at the matter from the standpoint of capitalist production as a whole. He answers pre-emptively those who see in the growth of unproductive consumption a solution to capitalism's market contradiction, as well as Goldner, for whom any unproductive consumption is a drag on accumulation and undermines capitalism.

Goldner is of course entitled to use a definition of unproductive labor that differs from Marx's. But his also goes against the logic of Marxist value theory.

What happens in the production of commodities that are destined for unproductive consumption? Is there C and V transferred into them? Not according to Goldner: by virtue of their ultimate destination, the C and V employed in that production cease to exist as value, become fictitious capital and no surplus value is extracted. If we follow that logic of destination, all the C and V and S that went into the production of the C and V of the sector that produces for unproductive consumption, would be fictitious too. And the same for the capital that went into the production of that C and V and so on. Furthermore, the same labor that produces things like foodstuff, cars, clothing or computers would be productive or unproductive depending on who buys the stuff. And on what would the exchange

between the sector whose commodities are productively consumed and the sector whose commodities are unproductively consumed, be based? All the value would be on one side, none on the other. On what basis are the prices of the latter formed, if they have no value?

These are just some of the problems which Goldner's definition of unproductive labor creates. It seems to me more 'productive' (to stick to Marx's concept of productive labor. The total advanced capital C+V is valorized by productive labor and becomes C+V+S. Part of the surplus value (Sa) is reinvested, the rest (Sb) is unproductively consumed. It doesn't really matter how, but it does matter that it is consumed, that the surplus value (which it does not contain according to Goldner) is realized. The proportion is important, as Marx emphasized. If Sa would take up the entire surplus value (something only theoretically imaginable), either there would be massive overproduction or productivity would have to be abysmally low.

And if Sb becomes too large, if there is a "disproportionate diversion of productive labor into unproductive articles", there will be less productive labor, and thus less valorization, in the next cycle of production.

The higher productivity becomes, the cheaper it becomes to produce commodities, (or in Goldner's reasoning: the more productive labor becomes, the more unproductive labor there can be). At first sight, a drop in value of the means of production, C+V, seems great: so much more of the total product can go to Sb, to the pleasures of the ruling class with plenty of crumbs for the plebs. But capitalism is not in the business of creating use-values at the lowest cost possible. It is in the business of accumulating exchange value, of valorizing capital. The fact that less value goes to the means of production does not automatically mean that more goes to the surplus product. The less value that goes into productive capital, the less capital valorizes. And, since value rarely is stable, the capital that doesn't valorize, tends to devalorize.

The more unproductive consumption, the heavier the burden on surplus value extraction. For the necessary proportionality to be respected, the surplus value that the sector which produces reproductive commodities devotes to unproductive consumption, must be equal in value to the new means of production C+V of the sector which produces unproductive commodities in the next cycle. If we call the first sector x and the second y then $xSb = yC + yV + ySa$. That is a huge burden on xSb. Does the rate of exploitation in y make a difference? Or does it not matter, because production there yields no surplus value, as Goldner thinks? It does matter because the value of the use-values x would be buying from y would be higher if no surplus value were extracted in their production. Capital as a whole owns this surplus value and it allows it to devote less S to xSb.

The question then is what happened to that proportionality? Goldner is right that the growing weight of production for unproductive consumption strangles capitalism's capacity to valorize. Why doesn't the magic of the free market establish the proportionality that would

correspond to capitalism's needs? Before we go into that, let's move to Goldner's second source of fictitious capital from within the sphere of production: 'technodepreciation'.

Technological Devalorization And Fictitious Capital

When technological innovation makes existing technology obsolete, when competition forces capitalists to abandon part of their fixed capital before its entire value has been transferred into commodities, obviously there is a problem. Goldner is right to identify it as a source of the formation of fictitious capital. Capitalization takes place on the assumption that the capital advanced ($C+V$) will grow in production to $C+V+S$ (otherwise, there'd be no reason to invest). But only a part of the value of C is transferred so the actual value of the commodities produced will be smaller than the assumed $C+V+S$ on which base financial assets have been created. So part of that financial capital does not correspond to any real value and is therefore fictitious, unless the surplus value S has somehow grown beyond expectations, enough to compensate for the value that is lost by the impossibility to transfer all the value of C into the commodities.

That seems evident but Aufheben does not seem to agree, although it's hard to say for sure because it never directly addresses the question of the loss of value that can't be transferred into the commodities, even though this is crucial to Goldner's argument. Instead Aufheben argues that technological innovation, and in particular in the example that Goldner gives to illustrate his point, leads to "a gain in the overall profitability of capital which is first captured by the innovating capitalists and then, with the fall in the market value, is generalised to the capital as a whole through a slight rise in the general rate of profit." Aufheben points out that in his example, in which Goldner imagines a sector with ten firms, one of which employs new technology that reduces the value of his fixed capital with 15%, he wrongly assumes that this innovation immediately devaluates the fixed capital of the entire sector by 15%, and yet also assumes that the market value does not change. That is not tenable; if the value of the fixed capital of an entire sector falls, the market value of what it produces does too. Goldner leaves the market value unchanged because he wants to argue that profits in that sector are inflated, accounted on the original value of the fixed capital rather than on the new lower one, and therefore fictitious, based on illusory value. He overreaches (it's not the profits of capitals that are behind the curve of technological innovation that are fictitious capital and Goldner does not need to make that claim to establish the connection between technological devalorization and fictitious capital) and shoots himself in the foot. In its critique, Aufheben explains that there is nothing fictitious about the origins of those profits: it's all surplus value. And it reminds that the market value of a commodity is "determined by the average socially necessary labor time that is required for its reproduction".

The firm with the technological innovation produces under the market value (its commodity contains less labor time than the one produced under average conditions) but sells at it, so it makes a surplus profit. The most backward firm produces commodities whose value are above the market value but must also be sold at it, so its profit is smaller than average. There is a transfer of surplus value within that sector but there's not any formation of profit to which no surplus value corresponds. I agree with this, except that it's a little bit misleading to write, as Aufheben does (and as I have), that the market value of a commodity is determined by the average of the individual values of that commodity. This is a kind of shorthand formulation that explains the mechanism and Marx used it himself. But in fact it's only true, as Marx explained further, when the bulk of the commodities in that sector is produced under average conditions and when there is no over- or underproduction. In Goldner's 10 firm-sector, only one firm adopts new technology in the first year, so the bulk of the commodities are still produced under the unchanged, less favorable conditions. The market value then is not an average but is equal to the value content of the commodity produced by the 9 more backward firms. That would remain so for some years, even while several other firms adopt the new technology, if Marx is right when he writes: "Suppose (...) that the total mass of the commodities in question brought to the market remains the same, while the value of the commodities produced under less favorable conditions fails to balance out the value of commodities produced under more favorable conditions, so that the part of the mass produced under less favorable conditions forms a relatively weighty quantity as compared with the average mass and with the other extreme. In that case, the mass produced under less favorable conditions regulates the market, or social, value." (5)

Market value, or social value, is a social concept. It is an interpretation by society, that comes into being through uncounted economic transactions, of what the 'average social time' is that is required for the production of a commodity. The flexibility of the market value (not just the price) of labor power (beyond its devaluation as a result of rising productivity) illustrates its 'man-made', subjective quality. In the above quote, Marx assumes a stable market. Not because market conditions have no influence on market values, quite the contrary. As he explains elsewhere, overcapacity pushes the market value to the value of the commodity produced under the most favorable conditions because the more technically advanced capitals make room for themselves on the market by lowering the prices of their commodities to their value. But if the market is stable, and there is still "a relatively weighty quantity" of the supply that is produced in the more backward conditions (which is rather vague but this isn't a lab-situation allowing for precise measurements) than there is no incentive for the other producers to sell below the value of the technically backward and to give up their surplus profits. Why then don't they always sell at the value resulting from the least favorable conditions and rake in maximal surplus profits?

That is what happens, Marx writes, in conditions of underproduction. But the movement of capital tends to eliminate underproduction, ever faster as its mobility grows. If a sector underproduces, capital moves in to reap the surplus profits and soon undercapacity becomes overcapacity and lowers the market value to the value of the more advanced production.

From this follows that the sum of the market value of all the commodities of a sector can be greater than the sum of all the individual values of those commodities. That is the case in the early stages of Goldner's schema. One firm innovates and as a result obtains a surplus profit. The others don't but since the market value doesn't change, neither does their profit fall. So the surplus profit cannot be explained by a transfer of value within the sector, since no firm has to give up any. "So what is going on here?", Aufheben asks, "Where do these surplus profits come from?" Either they are fictitious capital, or they must come from surplus value outside the sector. Value-analysis makes clear it's the latter. The buyers of that sector pay the sum of the market value but what they get is less, the sum of the individual values. There is an unequal value-exchange: They exchange more value for less. I had thought Aufheben would respond to the question in a similar way but their answer steps outside the framework of value-analysis. The technological innovation reduces the costs of production, Aufheben explains, "less dead labour is required to produce the same mass of commodities" and as a result, the profitability of capital as a whole increases which allows for the surplus profit. Case closed. I emphasized it earlier, capitalism is not in the business of creating commodities with as little as possible dead labor. It's aimed at accumulating value. It is true that a decline in the value of fixed capital means that relatively less value needs to be invested in it but does that imply that the profit per capital invested ($S/C+V$) automatically rises, as Aufheben assumes? It looks that way for the individual capitalist who lowers his costs with new technology and thereby goes under the market value and obtains a surplus profit. But what matters for capital as a whole is not the cost of dead labor per se but how much labor power is set in motion and how productive that labor power is. If the value of the constant capital falls, so does the market value. There is a time-lag between the technological change and the market value's adaptation to it and in the meantime the firm or the sector that went under the market value obtains a surplus profit. But that surplus profit is surplus value transferred from elsewhere so the reduction of dead labor does not automatically increase the surplus value for total capital. At the contrary. Aufheben assumes that when the value of C falls, the value of V and S remain the same but historically, technological innovation went hand in hand with an increase in the OCC (organic composition of capital, or the ratio between dead and living labor in production). This narrows (relatively) the basis for productive labor and thereby causes the profit-rate (tendentially) to fall.

So the surplus profit is not fictitious capital but real

surplus value even though it comes from outside the sector. This sector cannot hold on to the surplus profit for very long. Commodities are not (or rarely) sold at their market values because they are continually transformed into production prices, which equal the value of the capital invested plus an average rate of profit. This transformation occurs because the sector in which surplus profits are made, receives an influx of capital which continues until the rate of profit equalizes with the general rate of profit of that economy. This process also establishes a proportionality between the different sectors but not necessarily the proportionality which capitalism needs for harmonious accumulation. I will come back to this point. But to conclude on this part of the debate: I don't think that Aufheben has really addressed Goldner's main point. To put it in a wider framework: a falling general profit-rate provokes intense competition, intense pressure to produce under the market-value. There is no choice but the flight forward into overcapacity and premature obsolescence of fixed capital. An assumed value was capitalized but the real value falls short of it. So inevitably part of that capital is now fictitious.

Some qualifying remarks are required.

Accelerated write-offs

When premature obsolescence is expected, when capitalists know that a machine will be outdated in 5 years even though it will still do what it was designed to do for another 10 years, the value of that machinery will be transferred into the output in 5 years, rather than over the 'natural lifespan' of that machinery. So both the individual and the market value will remain higher than it otherwise would be. This acts as an obstacle to market expansion but in terms of valorization, the entire value of the fixed capital is realized in this accelerated cycle. But for total capital the cost of C includes the full value of the devalORIZED fixed capital plus the new one that replaces it. This compounds the negative effect on the rate of profit caused by the rise in the OCC: the same yield of surplus value requires a higher (value)quantity of constant capital. In a sense, the accelerated write-off of fixed capital is just an accounting trick to pass on the cost of moral depreciation to the customers. It is made possible by the high threshold of capital formation in many sectors. This makes it very difficult, often impossible, for new capital to invade a sector and force down the market value. This high threshold protects entrenched capitals and tends to create an implicit cartel "conspiracy" (and increasingly explicit ones, which these days are called "international strategic alliances", whose main purpose is to share the burden of technological devalorization and spread the cost of new technological development. (6) But accelerated write-offs of fixed capital make a difference concerning the creation of fictitious capital, since the assumed value of that production does not exceed the real one. It is only to the extent that the 'technodepreciation' is not anticipated that it creates fictitious capital in the financial sphere.

Technological change and the rate of exploitation

Secondly, technological innovation usually goes together with a rise of productivity (and thus the greater availability of use-values) and a rise of the rate of exploitation. The latter compensates, to a greater or lesser extent, for the technological devalorization. The two are not the same. If productivity rises in a branch of industry, it doesn't follow that more surplus value is extracted there, that the rate of exploitation rises (even though this branch will likely take in a surplus profit on the market). But a general rise in productivity shortens the average social labor time needed for the creation of the workers' means of subsistence and thus lowers the value of labor power, so that a greater part of the working day is unpaid, surplus value. Technological innovation stimulates the rate of exploitation in other ways too. It restructures the labor process always with the goal of making it more intensive; it gives capital greater mobility and greater access to labor power of low value or whose wages can be pushed under its value, and so on. It seems clear that capitalism received a boost from all these factors in the era known as 'globalization'. The productivity-rise that it brought may be overrated and mask, on the one hand bogus operations and thus fictitious capital, and on the other forms of increased exploitation such as an increase of unregistered unpaid overtime. In any case, productivity-growth itself has been overrated as a kind of Holy Grail saving capitalism. As I said, productivity-growth does not automatically raise the rate of surplus value, and that is what counts for the valorization of capital.

The limit of the rise of the rate of surplus value is that it never can be more than part of the whole, the productive labor employed. "Its barrier always remains the relation between the fractional part of the day which expresses necessary labor, and the entire working day. It can move only within those boundaries. The smaller already the fractional part falling to necessary labor, the greater the surplus labor, the less can any increase in productive power perceptibly diminish necessary labor, since the denominator has grown enormously. The self-realization of capital becomes more difficult to the extent that it has already been realized." (7)

There is no similar limit for technological development and the rise in the OCC that goes hand in hand with it. It goes on, compelled by competition, by the drive to get under the market value, by the inner impulse of technology to connect with other technology, to constantly remake the world of commodities in its image. It goes on, while the growth of the rate of surplus value becomes more difficult to the extent that it has grown. Consequently, capital's irresistible tendency to reduce the value of commodity-production, reduces surplus value as well.

The funhouse mirror of the market

A final remark on this: the real cost of moral depreciation for capital as a whole is masked by the profits of the innovating sectors because sectors with a higher than average rate of technological innovation tend to

obtain a surplus profit, that is surplus value from the rest of the economy.

The incentive for technological innovation is either to produce a commodity under its market value or to improve the quality (or perceived quality) of the commodity above that of others (so that for this new commodity, the capital in question has a monopolistic position). The reward, in both cases, is surplus profit. And even though this reward is only temporary, as market values are constantly transformed into production prices and this process gradually takes away the surplus profit, equalizes the profit-rate with the general profit-rate, it is still real, both for a company and for an entire sector that adopt new technology. The time-lag between the fall of the value of a commodity as a result of new technology and the adaptation of the market value to this decline may be considerable, especially if a high threshold of capital formation and a cartel-like control by the main firms in that sector limit competition. And while that advantage is temporary, the same firm or the same sector that obtained it may yet again achieve another technological gain by the time the market value has fallen to its own or by the time its monopolistic position has been broken. In other words, "the special productivity of labor in any particular sphere enables that particular sphere, vis-a-vis the total capital to make an extra-profit." (8) The movement of capital establishes an (unstable) proportionality between this sphere and others. But the proportions are obviously different from what they would be without the incentive of this extra-profit. Even when its output already outstrips its market, this sphere still attracts capital because up to a point, the extra-profit amortizes the cost of overcapacity/moral depreciation. When it no longer does, there is no more special incentive for capital to go there. At that point, there is some sort of equilibrium, but one with a structural, built-in overcapacity in the spheres with a higher than average rate of technological innovation. That means value that could otherwise be productively used in spheres of lower OCC is sterilized.

So the proportionality that is brought about by market forces is not the one required for the smooth accumulation of capital and tends to erode it more to the extent that the gap between production with a high rate of technological growth and production with a low rate increases. In volume 2 of *Capital*, Marx logically proved capitalism's capacity to self-expansion. But he also showed that this expansion must be proportional, and that to the extent that it isn't, the valorization of capital is undermined. Marx focused on the proportionality needed between production goods and consumer goods but in a way that was just an example to demonstrate that the cycle of value must be kept whole (at least, broadly speaking. To put it more precisely: the value quantity that disappears from the cycle must be smaller than the value created in it). Many other examples could be given to illustrate this need to conserve value in order to grow. There is, for instance, a precise proportionality required, in use values and in exchange value, in what the sector of shoe production gives and gets from the rest of the economy. Enough value must go to it

or shoes while be scarce and expensive. If the shoe-sector gets sufficient capital, its market expands, its market value falls which helps to lower the value of labor power. The market establishes a proportionality, not because market forces seek to accomplish this but because they hunt for higher profit. If technological innovation allows a shoe-capitalist to go under the market value and obtain a surplus profit, he will do so provided the shoe-market can further expand because "to set up a new technology costs a lot of money. To justify that expense, you have to build big capacity. Then you need volume to justify the capacity" (9) But the elasticity of the shoe market isn't great, especially not in a context of global overcapacity: the rising OCC restricts the relative demand for productive consumption of shoes, the relentless pressure of capital to push the price of labor power under its value reduces it further and the demand for unproductive consumption of shoes is not that flexible either: most people, Imelda Marcos notwithstanding, can use only so many pairs of shoes. Their demand for them will not necessarily rise because shoes become cheaper.

Compared to commodities destined mainly for productive consumption such as shoes, many commodities destined for unproductive consumption have a much greater market-elasticity. As the gap between low tech and high tech production keeps widening, so does the gap between the haves and the have-nots. While capitalists constantly try to push wages and thus the market for productive consumption down, they don't subject their own unproductive consumption to the same pressure, as the well known statistics about the ever widening gap between the incomes of workers and CEOs illustrate. Similarly, budgetary pressure leads to savage cuts in state expenditures that are part of the social wage of the collective worker and thus earmarked for productive consumption, while unproductive state consumption such as military spending continues to expand. The market for unproductive consumption's continuous expansion makes its suppliers receptive for a high rate of technological innovation (it's no coincidence that technological changes often originate in military R&D) which means a more or less continuous transfer of surplus value from the rest of the economy to them. And that means that the proportionality that market forces establish between production for productive consumption and production for unproductive consumption implies underaccumulation in the former and (a tendentially growing) overaccumulation in the latter.

So this answers our earlier question, why doesn't the magic of the free market establish the proportionality between S_a and S_b that Marx saw as essential for capital's accumulation? Goldner may be mistaken in his analysis of unproductive labor but he is absolutely right in his insistence that the growing weight of production for unproductive consumption strangles capitalism's capacity to valorize.

Source and symptom of crisis

Finally, there is another proportionality to consider: the one between the commodity money and all other commodities. As a general commodity, money mediates

the exchange of other commodities by stepping into their place, constantly changing places with them, making their circulation possible. As such it is a human construct, a social concept, an idea given form in precious metal, paper or nowadays mere dots on a computer screen. The value of its material substance (both use and exchange value) is irrelevant but its quantity is very important: since it represents the total value in circulation, money devaluates (inflation) when its quantity increases more than the value it circulates. But money is not only a general commodity representing all others but also a particular commodity for which a demand exists that is separate from the demand of all other commodities and that can exceed it. It is not just a means to circulate other commodities but also the universal material representative of wealth, the commodity in which value can be stored, because "all commodities are perishable money (but) money is the imperishable commodity" (10). It is the only one that "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." (11) As the general commodity, money remains enclosed in the circulation process, while the other commodities are withdrawn from it. As a particular commodity, money steps out of the circulation process, turns its back to it, acquires a seeming autonomy from it. Depending on the point of departure one takes, the cycle of value can be seen as either C-M-C or M-C-M. As the general commodity, money is the middleman making C-M-C and thus reproduction possible. But as a particular commodity, it is the goal of M-C-M, not a means but an end in itself. All other commodities must be exchanged quickly, be transformed into money, or lose their value. Only money (I use the term here in a broad sense, including all financial assets and other commodities used to store value that can fairly quickly be made liquid such as real estate, art, etc) must not be transformed. C-M must always go on, at any price, even if oversupply drags the price under its value. But M-C must not go on. M has no incentive to accomplish M-C unless the next step C-M will increase its value. Therein lies money's competitive advantage over all others commodities.

This function of money as a particular commodity, as abstract exchange value stored for its own sake, is part of the essence of capitalism and crucial to its functioning, which requires that the total quantity of money represents a higher value than the value of the social production it circulates. Accumulation requires saving: exchange value must be able to leave circulation and return to it. Money must be able to pull back from production when overaccumulation threatens and remain a means of payment while no longer functioning as a means of circulation. Every economy needs a hoard of money capital that functions as latent productive capital that flows into the sphere of production when accumulation requires it. The problem is once again one of proportionality and its

distortion by competitive advantage.

In a context of global overcapacity, the competitive advantage of money as particular commodity is enhanced because the elasticity of the market for financial assets is far greater than the elasticity of the market for all other commodities. 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, pushes their prices down and further erodes the creation of new value. 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 abstract exchange value can be stronger than the incentive to reconvert abstract exchange value into use values.

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. So the financial market and commodity-production are pulling apart. What must be one, supply and demand, sale and purchase, increasingly separate. It is that dynamic which leads capitalism from crisis to meltdown. The two roles of money, as a general commodity that circulates social production and as a particular commodity that stores abstract value are united by the acceptance of money as a means of payment. But this unity is threatened when more and more means of payment are hoarded while the actual value that is circulated by money decreases. The latter pulls down the value represented by the total quantity of money while in the hoard, its value is (seemingly) pushed up by the demand for money as a particular commodity. So the money in the hoard more and more represents value that does not exist and is not being created in the real economy. The more the gap increases, the more thunderous the collapse of that fictitious capital eventually must be. Then money's capacity to store value collapses and this transforms a partial, contained breakdown into a global one, because if money cannot store value it cannot function as a means of payment and if it cannot do that, it cannot circulate commodities, so the process of realization of value is thrown in disarray, the chain of payment obligations breaks at a million places and production is paralyzed.

So the collapse of the bubble of fictitious capital must be prevented to prevent the collapse of the economy. The cause of the growth of fictitious capital is the difficulty of the phase M-C in the cycle of value. But all attempts to stimulate M-C involve the creation of more fictitious capital. Since a growing disinclination of M to become C means that money withdraws from the circulation process, it comes with the obligation of increasing the money

supply to prevent its shortage in circulation. Therein already lies a source of creation of fictitious capital. But it is not enough to make sure that M-C takes place. The state directs capital to the productive sphere, subsidizing industry or its customers. But that again may lead to overcapacity and problems to accomplish C-M, which in turn discourages M-C.

The history of capitalism since the return of global crisis after the long post-war boom, has been marked by the subsequent strategies of the capitalist class regarding fictitious capital. In the '70's, the attempts of the state to stimulate M-C inflated public debt. But far more dangerous was the rising inflation resulting from the stepped up use of the money-printing presses. Inflation is a form of devalorization of fictitious capital but at a certain level - 'hyper-inflation' - it too attacks the social concept of money as a means of payment and incites money to a desperate flight into gold and other illusory safe havens. In the '80's the growth of the money supply was curtailed. But state debt exploded. Across the OECD-countries, the stock of government-debt grew at an annual rate of 9 % from 1980 to 1992, more than three times faster than their combined GNP. The danger of hyperinflation waned but the growth of fictitious capital just took another form. As a means to stimulate M-C, it gradually lost effectiveness because an ever growing part of state expenses no longer served to stimulate M-C but to pay interests on previous borrowing. In the '90's, the growth of government debt was reined in but now, as a result of a variety of factors related to the restructuring of capital, new technology and globalization, the stock market and corporate debt became fertile ground for the growth of fictitious capital. In 1992, the financial assets of the OECD-countries were already priced at double the value of the combined economic output of those countries, by 2000 they were valued at triple the total OECD-GNP.

This obviously can't go on. There has been some devalorization of fictitious capital, through inflation, through the explosion of various bubbles and the decline of the stock markets in general in recent years but not nearly enough to prevent its overall size from increasing in relation to the real valorization of capital. The most developed capitals, and especially the US with its unique role of central banker of the world, have been helped tremendously by "globalization" not only because of the access it facilitated to cheap labor power and because the difficulty of weaker capitals to accomplish C-M forces them to sell below value, at a depressed rate of profit, in effect transferring surplus value to their customers, but also because the increased mobility of capital made it easier for money to flee into the stronger hoards, to run from the periphery to the center. There in part it stimulates production in general but production for unproductive consumption in particular, fostering the illusion of prosperity on the upper decks of the Titanic. For the weaker countries, that means a growing difficulty for their financial capital to store value, leading to asset-deflation and a relentless pressure to devalue their currencies. The obstacles to accomplish M-C and C-M grow hand in hand.

We have seen that C-M must go on, at any price because C loses its value if it doesn't. In a general context of excess capacity, the downward pressure is the hardest on the weakest competitors and those most dependent on their external market. Falling prices make it impossible to realize the value of C and thereby further discourage M to become C. The process feeds on itself; so to the growth of fictitious capital corresponds a growth of deflationary pressure.

How, in this decade, can the fiction of fictitious capital be maintained? Real estate has functioned to some degree as an alternative terrain to absorb fictitious capital, but for how long? Deficit spending is on the rise again but given the worsening global context it is unlikely that the economy could sustain a return to the growth-rates of government debt of the '80's, just as it could not withstand a return to the inflation-level of the '70's. The policy levers of the state to prevent a process of general devalorization are wearing out. It can't substantially raise taxes, it can't substantially lower interest rates anymore. And after force-feeding the economy for decades with fictitious capital, it is less and less capable to stem the panic which would ensue once a major devalorization sets in at the center of the global economy. 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. 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. And so on. Despite the national political structure of capitalism, money-capital has no loyalty but to itself. When the shit hits the fan, 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. In trying to prevent that outcome, capitalist states cannot address the root of the problem. They can only try to protect their own value, their own fictitious capital, at the expense of everyone else. So it is to be feared that they will increasingly resort to military means to seek "valorization" in the sense Marx said commercial capital valorizes -by stealing surplus value created elsewhere; which at the same time serves to project power and maintain faith in the solidity of its hoard, to stimulate M-C through military production and to contain social tension and class conflict fueled by devalorization.

Provisional conclusion

Much more needs to be said on the role of fictitious capital in the crisis of capitalism but I must stop for now. My main concern is to place the analysis in an integrated, dynamic crisis theory. Yes, this is a crisis of profit, of a decreasing return on investment, yes, this is a crisis of unproductive consumption, of disproportional growth, yes

this is a crisis of massive waste of value through 'technodepreciation', yes this is a crisis of overproduction, of too limited demand for productive consumption. Which of these factors is most decisive is unimportant because they are all related, even though they manifest themselves at different moments in the cycle of value accumulation. They all stem from the same source: the fact that capital "on the one hand, calls to life all the powers of science and nature, as of social combination and of social intercourse, in order to make the creation of wealth independent (relatively) of the labor time employed on it. On the other side, it wants to use labor 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." (12) It is the law of value itself which is no longer compatible with the evolution of human society. It remains to be seen how much disaster, how much suffering, is needed before this become sufficiently clear to get rid of it.

Sander
12/31/02

NOTES

1. Marx, Results of the Immediate Process of Production, Appendix to Capital, Vol.1, Penguin Edition, p. 1039-1040.
2. Ibid. p. 1045
3. For example in Vol.3 Marx states that commercial workers are productive, not because their labor adds value to commodities but because it obtains some of the surplus value created in production for their employer. In that sense, it valorizes the latter's capital. Marx clearly looks here at the matter from the point of view of the individual capital, in this case the merchant. Since the commercial workers create no surplus value (according to Marx) but only causes its transfer, this analysis seems questionable. That way you could say that waging war is productive labor too. I think it's more correct to see commercial workers (in general all the labor that transports and distributes the commodities) as integral part of the 'collective worker'. The rate of exploitation in this sector certainly makes a difference for the general rate of profit, which shows that surplus value is extracted there.
4. Ibid. p.1045-1046
5. Marx, Capital Vol.3, (New World Paperbacks) p.183
6. See Chapter 9, "Cooperative Capitalism", in William Greider's "One World, Ready or Not: the manic logic of global capitalism", Simon & Schuster 1997, p.171 a.f. "Many sectors, especially those on the leading edge of invention, also face a staggering escalation in capital costs - the new investment money needed just to stay in the game, never mind winning. In these circumstances, global firms have decided, one by one, to cooperate with the enemy and are fashioning limited truces with major rivals".
7. Marx, Grundrisse (Penguin Edition) p.340
8. Capital, Vol.3 p198
9. Siemens CEO Walter Kunerth, quoted in Greider op.cit. p.177
10. Grundrisse, p.212
11. Ibid., p 218
12. Ibid. p.706.

