

New forces and passions

Notes on re-reading Lenin's *The Development of Capitalism in Russia*

By Chris Reynolds

Workers' Liberty 63

To today's capitalist globalisation there, are fundamentally, two possible working-class responses. One is proposed, for example, by Robin Hahnel in his book *Panic Rules* (amidst much clear and valuable critique): 'We must act like Lilliputian Luddites first and stop corporate-sponsored globalisation by any means necessary. After corporate hegemony and the present system of global pillage have been defeated, our Lilliputian movement can cease to act like Luddites and begin to build a system of international equitable co-operation from below.'

The other is expressed, for example, by Michael Hardt and Toni Negri in their book *Empire* (amidst much obscurity and nonsense): 'The strategy of local resistance misidentifies and thus masks the enemy. We are by no means opposed to the globalisation of relationships as such... The enemy, rather, is a specific regime of global relations that we call Empire ['Empire', not 'an empire', to distinguish today's world order from the old imperialist system of rival colonial empires and spheres of influence]. More important, this strategy of defending the local is damaging because it obscures and even negates the real alternatives and the potentials for liberation that exist within Empire. We should be done once and for all with the search for an outside, a standpoint that imagines a purity for our politics... The multitude, in its will to be-against and its desire for liberation, must push through Empire to come out the other side.'

The second approach is, I think, essential if we are not be-ensnared in giving 'left cover' to nationalist politics, or in vain attempts to turn the clock back. It indicates that 'Empire', or capitalist globalisation, is a step forward in a certain sense - in the same sense as Marx argued that 'the bourgeoisie, historically, plays a most revolutionary role'. This idea shocks most socialists. And yet, by Marxist criteria, the facts bear it out. On those Marxist criteria, to say that the development of capitalism is progressive has never been to say that we should support it. It is, on the contrary, to say that capitalist development expands the range, the scope, and the potentialities for working-class struggle.

Rosa Luxemburg can scarcely be suspected of supporting the imperialism of the First World War. Yet she wrote, in the *Junius Pamphlet*: 'This brutal victory parade of capital through the world, its way prepared by every means of violence, robbery, and infamy, has its light side. It creates the preconditions for its own final destruction. It puts into place the capitalist system of world domination, the indispensable precondition for the socialist world revolution. This alone constitutes the cultural, progressive side of its reputed 'great work of civilisation'... The capitalist victory parade and all its works bear the stamp of

progress in the historical sense only because they create the material preconditions for the abolition of capitalist domination and class society in general. And in this sense imperialism ultimately works for us... Proletarian policy knows no retreat; it can only struggle forward. It must always go beyond the existing and the newly created.'

It is in the same sense that today's capitalist globalisation - also saturated with 'violence, robbery and infamy' - bears 'the stamp of progress in the historical sense'.

The Development of Capitalism in Russia, published just over 100 years ago, was Lenin's only full-length book written for long-term theoretical clarification. In it, Lenin insisted, more bluntly and explicitly than any other Marxist writer, on the progressive role of capitalism - while condemning 'people who from the general truth... deduce... the need for socialists to support the liberals' (*Development*, p.32).

Lenin's insistence had immediate polemical purpose. Capitalist development in Russia before 1917 was progressive as against the remnants of feudal order which dominated before the legal abolition of serfdom in 1861. Under the 1861 reform, the government granted peasants more-or-less equal plots of land - for which they had to make 'Redemption Payments' to the landlord - and kept them tied to the village commune. The commune had collective responsibility for taxes, and was the legal owner of the individual plots tilled by the individual peasant families. Peasants could not move away from their communes without special permission.

The populists (*Narodniks*), who were still the most influential strand of socialist thought in Russia, wanted to preserve the village communes, as a basis for future socialism and as a bulwark against a capitalist development which they reckoned was harmful and in any case could not amount to much. Lenin replied that capitalist development was substantial; that it was proceeding despite and within the framework of the commune, and would continue to do so; and that socialists should demand the removal of all the old legal obstacles to the quickest and most free development of capitalism.

As ever, this approach did not diminish Lenin's insistence on working class political independence from bourgeois reformers and liberals. After the shock of the 1905 Revolution, the Tsarist government under Stolypin introduced land reform. It abolished the Redemption Payments. Peasants were allowed to leave or move away from the commune without its permission; grants were paid to help the better-off peasants buy land from landlords or settle in new areas. Lenin had written in 1899: 'The village community (i.e., collective responsibility [for taxes, redemption payments, etc.] with no right to refuse land) becomes more and more harmful to the peasant poor.' In the 1907 edition of his book, he added not applause for Stolypin, but condemnation: 'It goes without saying that still greater harm will be done to the peasant poor by Stolypin's (November 1906) breaking up of the village community. This is the Russian 'enrich yourselves'... Black Hundreds - rich peasants! Loot all you can, so long as you bolster up tottering absolutism!' (*Development*, p.157) To both the preservation of the village community, and Stolypin's 'wager on the strong', the Bolsheviks

counterposed confiscation of the church, state and lords' land; nationalisation of the land (after, and only after, the establishment of a democratic republic); and then the repartition of the land, or the cultivation of large estates in common, under the control of peasant committees.

Does progress stop?

Once all important remnants of feudalism or pre-capitalist economy are cleared away, the immediate political import of the idea that capitalist development is progressive diminishes drastically. It would be incongruous or even politically false for socialists in a developed capitalist economy to place the same stress on the progressive role of capitalism as Lenin did in 1899. However, the question does not disappear.

'The progressive historical role of capitalism,' writes Lenin, 'may be summed up in two brief propositions: increase in the productive forces of social labour, and the socialisation of that labour' (Development, p.596). Those developments do not automatically stop once feudal remnants have gone; on the whole, they then go forward more quickly. Yet the orthodoxy of the Marxist movement for the last 80 years has been that the progressive role of capitalism did end around the time of the First World War. Since then capitalism has been reactionary. It has ceased to do the progressive work it did before 1914. A forerunner of this magazine, *Workers' Fight*, put it like this in a brief policy statement we used to carry in every issue in the early 1970s: 'Having once been progressive, in that it at least developed, in the only way then possible, the productive resources of mankind, [capitalism] is now a totally reactionary force in history. Its expansion after World War 2 gave it merely the appearance of health; in reality the boom was like the flush on a sick man's face.' In a manifesto published in 1977, we repeated the thought: 'Once-progressive capitalism has reached the stage of decline.'

Were we right? I think not.

In *The Development* Lenin made a point-by-point list of the progressive work of capitalist development.

1. Expansion of technology and productive resources.
2. Capitalism 'destroys the scattered condition of small economic units... and draws together the small local markets into an enormous... world market'.
3. It replaces scattered production (small plots of land or workshops) by concentrated production.
4. It 'eliminates the forms of personal dependence... of preceding systems of economy' - serfdom, slavery, etc.
5. Capitalism 'creates mobility of the population'.
6. It draws people together in large industrial centres.
7. It 'increases the population's need for association, for organisation...'
8. 'All the above-mentioned changes effected in the old economic system by capitalism inevitably lead also to a change in the mentality of the population' (p.596-9).

In points 7 and 8 Lenin describes, elliptically enough to pass the Tsarist censorship, the creation and expansion of a working class both increasingly collective (organised) and increasingly individual (desiring liberty, enjoyment, civilisation). Lenin also noted that capitalist industry destroys 'the economic dependence of the woman on the family... and on the husband... At the factory, the woman is

the equal of the man...' (p.547). And he claimed that capitalist development raised the 'cultural standards', the 'standard of requirements', of the population, though it might also increase poverty by increasing the gap between what people actually got and the higher 'standard of requirements' (p.372 and passim).

Marx had described how feudalism led to its own downfall: 'New forces and passions spring up in the bosom of society, forces and passions which feel themselves to be fettered by that society' (*Capital* Vol.1 p.928). Likewise with capitalism - 'new forces and passions'.

The thought here is certainly not what used to be called the Whig idea of progress - that things get better, evenly, steadily, bit by bit, all the time. Lenin's and Marx's idea is that capitalist development is progressive because it creates 'new forces and passions' which sharpen contradictions; we take sides within those contradictions (for the working class) and not 'for progress' as a whole. 'For Marx, this label ['progressive'] never achieved the all-sanctifying power it later had in some parts of the socialist movement; above all, he did not assume that progressive meant to be supported politically' (Hal Draper, *Karl Marx's Theory of Revolution*, Vol.2, p.284).

With this thought in mind, let us look at the question: does progress stop? Is the Marxist 'orthodoxy' right to claim that capitalist development was progressive only until 1914, and has become reactionary since then?

Facts and reinterpretations

A few figures. Between 1990 and 1997 - one of the slower, worse periods for world capitalist development since 1945 - manufacturing production increased 21% overall, 49% in 'low income' countries, 57% in 'middle income' countries and 15% in 'high income' countries. (Source: World Bank). Total economic output increased 18%. For comparison, the growth of manufacturing and extractive industry in the great powerhouse of the Industrial Revolution, Great Britain, over the 19th century, averaged 2.9% a year, or 22% per seven-year period (Bairoch, *The Economic Development of the Third World*, p.67).

Power production increased 170% in 'low income' countries between 1960 and 1990, and 370% in 'middle income' countries. Urbanisation, the number of telephone lines, the amount of paved roads, the extent of drinking-water supply and irrigated land, also increased fairly fast. Even in the poorest Third World countries, there is generally some increase in the preconditions for industrial production, outpaced though it may be by the rise in misery and poverty and the rapid rise in global inequality over the 1990s. The proportion of illiterates has dropped fairly fast between 1980 and 1995 - from 30.5% to 22.6% - though the world's total illiterate population has increased from 877 million to 885 million.

On none of Lenin's eight points has development ceased or gone into reverse. Lenin had to spend hundreds of pages listing Russian economic statistics, uncovering errors in their collection and classification, and analysing them, in order to prove his case about the development of capitalism in Russia against the populists; but we do not need to fill more pages of *Workers' Liberty* with statistics now. No-one really denies that production has increased, the working class has expanded, and so on. Instead, the

defenders of the view that capitalist development has become reactionary uphold it by reinterpreting it.

The easiest, but weakest, reinterpretation, is to slide from the proposition that 'all capitalist development is now reactionary, and has been for decades past', to 'capitalism today is cruel, disgusting, and crisis-ridden'. To point out the ulcers and sores of capitalism does not resolve the question of whether those are ulcers and sores on a larger body, with more 'new forces and passions', or a smaller one.

Four other reinterpretations are also common.

1. Socialism is now possible (technology is adequate, the working class is big enough and concentrated enough), and capitalist development is reactionary compared to socialism.

2. Capitalist development used to be progressive because it swept away feudal and other pre-capitalist social forms. Now those forms are largely eliminated, it is no longer progressive.

3. Since the early 20th century capitalism has departed decisively and increasingly from its free-market norm - the state, finance-capital, etc. have played larger roles - and thus it has assumed increasingly aberrant forms, testifying that it has been in decline or 'transition'. (This view is argued particularly by Hillel Ticktin, but also, more loosely, by other writers).

4. The mass of means of production has increased. But so also has the mass of means of destruction (armaments). Capitalism increasingly produces means of destruction, hence is reactionary. (This recycling of the 'permanent arms economy' theory of the 'Shachtmanite' T N Vance is proposed by the 'Lambertist' school of neo-Trotskyism).

On 1: This substitutes a comparison of actual capitalist development with a hoped-for future or might-have-been present for a comparison of today's actual development with yesterday's. It therefore evades (not answers) the question posed by Lenin and Marx: does the actual development create more raw materials for socialism? In The Development Lenin insisted that actual capitalist development in Russia was progressive even though it was 'reactionary' (slower and more painful) compared to a democratic capitalism, let alone to a hypothetical socialism (p.600).

In this reinterpretation there is an echo of the argument whereby pre-1914 socialist writers like Karl Kautsky reconciled ultra-cautious tactics for the present with revolutionary principles for the indefinite future. Capitalist development is progressive, they said, and so gives ever-improving conditions for our struggle. It is foolish to try to jump the gun by radical tactics. Postpone big battles if you can. Conditions for them will be better in future. At some point capitalist development will be halted by a cataclysmic crisis - and then power will fall into the hands of the working class. Do not come to close quarters with the capitalist beast, advised these wary hunters, until you are sure that it has died a natural death.

Against that argument, Leon Trotsky wrote: 'Capitalism must 'exhaust itself' before the proletariat can take state power [so argue the cautious socialists]. What does this mean? Develop the productive forces to a maximum? Bring the concentration of production to a maximum? But

if so, what is the maximum? What are its objective characteristics?' Trotsky showed that capitalist development created an increasing mass of small, backward enterprises as well as the big, advanced ones, and remonstrated against the cautious: 'When they appeal to 'objective social development'... they are forgetting that this development includes not only economic evolution, which they understand in a superficial way, but also the revolutionary logic of class relationships, which they cannot even bear to think about.' (On the Paris Commune, pp.16-17).

Workers do not have to delay revolutionary struggle until capital dies of old age. And why should capitalist development stop, or go into reverse, once it has reached a level sufficient to make working-class socialism materially possible? Trotsky argued emphatically that working-class socialism was materially possible (though in fact defeated) in the France of the Paris Commune (1871), long before any Marxist had thought of claiming that capitalist development had become reactionary.

Sadly, the further development of capitalism beyond the minimum prerequisite for working-class socialism does not necessarily make socialist revolution easier. As well as augmenting the raw material for socialism, the development also augments the wealth, power, resources and skill of the ruling class. It increases the bulk of the social contradictions, but it does not automatically resolve or soften them. There is good reason to suppose that the higher capitalist development will make our tasks of socialist construction easier and quicker after the revolution - but that is a different matter.

On 2: Apart from the fact that capitalist development has been eroding substantial pre-capitalist forms in most of the world for many decades since it supposedly became reactionary around 1914, and still does so, the argument here rests on confusing two different ideas, that 'capitalism is no longer to be supported (against pre-capitalist forms)' and that 'capitalist development is no longer progressive'.

Remember, 'progressive' and 'to be supported' are not the same. And it is not even accurate to say that Marxism mandates support for capitalism when it clashes with pre-capitalist forms. Recall that Lenin condemned the Tsarist state's Stolypin land reforms, although they undoubtedly dispelled pre-capitalist remnants. He never undertook to support the development of capitalism, but only to recognise its progressive role and to support the removal of obstacles to its most democratic, free and rapid development. (Likewise, today we support the removal of barriers between states in Europe, even under capitalism; we do not support the existing European Union.)

Such independent politics are doubly important after a century in which most 'progressive' revolutions have taken the form of erecting autocratic states to push through forced-march national industrialisation. (The pattern is widespread even if you do as most contributors to Workers' Liberty would wish, and try to define away part of it by calling the Stalinist systems not state capitalism but 'bureaucratic collectivism'.) Capitalist development is progressive as against pre-capitalist forms because it creates more potentialities for emancipation. The job of working-class socialists is to promote and develop the

potentialities, not the process 'as a whole'. We have to recognise both the objectively progressive work of capital, and the need for independent democratic and working-class politics.

Capital does not cease to produce new potentialities once it stands on its own feet - on the whole, it produces them faster and more abundantly. (Quite a lot of The Development was about how more advanced forms of capitalism were replacing more backward forms - large-scale factory industry replacing hand-production in collective workshops, which in turn was replacing small handicrafts and 'putting-out' - rather than about capitalism in general ousting pre-capitalist relations.)

On 3: Here again, the analysis of actual reality is replaced by a comparison of capitalist development with an 'ideal'. The method is all the more off-beam since Marx showed long ago that capitalist development could not proceed in line with that ideal of democratic small enterprise, perfect free markets, minimal unproductive overhead expenses, and so on. Argument no.4 also evades the question by comparing actual capitalist development with an ideal (non-militarised) capitalism.

Lenin, Trotsky and the Comintern

The reinterpretations give emotional as well as intellectual protection, in the minds of Marxists, to the proposition that capitalist development has become reactionary. They seem to show that anyone denying that proposition will support capitalism, or at best postpone any decisive struggle against it to that point in the future when capitalist development finally does become reactionary. But what makes Marxists strive so hard to 'save the theory' on this point?

The Stalinist parties had their own reasons for upholding the idea that capitalist development had become reactionary. It made Stalinist development look better by comparison. It enhanced the idea that salvation could not be sought from (democratic, liberty-seeking) forces generated within capitalist development, but only from an external 'liberator' (Russian tanks). The false equation 'progressive' = 'to be supported' helped persuade workers that if only they admitted that the industrialisation, literacy and mass (pauper) welfare programs of Stalinist states were progressive, then they were obliged to support those Stalinist states.

Stalinist influence explains a lot. But the story is more complicated. The idea of capitalist development changing from progressive to reactionary about 1914 was not invented by Stalinism. It was advocated by Lenin and Trotsky. The very first of seven brief programmatic points in Trotsky's letter of invitation to revolutionaries worldwide for the first congress of the Communist International (1919) was: 'The present period is that of the decomposition and collapse of the entire world capitalist system, and will be that of the collapse of European civilisation in general if capitalism, with its insurmountable contradictions, is not overthrown' (Alix Holt and Barbara Holland [trans.], *Theses, Resolutions and Manifestos of the First Four Congresses*, p.1; Trotsky, *First Five Years of the Comintern*, Vol.1, p.37).

The idea was repeated again and again by the leaders of the Communist International in its early, revolutionary

years. Rosa Luxemburg's Spartacus program of December 1918 put it like this: the World War had destroyed much and left 'economic chaos' in its wake. 'Millions of workers were slaughtered. Those left alive, upon returning home, will receive the mock welcome of poverty and unemployment. Starvation and disease threaten... Financial bankruptcy... is inevitable. Only socialism can save the people'.

The Comintern's Third Congress in 1921 established - after considerable argument - that occasional economic upturns were possible in this general period of decline. But the basic message was simple and straightforward: productive forces and civilisation would decline, or any slight growth would be offset by huge convulsions.

Lenin, Trotsky and Luxemburg did not believe that this capitalist economic chaos would produce revolutionary workers' uprisings as an automatic reflex, without long-term preparation, organisation and education. In Europe there was a powerful workers' movement, built up and educated in Marxist ideas over many decades. During the war the 'government socialists' had kept a grip over the majority in most countries; but in the post-war convulsions a large part of the movement could be regrouped around the revolutionaries. So they reckoned - and so it was. In France, the communists won the majority of the old Socialist Party; in Germany, the majority of the 800,000-strong Independent Social Democratic Party.

The Comintern's basic concept was not that the economic laws of capitalist development had reached a stage in their workings which blocked off any further progress. In the Third Congress's theses, Trotsky spelled this out: 'If, of the two main classes in society - the bourgeoisie and the proletariat - one of them, the latter, renounces the revolutionary struggle, then the former, the bourgeoisie, would undeniably in the final analysis establish a new capitalist equilibrium - one based on material and spiritual degeneration - by means of new crises, new wars, progressive pauperisation of entire countries and the steady dying out of millions of toilers'. (Holt and Holland, p.198; Trotsky, *First Five*, p.307-8). 'A new epoch of capitalist upswing', or 'a new chapter of a general capitalist progress' was possible (*First Five*, p.263, *Third International After Lenin*, p.61).

Exactly that happened. The working class was disabled by Stalinism, there were crises, wars, pauperisation and millions of deaths, and through them capitalism finally re-established conditions for a long swing of expansion. The Comintern was right to denounce the post-1918 chaos and condemn illusions that the capitalists were likely to fix that chaos any time soon or without huge human cost. We are wrong if we quote those condemnations and denunciations today as apodictic truths to 'prove' that all capitalist development since 1918 must have been reactionary.

Now - what about Lenin's claim that his economic analysis of imperialism showed it to be 'moribund capitalism', 'the highest stage of capitalism'? (We discussed this in WL28.)

What about Lenin's insistence, in his wartime writings, that his revolutionary anti-war position was based on identifying the current period as 'the epoch of the

reactionary, obsolete bourgeoisie' whereas a different attitude was correct in 'the epoch of the progressive bourgeoisie'? (Socialism and War. I think Hal Draper gives the right answer to this question in chapter 2 of his book *War and Revolution: Lenin and the Myth of Revolutionary Defeatism*. Despite myths promoted by opportunists in World War One and taken for good coin by Lenin, the basic approach of Marx and Engels on wars in their time was the same as the internationalists' in World War One.)

What about the idea, made much of in Lukacs' book *Lenin*, that the concept of a tight, politically-sharp revolutionary party depends on the view that we are in an epoch of capitalist collapse? (False, I think, but it needs another article).

And what about the indications in the writings of Marx and Engels that socialism depended on capitalism coming to the end of its rope economically? (There are plenty of counter-indications. Simon Clarke's book *Marx's Theory of Crisis* is very useful on this point).

All these questions require further articles. But worry about 'what does this imply?' or 'does this put us into conflict with what Marx or Lenin wrote?' should not be allowed to obscure the facts. There was little progressive capitalist development between the 1920s and 1945, though even then there was some. There has been a lot since.

Trotsky in the late 1930s

The hold on revolutionary socialists of the idea of the 'epoch of reactionary capitalism' has been greatly strengthened by some of Trotsky's writings in the late 1930s. In the Transitional Program of 1938, he wrote: 'The economic prerequisite for the proletarian revolution has already in general achieved the highest point of fruition that can be achieved under capitalism. Mankind's productive forces stagnate. Already new inventions and improvements fail to raise the level of material wealth... The objective prerequisites for the proletarian revolution have not only 'ripened'; they have begun to get somewhat rotten.' And in his much-reprinted article of 1939, 'The USSR in War', Trotsky further stated: 'Under conditions of decaying capitalism the proletariat grows neither numerically nor culturally'.

The terrible economic chaos of the 1930s, and the horrors of the World War which started just before Trotsky wrote 'The USSR in War', explain well enough why Trotsky wanted to restate the early Comintern's bold, straightforward ideas about capitalist decay. But two things had changed by 1938-9.

The mass Marxist-educated workers' movements had been corrupted and crushed by Stalinism and fascism. Trotsky still hoped that their fragments could, under the huge pressure of World War, be rapidly regrouped into mass revolutionary parties. As it turned out, he was wrong about that. Even in 1938-9, this perspective was edging into a mystical hope of a sudden apocalyptic coming-together of elemental mass working-class rage and a revolutionary leadership prepared by pure willpower. Recycled after 1943, it became a mandate for a lot of sectarian posturing.

Also, Trotsky's earlier qualifying comments about the possibility of a new surge of capitalist development - if and when the capitalists could make the workers pay the cost of clearing the ground for it - had faded away under the

pressures of the exigencies of his arguments on the USSR. Increasingly he based those arguments, not on any straightforward case for considering the USSR to be a workers' state, but on the claim that it was economically progressive as against an economically reactionary capitalist system.

Since Trotsky conscientiously noted the narrow limits of such economic progress as had been achieved in the USSR, and the unlikelihood of the autocratic regime yielding much more, his argument pushed him into painting the blackest, most absolute, and most unqualified picture of the real economic chaos in the West. And since he could ascribe no merit to the Stalinist USSR other than economic progressiveness, the argument pushed him into blurring the distinction between 'progressive' and 'to be supported'. He had to argue for supporting, or at least 'defending' the USSR, on grounds of economic progressiveness alone.

Proposed with force and eloquence - as they were - and echoing the writings of Lenin and Luxemburg - as they did - Trotsky's ideas about the 'death agony of capitalism' acquired an axiomatic status in the Trotskyist movement out of all proportion to their context. It is no wonder that later Trotskyists preferred to reinterpret them prudently - on the lines discussed above - rather than reject them. That preference, however, caused theoretical and political harm, discussed and analysed in Sean Matgamna's introduction to *The Fate of the Russian Revolution: Lost Texts of Critical Marxism Vol. 1*, especially pp. 63-4 and 78.

Breaking the spell

1. According to the Russian populist-socialists against whom Lenin argued in *The Development*, the village community had to be supported because: 'The community principle prevents capital from seizing agricultural production' (p.323). 'Should some Anglomaniac aristocrat' - commented Lenin - 'happen to offer a prize for the best work on the introduction of capitalist farming in Russia, should some learned society come forward with a scheme to settle peasants on farmsteads, should some idle government official concoct a plan for 60-dessiatine [large, 66 hectare] holdings, the Narodnik hastens to throw down the gauntlet and fling himself into the fray against these 'bourgeois projects' to 'introduce capitalism' and destroy that Palladium of 'people's industry', the village community' (p.324).

Lenin replied, first, that the elements of capitalism were constantly forming within the community (p.173), and, secondly, that the state-enforced structures of the community, with its enforced semi-pauper quasi-equality, made the development of capitalism slower and more painful (p.157).

Stalinism, too, supposedly 'prevented capital from seizing production'. But it too had the elements of ordinary capitalism forming within it - we can see this now in China on a huge scale - and it too had state-enforced structures which made the development more painful. By its autocracy, by its national autarky, and by its strong tendencies to enterprise autarky (housing, health care, holidays, etc. all provided by the employing enterprise rather than by general public authorities), it hindered personal independence, mobility of the population, the drive for citizen and working-class self-organisation, and

the drive for individual culture and enjoyment. While no better than roughly parallel to bourgeois capitalism in the development of the productive forces, it grossly obstructed several important aspects of the 'socialisation of labour' held by Lenin to signify progress brought by capitalist development.

To support capitalism against Stalinism would be as false as supporting Stolypin in Russia. But, in a comparison between Stalinism and bourgeois capitalism, Stalinism was the more reactionary.

2. The first time our tendency came across the idea of the "epoch of capitalist decline" being used to guide specific political conclusions was on Europe. In 1971, as Britain prepared to join the European Union (then called EEC), the SWP (then called IS) switched from a line of "In or out, the fight goes on" to one of opposing British entry and later, in 1975, advocating withdrawal. Trying to justify the switch, Chris Harman wrote: "We are against anything which rationalises or strengthens capitalism in an epoch in which the productive forces have developed sufficiently to make socialism an objective possibility."

In the 1960s the SWP had pointedly not been crisis-criers. Yet the idea that capitalist development had become reactionary still ranked among their theoretical axioms. It played a big role in the argument of their major text, Tony Cliff's book on the USSR. (See Sean Matgamna's article in WL56). Now it was pulled off the shelf again.

Replying to Harman, we conceded the general axiom, but deployed specific arguments which deprived it of all force: "Marxists do not oppose the development of capitalism as such, rather they oppose capitalism within its development... Of course we agree that in general the epoch we live in is one of decaying capitalism... But at the same time capitalism will always be able to expand on the basis of a working-class failure to seize power, and a 'never mind the facts, I've got my method' approach won't will this away... Abstractions about the nature of the epoch cannot invalidate the attitude Marxists must take to the development of capitalism. The only time when we could oppose the [European Union] or any rationalisation of capitalism in itself is when the concrete alternative is workers' power and a workers' state". (Sean Matgamna and Phil Semp, "IS and the Common Market", July 1971, reprinted in Permanent Revolution no.3, summer 1975).

Having stripped all the clothes and crowns from Emperor Epoch Of Decay, it is time to say that he is no Emperor at all. European capitalist integration is progressive, in the sense already stated. That this does not mandate political support for the European Union, its bureaucracy, its treaties, or its rules, should be obvious by now.

The "anti-European" slant still common on the left is also connected to the idea of the "epoch of decay" by a more indirect route. From the mid-1930s the Stalinist parties sought alliances with "progressive capitalists". Where should such creatures be found, if capitalist development had become reactionary? The Stalinists solved this conundrum by decreeing the most advanced capitalists to be the most reactionary. National, or nationalist, capitalists were progressive against those more oriented to the world market. Small capitalists were progressive as against big

(despite Lenin, in *The Development*, declaring flatly that "the worker is particularly oppressed by small capital. The big employer is forced by sheer commercial considerations to abstain from petty oppression, which is of little advantage and is fraught with considerable loss..." - p.245). The Communist Parties had the slogan of the "anti-monopoly alliance" in domestic politics, and a similar approach, directed against the USA, Germany, and the emerging European Union, in particular, in international politics.

Revolutionary Marxists of all stripes did, of course, oppose the "anti-monopoly alliance" and the CPs' flagrant nationalism. Many of the underlying ideas, however, remained uncriticised, to reappear later.

3. The more advanced, the worse? Then the most advanced capitalism, the USA's, is "the Great Satan". Any social formation counterposed to it, any "anti-imperialism", must be better. Hence support for Stalinism, for Islamic fundamentalism, or for Milosevic's Serbian Stalino-gangster state - irrespective of whether there is any real national-liberation issue involved.

Paradoxically, the idea of the Epoch Of Decay led Max Shachtman, once the foremost champion of Third Camp politics, to the converse position of supporting US capitalism. As late as 1961 he insisted on the idea of capitalist decline in a flat, straightforward sense by then unusual among Marxists: "The famous 'dynamism' of the Stalinist world... appears... only in contrast to the unarrested decline and helplessness of the capitalist world... [Therefore] so long as the choice before the world is only between these two [capitalism and Stalinism], it is Stalinism - totalitarian collectivism - that will gain, at one or another rate of speed". Capitalism was "nearing the end of its historical rope", whereas Stalinism was not. (*The Bureaucratic Revolution*, p.3, 2, 293).

Stalinism, with its totalitarian control over the working class and its ability to "solve basic social problems" in its own way (p.338), cut off the possibility of socialism, whereas, so long as this half-dead capitalism survived, the chance remained that its ever-worse decay would be resolved by working-class socialism rather than Stalinism. The socialist movement was weak. From this gloomy perspective followed not just politically-independent joint action with bourgeois forces to defend democratic rights against Stalinism - which might have the immediate result of preserving bourgeois capitalism, but made working-class sense - but de facto critical rallying to the bourgeois camp.

Oddly, Shachtman's former comrade Hal Draper, who defended a continuing revolutionary socialist perspective against him, never so far as I know explicitly rejected or tackled the idea of capitalist decline.

4. Suppose capitalist development is now reactionary. Over time it generally diminishes the basic raw materials for socialism (the working class, science and technology), rather than augmenting them. Then what future turn of events can favour socialist revolution? Only crisis. By throwing the capitalist classes and their states into disarray, and by driving the workers to consider desperate measures, crisis can give a fillip to revolution sufficient to offset the shrinkage in the raw materials for socialism.

Hence the pattern of revolutionary socialists "waiting for the crisis" - or forever hopefully seeing "the crisis" in every economic trouble or disturbance.

Despite its caricatures, the idea contains some sense. Economic turmoil may well spur revolutionary action. If capitalism developed smoothly, so that the growth of the "new forces and passions" inside it was constantly and evenly matched with a growth in the resources of the ruling class, then revolution would be hard to imagine.

In particular, it made sense in the 1960s, a formative period for many of the more experienced activists of today's revolutionary left, to look forward to economic crisis triggering revolution. The working class in the advanced capitalist countries was confident and, in many of those countries, well-organised. So long as workers could make social and economic gains relatively smoothly (note: only relatively), that confidence and organisation would remain within reformist limits. Shaken up by a crisis, there was a good chance of the confidence and organisation transforming itself into something sharper and more radical, rather than into dismayed retreat.

In fact the economic crises of the 1970s did stir up the labour movement and help fairly rapid growth of the revolutionary left. That labour movement upheavals like the rank and file Labour Party revolt of 1979-81 finally subsided in confusion, and that many of the biggest revolutionary groups of the 1970s collapsed in the 1980s, was due to the weakness of previous political organisation (so that, for example, the biggest far-left groups in Italy, Germany and Portugal were Maoist, and doomed to dismay), rather than lack of opportunities.

By now, however, after so many years of millions unemployed, and thousands homeless on the streets, revolutionaries must reflect that more and more crisis does not necessarily mean more revolution! If what we need is more crisis, well then, how much more can it take? How much more can we take?

Actually, as Trotsky argued long ago, sometimes the best economic circumstances for a growth and radicalisation of the labour movement are those of capitalist boom. Our rational hope for the future is not "more crisis", but the combination of the long-term trend of capitalism to augment the raw material for socialism with the certainty of sharp economic ups and downs.

Further: the Comintern's notion of the "epoch of decline" assumed that much of the preparatory bulk rough-hewing work of building a socialist labour movement had already been done. The revolutionary activists' job was to pull themselves together into an organised force. They could then marginalise the reformist upper crust of the labour movement, regroup the majority of the organised workers, rally unorganised workers behind them, and be ready for revolutionary action at the next sharp turn. In the early 1930s, Trotsky summed it up in a vivid phrase when he described the task of the German Marxists as being to "switch the points" for the locomotive of the workers' movement and redirect for effective struggle against Hitler. "As the switchman, by the timely turn of the switch, shifts a heavily laden train onto different tracks, so the small [Trotskyist] Opposition, by a strong and sure turn of the ideological switch, can compel the train of the German

Communist Party, and the still heavier train of the German proletariat, to go on in a different direction" (The Struggle Against Fascism in Germany, p.252).

Recycled on down the decades, this approach became, for some revolutionary groups, in the 1970s especially, one of "building the alternative leadership" in single combat with the incumbents over the heads of a rank and file assumed to be bursting with militancy. This magazine has argued that in fact we need a wholesale bottom-to-top "renovation of the labour movement". This perspective puts more of the preparatory, bulk, rough-hewing, "Second International" work ahead of us than the old "crisis of leadership" approach. It does not mean going back to the pre-1914 "Marxist orthodoxy" of "slow but steady". It does not imply losing a sense of urgency. It requires revolutionaries to organise on "Leninist" lines (coherently, on a sharp political basis). It involves different problems from those of the first building of mass workers' parties from a raw working class. But it is a shift from the conventional neo-Trotskyist approach of the 1970s and previous decades.

The general argument for "renovating the labour movement" is not at all unique to our tendency. The LCR in France talks a great deal about the "recomposition of the labour movement". Our arguments for rebuilding labour representation in Britain, or in the 1980s for a workers' party based on the trade unions in South Africa, have many close parallels. All the main revolutionary groups in France propose the perspective of a new broad workers' party there (in one way or another - and sometimes, I think, very inadequately - but they propose it). Many revolutionary groups take part in the Brazilian Workers' Party as factions, but as factions seeking the broad and more-or-less gradual development of the whole party and its associated trade unions. The necessity for this sort of orientation has impressed itself on many revolutionary tendencies - probably all the tendencies of any size other than the one centred on the British SWP.

Nevertheless, to put it on a sound basis we should register explicitly that it involves a break from our old orthodoxies about the "epoch of decline".

Capitalism *is* in decline

By Paul Hampton

Workers' Liberty 64-5

Chris Reynolds' article "New Forces and Passions" (WL63) suffers from a certain one-sidedness and a number of omissions.

Chris is too quick to dismiss Marxists like Hillel Ticktin who argue that capitalism is in decline. He summarises their argument as: capitalism is declining because it has "departed decisively and increasingly from its free market norm" and "assumed increasingly aberrant forms". He then criticises this view as replacing the analysis of actual reality by "comparison of capitalist development with an

ideal". This is unfair for two reasons.

Firstly, Chris commits the same mistake he accuses his opponents of. He seems to define capitalist decay as only when the system "generally diminishes the basic raw materials for socialism (the working class, science and technology)". Yet this is also a (socialist) ideal outside of the nature of the system, a fault he finds in other conceptions. Secondly, the argument is not about whether the productive forces have developed, or about a rising standard of living, or of constantly improving technology since 1945, which are incontrovertible, but rather what has happened to the fundamental laws of motion of capitalist society. The decline of capitalism argument refers to the social relations of the system, and in particular the law of value which is its fundamental law of motion. An epoch of decline in this context means the worsening ability of the system to solve its own problems.

Over the past century, capitalist production has become more and more socialised and organised, which suggests that the scope of the law of value is contracting. Examples include the growth of monopoly firms; the growth of needs-based sectors such as health and education; the rise in unproductive labour; arms production and other areas of state intervention, whose tendencies persist despite privatisation. The growth of finance capital is another symptom. The decline of the law of value, and the development of non-market forms, seems to be a better criterion to measure capitalist development against, as it is internal to the nature of the mode of production itself.

Another argument, implicit in Chris's article, that the duration of capitalism since 1914 proves that decline is an inaccurate description, is also suspect. The Roman Empire declined for centuries, whilst the productive forces continued to develop and little was lost of the productive methods and levels of technique that had been achieved. Similarly, feudalism was in decline from the 14th century, experiencing convulsions such as the Black Death and numerous peasant revolts during this time, and yet feudal relations staggered on in some places into the 19th century. The endurance of capitalism should not be confused with its condition.

There is a sentiment in "New Forces and Passions" that capitalism will simply go on and on, unless the working class intervenes (or the system destroys the planet). Yet Marx was quite explicit in his preface to Capital that capitalism like other social organisms would grow, develop and decline. Chris's picture seems to be of a relatively healthy and vibrant system. Of course, it is possible that capitalism will create the conditions for a new epoch of capital accumulation. But to do so would involve the decisive defeat of the working class in a number of advanced countries. I don't think we are at that stage yet. Also I think this confuses a distinction which needs to be made, between a terminal crisis, in which the working class is genuinely contending for power and the productive forces stagnate (a period such as the inter-war years), and an overall epoch of decline.

Right now capitalism is plainly not in terminal crisis. There is not an absolute decline in population that characterised pre-capitalist periods of decay. Capitalism is clearly not at the stage of disintegration which the USSR

faced a decade ago. Total world production continues to grow, productivity has vastly increased and the standard of living is rising in many places. However, these are not the fundamental drives of the system, indeed their rising importance as measures of economic activity in the last hundred years are better associated with the forced adaptation of capitalism than with its vitality.

The real question is not whether capitalism is in decline, but rather why the system has declined for so long, and why it recovered. The period after the Russian revolution I think looked like one in which capitalism really was in terminal crisis. However, as Trotsky argued, social democracy "saved" capitalism, and this opened up a whole transitional epoch. So it was after an era of Stalinism, fascism, depression and war that capitalism survived.

The primary explanation for the persistence of capitalism is the catastrophic defeat that Stalinism inflicted on the working class. That is why capitalism survived and developed, but in a modified form. There is a wider question raised implicitly by "New Forces and Passions", namely whether the existing capitalist relations of production are a fetter on the development of the productive forces. Moshé Machover in his contribution to WL59-60, The 20th century in retrospect, argues that capitalism has not yet developed to its full potential, and whilst I doubt whether Chris concurs with this, the differences need spelling out. The argument is that capitalism had developed the productive forces to such a point that socialism was not only possible, but also necessary. A further century of its evolution has only strengthened that case. Part of our indictment of capitalism must be that it has consistently underdeveloped the real potential of the productive forces, that it has misused the surplus product pumped out of the direct producers. This is the deeper meaning of capitalist decline, and I think it remains a valid part of our theoretical armoury.

The epoch of decline

By Hillel Ticktin

Workers' Liberty 66

Chris Reynolds [WL63] has launched a worthwhile discussion on both the European Union and the nature of modern capitalism. I cannot, however, agree with his conclusion that capitalism remains progressive (his word) and hence there is no decline of capitalism.

The major term that he employs is progressive, a term much used by Stalinism and Stalinist parties. He points this out but does not draw the obvious conclusion that it has become so misused that it might be better dropped, at least until a redefinition can gain general acceptance.

Chris Reynolds quotes Lenin arguing that capitalism's progressiveness is given by its development of the productive forces and by its socialisation of labour. In fact, however, the crucial meaning to 'progressive' in his use of the term seems to be the one of development of the

productive forces and/or the standard of living. It is interesting that he does not pursue the argument on socialisation to its natural end. If he had done so, he would have realised that capitalism cannot exist without socialising production. Even in its craziest days, under the influence of finance capital, its stress on small companies and the marketisation of the public sector did not impede big capital becoming bigger and the economy becoming more integrated. The fact that capital is conscious of its own interests and hence tries to impede the effects of socialisation, to the point of deindustrialisation, is also clear. As long as capital accumulates, however, it must socialise labour, but that does not stop it trying to take measures to counteract the increasing socialisation of labour.

The point is twofold. In the first instance, capital in its decline does attempt to reduce the socialisation of labour. In the second place, it is in the nature of the development of the forces of production that labour must be socialised and this cannot be changed, except through disaccumulation, i.e. capital ceasing to be capital. In other words, only in capitalism ceasing to be capitalism can the process of the socialisation of labour be stopped. This interpretation is basic to Marxism because it is Marx's view that the fundamental contradiction of capitalism lies in the relationship between the increasing socialisation of labour and the ever fewer magnates of capital. The contradiction only ends with the demise of capitalism.

Capital will continue to accumulate until capitalism ceases. Its overthrow is not a voluntary process, but one conditioned on the internal decline of capital itself, which is different from success indicators based on nominal growth. In principle, the socialisation of production might proceed to the point where production was so integrated and prices so arbitrary that the system is nothing but a hollowed-out shell of capitalism, waiting for its overthrow. In that period, productivity will continue to rise and the standard of living might do the same if the working class is sufficiently strong

Hence, capitalism must always be progressive, in the simple sense of an increasing level of socialisation, if we only look at the general direction of capital. On the other hand, to the degree to which capital introduces measures to counteract the effects of the growth of the productive forces or socialisation of labour, or reduce the rate of growth of either, it is reactionary. In reality, it acts in this way all the time. It rearranges management, production, firms, the public sector the better to control them. In so doing, it retards but does not stop development. It retards the use of automation until it returns a high rate of profit. It shifts production towards useless sectors like the military, which have the advantage that they can be used to discipline and not socialise the workforce. Where severely threatened it accepts and uses divisions in the workforce, like racism, nationalism, and sexism, which also reduce the effects of socialisation.

The underlying question is the nature of modern capitalism. Can it raise the standard of living, can it develop the productive forces? Clearly it can. No one can argue against that point. Even in the depths of the Great Depression of the thirties, the productive forces were being

advanced, even if the standard of living was not. No serious Marxist has ever argued that the decline of the system involves a systematic and permanent decrease in the growth statistics of the economy. That may be Bakuninist or primitive Marxism but it is not serious.

Paul Hampton [WL64-5] has outlined quite succinctly my own general viewpoint. I will not repeat it.

The fact is that the period from 1940-73 is quite exceptional in the history of capitalism. If we look at capitalism until 1940, we find that growth is relatively low. Indeed total growth of the standard of living in the UK from 1800 to 1940 is a fraction of that growth between 1940-1973. In parallel, we can also point to the fact that the full franchise only dates from 1928 in the UK. The idea that democracy in the UK dates back to Magna Carta is a ruling class myth, which is utterly risible.

What conclusions can we draw from these facts? Chris Reynolds concludes that capitalism is not in decline but is 'progressive'. I argue the contrary, that capitalism is in decline and that the word progressive has only limited meaning because I look at the fundamental nature of capitalism, which is to accumulate, through the production of surplus value. What happens to the standard of living or to the GNP is a secondary product, dependent on the nature of class forces. Clearly where the working class has won a victory or threatens to overthrow the system, the ruling class will concede or repress or both. They have tried all possibilities. After the 2nd World War they took the decision to go for growth, so abandon the reserve army of labour, permit or encourage rising real wages, and develop the public sector in order to raise that standard of living etc. These measures are inherently conflictual with the nature of capitalism, which is why the capitalist class has been trying to remove or reduce them in the period since 1973.

In reality, the Russian Revolution of 1917 and the Cold War were crucial to the development of modern capitalism and these are both forms which are in capitalism but also beyond it.

The point is that there are special laws influencing the law of value, depending on the stage of capitalism. As a result, no simple generalisation across stages makes any sense. The Marxist method of abstraction insists on discovering the crucial source of change in each instance and avoids simplistic models or generalisations.

The decline of capitalism must involve a decline in the operation of the law of value, both in extent and in itself. The latter refers to the increasing replacement of labour by machinery, which is leading logically to the point where value is abolished. That has not happened, as yet, but the process of automation is obvious. As a result, prices come to be arbitrary, dependent on the degree of control over the market, rather than value. The growth of 'monopoly' is an expression of this fundamental tendency. At the present time, we might expect that the lack of alignment of value and price might be partially restored in a depression. The fact, however is that there is such a serious divergence for long periods of time that it threatens the system itself in a serious downturn.

The forces of production, and the market, have gone beyond the nation state. We would expect, therefore,

national barriers to fall. Today, indeed, the bourgeoisie has turned against nationalism. The EU is part of this inevitable process. The fact that the bourgeoisie is internationalist does not mean that socialists should join up with the bourgeoisie. Indeed, workers today relate much more to their own individual location, because that is where they work, than the bourgeoisie, which can transfer its capital to another country at any given moment. New federations are neither to be supported nor to be opposed. If you have a train, it must have track. We are neither for nor against the track. On the other hand, we must be against the socio-economic system and its practical effect in laws of the new federation. I am suggesting that we are neither for nor against the EU but we are against the Maastricht treaty for example.

Chris Reynolds' line leads logically to the support of the bourgeoisie as a progressive force because they are inherently internationalist, and antiracist, and against all laws preventing the free flow of labour. That is the inherent nature of capital because capital is itself congealed abstract labour and abstract labour requires a fully flexible workforce. The fact that actually existing capitalism is nationalist, sexist and racist does not alter the overall tendency.

Why do workers today relate to their own locality, accept racism, sexism, nationalism etc? Stalinism and social democracy, which are part of capitalist decline, have a heavy burden to bear here, as well as the historic legacy of imperialism. These distorted forms are as much part of the concessions made after the October Revolution as the direct material advantages obtained by the proletariat. But what do we conclude from this? If we follow Chris Reynolds we should start a purified bourgeois party as a first stage towards a socialist revolution.

The only possible answer is that the period of particular bourgeois concessions, which led to these distorted working class forms, is over and it is over because Stalinism is finished.

Trotsky spoke of a transitional period, which opened up because of the betrayal of social democracy. In other words, we live under capitalism today because of that betrayal and it is a special type of capitalism.

There are three aspects of decline. The first reflects the political decline of the bourgeoisie in that it was overthrown in 1917 and the whole epoch now reflects that overthrow. The second reflects the fact that value itself is more restricted or decadent, as in finance capital. This aspect is discussed in more detail by Paul Hampton in your columns and still more detail in my Critique articles. The third refers to the increasing difference between actual and potential production, which Chris Reynolds constantly cites, when the comparison is made with socialism, but the theoretical importance of which he does not seem to see.

Capitalism in the imperial countries has clearly expanded very rapidly in the post war period but the situation in the rest of the world is much more problematic. Growth rates do not give a correct picture of the real situation of the workers and peasantry in Africa, Asia and Latin America. In many countries and in many parts of countries, the standard of living remains elemental at a time when the real surplus in the United States, and

elsewhere is sufficiently high to fundamentally alter their state.

The twentieth century has been a century of unprecedented barbarism, precisely due to the death throes of a capitalism, which will not die. Today we witness, more than ever, untold wealth standing opposed to untold misery. Millions die of curable or preventable diseases, while the ruling class of the United States wastes 250 billions on arms production. Above all, the gap between what could be accomplished with the talents of the whole population and what is accomplished is wider than ever. Thus even at the simplest empirical level, one might have thought that decline was obvious.

Capitalism: neither decline nor progress

By Bruce Robinson

Workers' Liberty 2/1

Some time in the late 80s various fragments of the Healy/Lambert tradition of catastrophist Trotskyism met in all seriousness in Paris for a conference on the theme "Have the productive forces grown since the War?" Chris Reynolds is correct to reject this kind of dogmatism, which flies in the face of reality and by which capitalism has been in an epoch of continuous decline since 1914. He is also correct to reject attempts to maintain the notion of decline by redefining the term and to insist on an analysis that starts from capitalism as it is rather than from our hopes of its collapse or the recitation of past classic texts.

However, his own 'New Forces, New Passions' (WL 63) suffers from some of the things he justly criticises in others. Substituting the concept of capitalism's still-progressive role for that of its decline and Lenin's Development of Capitalism in Russia for Trotsky's Transitional Programme, Chris's analysis is one-sided and fails to take account of contradictory aspects of contemporary capitalism that qualify his picture. He also spends much of his article dealing with the history of the "decline" position and its dangerous political consequences; but that cannot necessarily form a basis for rejecting every such theory. So, while I think he is correct to reject the "decline" position, his own position is equally not a rounded description of capitalism in its current stage.

My own view is that post-war capitalism has been able to maintain dynamism and growth despite downturns — which makes the theory of decline at best confusing, if one uses the word in any meaningful sense. However this occurs only at the cost of introducing new fragility, contradictions and potential instability into the system. Doug Henwood puts this well when he writes: "Marxism has been ill-served by a lot of quasi-Keynesian talk about 'stagnation'. Growth rates and investment levels may not be what they were during the Golden Age of the first post-World War Two decades, but still, the system has been in

many ways both more turbulent and more universalising over the last 20 years than at any time since before World War One."

Modern capitalism is both more turbulent and more universalising. Some symptoms of this mixture are: increased competition, an open international regime allowing the free movement of capital, a shifting international division of labour, and rapid changes in technology and techniques of production. Taken together these things led to an increased speed of change, the need for flexibility, and rapid and continuous restructuring and innovation.

The underlying driving forces of these changes are not themselves new to capitalism, but over the last 20 years have been proceeding at a faster rate and in new forms. They in turn give rise to the development of new working classes around the world to which Chris Reynolds correctly attributes such significance. Let us examine briefly a few of the consequences of this:

Waste and the environmental crisis: Capitalism is becoming more wasteful. In order to maintain a high rate of turnover of capital and maintain markets which might otherwise be saturated, the rate of product innovation must rise and product cycles shorten. This has been made possible by more flexible production processes. Planned obsolescence, the creation of fashions and the constant introduction of marginal changes to designs use more and more resources, not to meet human needs but to try to ensure that the accumulation of capital is uninterrupted. A striking example is the computer industry, where there is typically a gap of less than six months between the introduction of new product ranges yet thousands of perfectly functioning machines are scrapped by businesses each year in order to keep up with what are often minimal changes to hardware and software.

These demands in turn contribute to an environmental crisis, which is a striking confirmation of the contradiction between the private ownership of the means of production and the needs of human survival. Attempts to resolve this crisis by means of market mechanisms (e.g., taxation) are doomed merely to reproduce this contradiction in a new form.

Unproductive expenditure on marketing: One result of faster product innovation and increased competition is that certain types of unproductive expenditure (non-value creating costs here incurred in the process of realising surplus value) have had to grow. The costs of advertising reached \$200 billion a year in the US in 1998, four times what it was 20 years before. This is necessary for the large capitalist firm to compete, yet represents a cost which has to be paid for out of its profits.

The role of financial capital: \$1.2 trillion worth of foreign exchange transactions take place every day. One week of this is the equivalent of US GDP and one month's worth equals the total world product. Less than 10% of this amount is required to finance trade in goods and services. The remainder is pure speculation, which is about as turbulent as it gets!

Similarly, speculation on a generally rising stock market — ultimately underpinned only by confidence in a bright future and the hope that the state will intervene in the case

of major crashes — has come to provide the basis for a whole range of financial commodities — mortgages, pensions, credit, insurance etc. The consequences of a major crash would be to ruin a large section of the population in the advanced economies, who have become dependent on credit and indirectly on speculation for maintenance of their standard of living.

Uneven development and de-industrialisation: Perhaps most importantly for Chris Reynolds' analysis, the development of "new forces" and "new passions" which arrive with the expansion and development of capitalist industry is neither universal nor does it exclude a regression in other sectors of the world economy, which has a negative impact on both the constitution and consciousness of the working class. Rather they are part of the same process of the restructuring of capital flowing across the world in search of profitable outlets. Thus large areas of the globe (e.g., most of Africa, parts of Asia and Latin America) remain left out of the growth of industrial capitalism. Many traditional sectors in industrialised countries are in terminal decline due to their unprofitability and the unwillingness of the state to support them. This last phenomenon — sometimes called "de-industrialisation" — affects such divergent areas as the British coalfields, the US "rust belt", the eastern half of Germany and most of the Russian economy.

The restructuring of capital is thus accompanied by a restructuring of the working class. Alongside the emergent trade unionism and labour politics of the newly industrialising countries, we see also the destruction of traditional strongholds of industrial concentration, trade unionism and class consciousness. All sorts of phenomena then appear, which serve to undermine tendencies towards social solidarity: work in the semi-legal/drugs economy; self-employment; the growth of neo-fascist and extreme nationalist movements; and, last but not least, the struggle for survival.

This is only one aspect of the social contradictions which have intensified alongside the increasingly open world economy and the growing gap between rich and poor, both within and between different countries. (See the table "A divided world" in WL63.) Many elements of social crisis are growing precisely because capitalism is expanding. Capitalism does not just therefore "augment the raw materials for socialism" in a linear manner as Chris suggests. Noting these contradictions in passing ("As well as augmenting the raw material for socialism, the development also augments the wealth, power, resources and skill of the ruling class."), he fails to acknowledge that they have any implications for his overall analysis of capitalist development, asserting instead too broadly that "on none of Lenin's eight points [in *The Development of Capitalism in Russia*] has development ceased or gone into reverse". While we may argue about the relative weight of "augmenting" and "reversing" the development of these raw materials, it is necessary at least to recognise that capitalism is at the same time destructive and creative if one is not to fall into an analysis which is incomplete and unbalanced in seeing capitalism just creating the raw materials for socialism.

Paul Hampton (WL64-5) and Hillel Ticktin (WL 66) point

to some of the same phenomena I have outlined (de-industrialisation, growth of finance capital, growth of unproductive expenditure) as indicators of capitalist decline. However, these facts do not necessitate accepting their version of the theory of decline. They accept the facts of capitalist growth — though Hillel Ticktin refers to them as “success indicators based on nominal growth” and Paul Hampton sees them as “better associated with the forced adaptation of capitalism [to working class pressure] than its vitality”. Yet they argue that capitalism is in decline because it comes to undermine its own laws of motion, the law of value becoming increasingly meaningless as a social and economic regulator in this period. The driving force behind this is capital's need for the socialisation of production and labour, which has the effect, even in the absence of a working class takeover of the economy, of making capitalism “increasingly a hollow shell waiting for its overthrow”. The capitalist class realises this and consciously takes steps to retard or counteract the encroaching socialisation.

There are many problems with this position. Firstly, it seems to see socialisation (concentration and centralisation of capital, the spread of inter-dependent social relations, the development of and the growth of the working class, the “development of non-market forms”) as an almost automatic force in capitalist development resulting from the growth of the productive forces rather than a by-product of the drive of capital to create the best conditions for its accumulation and the expansion of value. What are perfectly sensible actions from the standpoint of capital as a whole, albeit at the cost of increasing social contradictions (e.g., deindustrialisation, restriction of the size of the state sector and the penetration of private capital into areas previously reserved for social production), here become transformed into attempts by capitalists to stave off the detrimental effects of socialisation in hollowing out the hold of the law of value.

This socialisation then results in the growth of forms transitional to socialism which increasingly dominate the economy. Thus according to Hillel Ticktin (“The Political Economy of Class”, Critique 20-21), “Nationalisation, ‘central planning’, large bureaucratic apparatuses are all forms used by capitalism which are inherently non-capitalist.” [My emphasis.] (He says they are not socialist either. But to say they are transitional forms is for his theory a tautology which tells us nothing about their dynamics.) The capitalists fight back to preserve the system from erosion by these forms — though quite why they should if they can augment their wealth by other means is unclear. This only makes sense if these forms are somehow necessarily in conflict with the interests of capital.

We see here the truth of Chris Reynolds's comment that Hillel Ticktin starts from an idealised picture of a pure capitalism. Large bureaucratic apparatuses within large capitalist firms were an essential part of the form of capitalism known as Fordism which dominated between the 1920s and the 1980s. While such apparatuses do require unproductive expenditure (and thus have been broken down as information technology has developed), nothing about them is inherently in contradiction with the needs of

capital. State ownership per se does not prevent nationalised firms participating in market relationships or operating according to the law of value, though the fact that it was usually unprofitable sectors that ended up being nationalised has disguised that fact. That the capitalist state, for example in certain European countries in the 60s, has tried to intervene (usually unsuccessfully in the long term) via planning within the framework of capitalism in order to overcome some of the contradictions of capitalism does not make these measures somehow non-capitalist. On this basis all state intervention that does not simply enable the operation of the market is somehow non-capitalist and a transitional form. Yet in all periods of capitalism state intervention has existed and been necessary to ensure as smooth an operation of the system as a whole as possible, though its extent and forms have changed — partly, but only partly, as a result of working class pressure as Paul Hampton notes.

Taking forms such as nationalisation as “inherently non-capitalist” leads us to a position like Ted Grant's whereby “where we have complete stratification, quantity changes into quality, capitalism changes into its opposite”. (Against the theory of state capitalism, 1949) Hillel Ticktin does not go so far, partly because he sees capital actively trying to fight back against the inevitable tide of socialisation. However, in the absence of its overthrow by the working class, we instead move towards a hollow shell no longer dominated by the process of capital accumulation but rather by transitional forms and arbitrary processes that are no longer those of capitalism. While in Grant's and Kautsky's pre-1914 theories capitalism collapses at this point, with Hillel Ticktin we remain stuck in this state in something that is not quite a new form of society but is not really capitalism either. What then are its dynamics, historical role and laws of functioning?

Does this present a credible picture of the operation of capital today? I would say not. Capitalism is becoming more universalising as Chris Reynolds claims. We are seeing the extension of market forms and the operation of the law of value to new areas of the globe and new areas of human activity. Further, some of the phenomena Hillel Ticktin and Paul Hampton describe do not involve the negation of the law of value in the way that they claim. We shall look at one example: the operation of monopoly and the gap between price and value.

The assumption that the operation of the law of value is increasingly restricted is supposedly demonstrated by the growth of monopoly and an increasingly arbitrary relationship between value and price. Both the existence of monopoly and the divergence between value and price have been characteristic — to varying degrees — of capitalism as a system throughout its history. Marx notes that if the value and price of a commodity are equal, it is by coincidence.

Let us look at one example. The labour costs of a pair of Nike trainers is less than 5% of the final selling price. This discrepancy makes possible the vast salaries paid to Nike bosses and sporting celebrities who give the product their endorsement. The distinct character of the product, jealously guarded and zealously promoted, gives it the features of a monopoly in that it can be sold well above its

value (though Nike does face competition — hence the large advertising budget). Where does the surplus come from? What are the mechanisms by which this is possible? Do they indicate that the law of value is no longer operating?

Clearly, one of the major factors here is the super-exploitation of the workforce that produces the shoes in Third World countries. Such production is associated with a number of features of earlier stages of capitalism: the production of absolute surplus value (lengthening of the working day), relatively unsophisticated and low cost technology and, until now, in the absence of effective trade unionism, the reduction of wages to around the minimum required to keep the workforce alive (i.e., the value of labour power without the addition of what Marx calls the “historical element” which arises as the result of working-class bargaining power). Rather than not being regulated by the socially necessary labour time embodied in the commodities, it is precisely the driving down of that quantity in real terms among the producers that permits the existence of massive monopoly profits and such a large divergence of value from price.

The other side of the equation is the need to find a mass market (the goods are not luxuries), which would not be possible from the producers themselves given their restricted purchasing power. Instead the existence of the world market makes it possible to sell the goods in other markets where large sections of the population are able to pay the prices demanded, due both to the existence of a large “historical element” in their wages and the currently easy availability of consumer credit. The size of this market ultimately constrains the size of the monopoly profits generated so that prices can never be totally arbitrary.

The surplus profits are thus created at the expense of both consumers and producers and this set-up is fragile in that it requires a large amount of unproductive expenditure to sustain it. This example shows that, while monopoly profits can only be made at the expense of workers or other capitalists, this need not imply that the law of value ceases to act as an enabler or regulator of economic activity. Thus increasing concentration of capital does not necessarily lead to a shrinking of the operation of the law of value. The notion that human labour can be reduced by automation throughout the capitalist system to such an extent that labour time ceases to function in such a way is also wrong, though it was noted as a theoretical possibility by Marx, for reasons to do both with the nature of social labour and technology and also with the necessary economic functioning of capitalism as a whole. (This requires a more detailed analysis at another time.) The Hillel Ticktin-Paul Hampton theory of decline points to some real and significant phenomena but wraps them up in a mechanical theory of a declining law of value, encroaching socialisation and transitional forms. Such a theory of decline ultimately ends up with a teleological view of capitalism advancing towards socialism but never quite getting there.

Before summing up, it is worth pointing to some — perhaps surprising — similarities between the analysis of Paul Hampton and Hillel Ticktin and that of Chris Reynolds. Both believe it is necessary to provide one

overall label — progress or decline — for the current stage of capitalism. Both see capitalism as increasing the potential for socialism through socialisation of labour and production. Both see that socialisation as the key feature enabling us to characterise the current phase of capitalism — one sees it as pointing to the progressive tasks it is carrying out, the other to it as the key characteristic of capitalist decline. Labels are then attached as a result of over-general analysis and then become the important thing.

I would question whether such characterisation of “the nature of the epoch” abstracted from an analysis of contemporary capitalism as a totality is of much use today. It is certainly not necessary in order to conclude with Paul that capitalist relations of production form a fetter on the development of the productive forces (even though they are expanding), with Chris that the objective pre-conditions for socialism exist today or with Hillel that the gap between capitalist reality and socialist potential is growing.

Capitalism as a system has always operated in such a way as to develop the productive forces in its own brutal, wasteful and irrational manner, to contain obstacles to its own successful functioning, and to develop new ways of overcoming them which in turn lead to new contradictions. It is possible for capitalism to be both “more universalising and more turbulent”. Yet there is no final crisis towards which capitalism inevitably develops — Lenin remarked long ago that there is no economic crisis with no way out for the bourgeoisie and Marx demonstrated that the devaluation of capital in a crisis cleared the way for renewed development. The question rather is what are the costs for the working class and humanity as a whole and what opportunities capitalist development provides for the development of socialist consciousness. This does not require us to apply questionable generalisations about progress or decline.

A one-sided view of capitalist progress

By Clive Bradley

Workers' Liberty 2/1

I don't disagree with what Chris Reynolds says about progress ('New forces and passions' WL63) but I think it is one-sided, in two respects.

Firstly there are, I think, two distinct notions in Lenin about the progressive or reactionary character of “imperialism, the highest stage of capitalism”. One is the notion of “moribund” capitalism — that is, the idea that capitalism has exhausted its capacity to develop the forces of production (forced to adopt collectivist forms like monopoly, etc.). Chris rightly argues that if this were so the 20th century would be inexplicable. Capitalism continues to this day to do “progressive” work: developing

production, innovation, and so on. Moreover, I would add that it would be impossible to function in the world without some notion of progress in human affairs.

I suffer from a condition, diabetes, which a hundred years ago would have killed me in a few months; it kills few people now, and the drug which keeps me alive is artificially produced. On this level, to complain that capitalism is not progressive would be tantamount to saying that it makes no difference to me whether I am alive or dead.

But there is another, related but separate, view of progressive/reactionary in Lenin's argument. He, along with other revolutionaries, objected to those who supported the First World War with arguments which saw the world through the prism of the previous century. In nineteenth century Europe, nationalism and the drive towards the creation of nation states had been progressive on various levels: sweeping away obstacles like tariff barriers to the development of capitalism; rousing the people into a political force; carrying with it ideas of democracy and freedom; proposing secular, and to some degree popular, sovereignty against the divine rights of kings or what remained of them. Lenin and others argued that by the beginning of the 20th century, in Europe, this progressive work had been exhausted. The side to capitalism which is expansionist, predatory, aggressive, etc was dominant. It was expressed through militarism, a bureaucratic state, conquest, and war. The advanced capitalist nation state, and the nationalism it employed to bind the working class to the bourgeoisie, was reactionary.

This view of what is reactionary or progressive is not tied to or reducible to the matter of capitalism's ability to develop the forces of production; it links to a view of capitalist development rather differently. There is a point in capitalist development where its expansionist logic becomes increasingly dominant, and the bourgeois state's economic and political ambitions are bound up with this "imperialistic" drive.

This idea has two possible meanings. 1. That there are imperialisms other than capitalist ones (an idea I agree with). 2. That advanced capitalism is not necessarily imperialist. In saying that advanced capitalism is necessarily imperialist, I do not mean to say that only the most advanced capitalist states are imperialist. Rather, that there is an expansionist logic to capitalist development which leads nation states to imperialist ambitions.

It seems to me that the opposition to the First World War by the revolutionary left was based primarily on an assessment of the "stage" of capitalism, not measured by productive development etc., but politically — these were bureaucratic, militaristic states. Chris is right that post-1945 bourgeois democracy is on a different "grid" to the variables around in 1914-18. But this doesn't change matters fundamentally, as is clear if you imagine a hypothetical war between more-or-less equal European states today and what we would say about it.

This is important in understanding Marxists' opposition to the First World War. I don't think the revolutionary argument in 1914-18 was derived purely from a detailed assessment of the national question. Take Belgium. Lenin was quoted in *Workers' Liberty* during the Balkans war to

the effect that a war over Belgium's national rights, even by big capitalist powers, would be all right — or Marxists would be sympathetic to it — were it not for other small nations.

But this interpretation seems to me to turn the real train of thought on its head. This was not: we would support these states going to war over Belgium... But there are other small nations' rights involved so we can't support the war. It was: we are opposed to the war; these people (the social chauvinists) say they support it — with disastrous consequences for the international workers' movement — because (for instance) of Belgium... But they are liars and hypocrites, which is clear if you think for a moment about other small nations they couldn't care less about. The argument about Belgium is derived from a position of opposition to the war, taking up the detailed defence of those who supported it. It was not the basic rationale for opposing the war. (Granted, because of the nature of the time it's hard to disentangle these issues, but I hope my point is clear.) A more recent analogy: we opposed both sides in the Iran-Iraq war. Both sides oppressed Kurds and others. But our opposition was not simply because of the oppression of national minorities, but because of the nature of each regime — more precisely, because of the politics of which the war was a continuation, within which national oppression of minorities was an element, but not the only one.

Secondly, there is another side to any discussion of "progress" which I think is important. The modern use of the word emerged in a nineteenth century context in which not only human affairs were considered to consist of an inexorably progressive march forwards (with capitalism as the glorious destination) but everything else was, too. Darwin's theory of evolution was widely interpreted — and still is — as an account of an inexorable rise of "better", "more advanced" species in nature, with conscious humanity as its culmination. This, however, is nonsense. Human beings are not "more advanced" or "superior" to apes, or for that matter cockroaches. We have simply evolved differently; every organism is well-adapted to its own conditions, and if it isn't it dies out. There was no inevitability to the appearance on Earth of our species. (Evolutionists argue the toss about whether intelligence, and especially consciousness as we experience it, is inevitable, but that seems to me a separate issue, although the argument against certainly wins on points.)

Does this matter? Yes. The progressivist view of nature implies some special place for human beings in the universe, which ultimately implies God. (It's a version of what in philosophy is known as the "anthropic principle", that the universe must have a purpose or human beings would not be here to wonder what it is). It is an anti-materialist view. We should draw a sharp divide between the notion of "progress" in human affairs and a general notion of progress in nature.

Decline of reality, or decline of theory?

By Chris Reynolds

Workers' Liberty 2/1

In Workers' Liberty 63 I wrote an article ('New Forces and Passions') against the commonplace Marxist idea that capitalist development has been 'in decline' or 'reactionary' since about World War 1. Like it or not, capitalist development has generally been - and still is - advancing; socialists should not be waiting for the 'decline' to become sheer free-fall, but instead organising and promoting the working-class 'new forces and passions' which capitalist advance generates as its inescapable subversive counterpart. Instead of casting around for ways to 'stop' capitalist globalisation, our perspective should be (in the phrase of Michael Hardt and Toni Negri) for 'the multitude, in its will to be-against and its desire for liberation, [to] push through Empire to come out the other side'.

My polemic has brought four replies - Paul Hampton in WL 64-5, Hillel Ticktin in WL66, and Bruce Robinson and Clive Bradley in WL 2/1.

Some of these writers suspect me of preaching a bland confidence in the capacity of capital to 'augment the raw materials for socialism in a linear manner', or even giving credence 'to the support of the bourgeoisie as a progressive force'. In fact, I borrowed the words of Rosa Luxemburg from 1915, about the 'brutal victory parade of capital... bear[ing] the stamp of progress in the historical sense only because [it] create[s] the material preconditions for the abolition of capitalist domination', in order to make the point that I was no more recommending complaisance towards modern globo-capital than Luxemburg was cheering on the imperialism of the First World War. I wrote that: 'The thought here is certainly not... that things get better, evenly, steadily, bit by bit, all the time'. I described capitalist development today as 'saturated with violence, robbery and infamy... cruel, disgusting and crisis-ridden'.

I also tried to make clear that I would not choose 'progressive' as a summary descriptive term for capitalist development today. To do that, I wrote, would be 'incongruous or even politically false'.

In left-wing discourse for most of the 20th century, 'progressive' usually signified 'naive or venal enough to support Stalinist swindles'. The word does not come down to us with a sharp, clear meaning. Even in his time, Marx preferred the adjective 'revolutionary' when he wanted to refer to capital as a social force pushing forward rather than stagnating or falling backwards.

But the conventional view against which I was contending is that capitalist development was 'progressive' until about World War 1, and then has been 'reactionary' ever since. My argument was that capitalist development today is 'progressive' in broadly the same sense as the conventional view deems it to have been before World War

1. I did not wish to obscure or soften that point by burying it under a side-argument, however valid, about 'progressive' generally not being the best adjective to convey a Marxist view, either now or then.

The basic argument against me from Paul Hampton and Hillel Ticktin is that through monopolies, state enterprise and regulation, and so forth, capitalist economy diverges more and more from 'the law of value which is its fundamental law of motion'. And that divergence is the decline of capitalism.

Here I'm embarrassed. Over the years I have read dozens - no, hundreds - of books and articles asserting or assuming that the law of value is the basic defining law of capitalism. It still makes no sense to me, and possibly that's just my slow wits. For now, though, assume that we can formulate a proposition, the law of value, which encapsulates a theory of how a capitalist economic system works, and we establish that the divergences between capitalist reality and that theoretical model become greater and greater.

Why must we read this as showing that capitalist reality is increasingly not up to the mark, rather than as showing that the theoretical model is increasingly not up to the mark? Maybe the Hampton-Ticktin theory of capitalism is 'in decline', rather than us having to label the world around us as 'in decline' because it increasingly departs from the model in Paul's and Hillel's heads?

So far as I know, the only extended discussion of the term 'law of value' in the Marxist classics is Engels' supplementary note to volume 3 of Capital entitled Law of Value and Rate of Profit.[1] Engels nowhere states a 'law' of the format that we are used to with, say, Newton's Laws of Motion, or the Laws of Thermodynamics. Instead, by 'law of value', he seems to mean the rule by which the value of commodities is determined by the social labour-time of their production, and the exchange of commodities is determined by their values.

That is no closer to being 'the law of motion' of the whole system than the proposition that water boils at 100°C is to being 'the law of motion' of a steam engine.

Engels argues that in 'simple commodity production' - an economy of small producers, each owning their own (small) means of production - the rule operates more or less directly. 'Prices, on average, approach to within a negligible margin of values'. In capitalist production, however, the rule operates much more indirectly. Prices diverge systematically from being proportional to values, even apart from the discrepancies due to cheating, short-term variations of supply and demand, monopolies, and so on.

Engels quotes Marx: 'The whole difficulty arises from the fact that commodities are not exchanged simply as commodities, but as products of capital, which claim participation in the total amount of surplus-value proportional to their magnitude...' Thus, commodities produced by capitals with a high proportion of constant capital (equipment, buildings, raw materials, etc.) to variable capital (living labour) systematically have prices above those proportional to value, and commodities from capitals with more 'labour-intensive' production systematically have prices below proportionality, so that

capitals receive surplus-value in proportion to their total size as capitals, not in proportion to the living labour they use.

On this account, actual prices moving further away from direct 'law of value' proportions - because some capitalist industries become highly automated, while there are always some remaining 'labour-intensive' - is a sign of capitalist advance, not decline. What would truly signal a catastrophic decline of capitalism would be a closer and more direct approximation to the 'law of value'!

For Paul Hampton, I think, what brands capitalism as knackered is not so much these divergences of price from value-proportions, due to differing compositions of capital, but others due to monopoly, state subsidies and so on. He could also mention sales taxes, I guess.

As Bruce Robinson indicates (WL 2/1), it is not certain that divergences of that sort are in fact increased in modern capitalism. In any case, if those divergences did increase, why would it signal 'decline'?

Paul also mentions 'the rise in unproductive labour... arms production... the growth of finance capital'. These are important tendencies, but they have nothing directly to do with how much prices diverge from value-proportions. The thought seems to be that the capitalist norm is an atomised ultra-free-market economy, all small enterprises, with their cash kept under the owners' mattresses and a minimal state, and any departure from that indicates 'decline'.

Hillel's notion, cited by Bruce, that nationalisation, planning, and large bureaucratic apparatuses of any sort are 'inherently anti-capitalist', is in the same line of thinking.

But doesn't that mean relabelling the whole development of capitalism out of small-scale commodity production - growing power of fixed capital, concentration and centralisation, development of credit, increased economic role of the state, etc. - as 'decline'? How does that help understanding?

To be sure, the advance of capitalism always has a sort of 'decline' built into it, in that it enlarges the contradictions and the scope for crises, and augments the subversive potential of the working class. But 'decline' built into advance is different from decline, full stop.

Hillel states that: 'Its [capitalism's] overthrow is not a voluntary process, but one conditioned on the internal decline of capital itself'. Paul is horrified that I imply that 'capitalism will go on and on, unless the working class intervenes (or the system destroys the planet)'. But, yes, the capitalists will 'go on and on' unless someone acts, 'voluntarily', to change things! History is human action, and unless their adversaries act the capitalists will have their way. There is no superhuman force - no person doing the same job in world history that Anne Robinson does in the TV quiz show - to tell capitalism, 'You are the weakest link. Goodbye', while the working class watch from our sofas.

When Trotsky, for example, wrote about the decline of capitalism in the 1930s, he had a much less abstruse idea of it than Paul and Hillel. 'Mankind's productive forces stagnate. Already new inventions and improvements fail to raise the level of material wealth... the proletariat grows

neither numerically nor culturally'. Even in that sort of 'decline' Trotsky did not believe that capitalism would be overthrown without a 'voluntary process'. And the sort of decline-within-advance which is endemic to capitalist development certainly requires working-class action if it is to become a factor in stopping the capitalists 'going on and on'.

Is the idea behind Paul's and Hillel's argument that capitalism has a system of self-regulation proper to it - the free market - and that if it moves away from that then it becomes increasingly unable to manage? If so they are wrong. Markets do have some self-regulating mechanisms, but the notion that a comprehensive free market provides an ideal system of regulation for capitalism is an ideological myth concocted by late 19th century bourgeois economists in their attempts to do down socialism. Actually, even capitalism - let alone a better system - requires, and has developed, large measures of non-market regulation.

I agree with pretty much everything Bruce Robinson writes, including about the destructive tendencies in capitalism today. But I do not see how his conclusion follows: that our overall assessment of capitalist development today must be indeterminate, neither advance nor decline.

Is the industrial development visible in several ex-colonial countries today a real capitalist development (accompanied by great horrors and crises within itself, and vast pauperisation on its edges), or is it just a 'fake' industrialisation, as some radicals say? Does capitalist globalisation represent an advance in global communications and interlinking (together with all sorts of villainies), or is it just a matter of the USA going out to plunder the rest of the world because normal capitalist profit-making has hit a dead end? Is there a real expansion of the productive forces outside national limits involved in the European Union, or is it just a political gambit by the German ruling class to control workers across Europe?

We can answer yes - the industrial development is real; we have to aim to push through capitalist globalisation rather than stop or reverse it; and so on - without becoming apologists in any way for the IMF, the European Commission, or the capitalists of countries like South Korea. To give an indeterminate answer - 'don't know', or 'a bit of one and a bit of the other' - is unhelpful. In fact I suspect Bruce would answer yes to all those questions. Isn't there a common underlying question that he should also answer yes to?

Clive Bradley has a different objection, centred on a question I mention in passing in the article.

'What', I wrote, 'about Lenin's insistence, in his wartime writings, that his revolutionary anti-war position was based on identifying the current period as 'the epoch of the reactionary, obsolete bourgeoisie' whereas a different attitude was correct in 'the epoch of the progressive bourgeoisie'? (Socialism and War. I think Hal Draper gives the right answer to this question in... his book War and revolution: Lenin and the myth of revolutionary defeatism. Despite myths promoted by opportunists in World War 1 and taken for good coin by Lenin, the basic approach of Marx and Engels on wars in their time was the same as the

internationalists' in World War 1)'.

Clive is bothered that my argument might suggest that 'advanced capitalism is not necessarily imperialist'. Almost all ruling classes are 'imperialist' in the general sense of seeking to expand their power, privilege and revenues. The advanced capitalist ruling classes are 'imperialist' in that sense. We can identify the mechanisms - IMF plans, trade agreements between unequal economic powers, demands from big investors on host countries, extortionate interest payments, the role of the dollar as world currency, royalties from high technologies, and so on - through which they pursue their specific sort of imperialism, and a horrible business it is too.

But if the word 'imperialist' is taken in the narrower sense of the imperialism of great rival colonial empires, dominant in 1916 when Lenin wrote *Imperialism*, then in fact advanced capitalism is not necessarily imperialist. In recent decades the big capitalist ruling classes have concluded - partly under the impact of repeated colonial

revolts - that market and para-market mechanisms provide a much cheaper, more reliable, and less risky way for them to profiteer world-wide than military conquest and colonial rule over weaker nations.

The problem with making the proposition 'advanced capitalism is necessarily imperialist' into an axiom - and then, effectively, redefining 'imperialism' as 'whatever advanced capitalist states do' - is that we end up with a politics which combats advanced capitalism not so much because it is capitalist as because it is advanced. The more advanced, the worse! In the original article I tried to spell out the destructive implications of this stance for socialist politics.

[Note 1. Many writers hold that this text is yet another example of bad old Engels bowdlerising Marx's ideas. However, as far as I know Marx never discussed the term 'law of value' in any extended way, least of all in any text he readied for publication].