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Two Views of State-Capitalism

State-Capitalism and Socialist Revolution By TADAYUKI TSUSHIMA

(Ed. Note: We present here two views on state-capitalism. One is a chapter of a book, *STATE CAPITALISM AND REVOLUTION*, by Japanese Marxist Tadayuki Tsushima. Except for the exclusion of a single paragraph referring to a Japanese group unknown in the U.S., the text is exactly as written. A few quotations were shortened, but these are from works the reader can refer to easily.

The other view was written especially for this issue by Raya Dunayevskaya, who was the first, in 1941, to develop the theory of state-capitalism.)

I. Introduction

During the First World War Lenin said:

"The socialist revolution may break out not only in consequence of a great strike, a street demonstration, a hunger riot, a mutiny in the forces, or a colonial rebellion, but also in the force of any political crisis, like the Dreyfus affair, the Zabern incident, or in connection with a referendum on the secession of an oppressed nation, etc." (1)

The above statement by Lenin deals with lighting the fuse of a revolution. When a revolution breaks out, there surely is a general revolutionary situation which paves the way for the revolution. As to the revolutionary situation, what Lenin wrote in his "Downfall of the Second International" (1915) is well-known to us:

"A Marxist cannot have any doubt that a revolution is impossible without a revolutionary situation; furthermore, not every revolutionary situation leads to a revolution. What, generally speaking, are the symptoms of a revolutionary situation? . . . (1) when it is impossible for the ruling classes to maintain their rule in an unchanged form; when there is a crisis . . . which causes fissures, through which the discontent and indignation of the oppressed classes burst forth. Usually, for a revolution to break out, it is not enough for the 'lower classes to refuse' to live in the old way; it is necessary also that the 'upper classes should be unable' to live in the old way; (2) when the want and suffering of the oppressed classes have become more acute than usual; (3) when, as a consequence of the above causes, there is a considerable increase in the activity of the masses . . .

(1) Lenin, *Collected Works*, Vol. XIX, p. 49.

" . . . Revolutions arise only out of such a situation when, to the above-mentioned objective changes, a subjective change is added, namely, the ability of the revolutionary class to carry out revolutionary mass actions strong enough to break (or undermine) the old government, which never, not even in a period of crisis, 'falls,' if it is not 'dropped.'" (2)

In short, a revolution is improbable without a full-scale crisis which envelops a whole nation (both the exploiters and the exploited). A revolution can occur only when some subjective conditions are fused into the objective circumstances.

Traditionally, Marxists have usually presupposed that some wartime situations or some economic crises would create such revolutionary situations (severe national crises). I wonder, however, if we should still consider the problem of a revolution or a revolutionary situation in such a traditional way of thinking. I believe that the traditional presupposition should be reexamined. Here I will present my opinion about this problem for the purpose of inviting active discussion.

II. Can an Economic Crisis Still Be A Leverage For Political Revolution?

A well-known formula of historical materialism states:

"At a certain stage of their development, the material productive forces of society come in conflict with the existing relations of production, or with the property relations within which they have been at work hitherto. From forms of development of the productive forces these relations turn into their fetters. Then begins an epoch of social revolution."

On the basis of this formula Trotsky said (in his well-known speech entitled "School of Revolutionary Strategy") before a meeting of Communists in Moscow which was held just after the Third Congress of the Comintern:

"If the further development of productive forces was conceivable within the framework of bourgeois society, then revolution would generally be impos-

(2) Lenin, *Selected Works*, Vol. V, p. 174.

sible. But since the further development of productive forces within the framework of a bourgeois society is inconceivable the basic premise for the revolution is given." (3)

In his *Theories of Surplus Value* (Vol. II, Part 2), Marx wrote: "All contradictions in bourgeois production will be expressed concentratedly in a general crisis of the world market."

According to him, periodic economic crises which become sharper and deeper each time they recur are the concentrated expressions of such fundamental contradictions (the conflicts between productive forces and productive relations), the warnings which suggest the coming of the periods of social revolutions, the stimulants which encourage the working class to social revolutions and the elements which serve as media for social revolutions. In his *Anti-Duhring*, Engels likewise admitted the role of economic crises "as crises of this mode of production itself, as means of compelling the social revolution." (Moscow edition, p. 396). On January 25th, 1882, he wrote to Bernstein:

"An economic crisis is one of the most powerful levers for a political revolution. This was already admitted in *Communist Manifesto* and explained more in detail in articles of *Neue Rheinische Zeitung*, up to and including 1848." (4.) They went into details also about the fact that a revival of prosperity would defeat the revolution and help the reaction.

AN ECONOMIC crisis does not automatically bring a revolution. However, it does certainly draw nearer a crisis of a whole nation, gives the working class an impetus to the revolution and, generally speaking, prepares a favorable situation for revolutionary movements. Trotsky stated, "There are no crises in which capitalism automatically dies. Economic cycles only create favorable or unfavorable conditions for the proletariat to overthrow capitalism." In this statement, Trotsky also admitted that an economic crisis is favorable for a revolution and a boom is unfavorable.

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(3) Trotsky, *The First Five Years of the Communist International*, Vol. II, p. 6.
(4) K. Marx, F. Engels, *Briefe uber Das Kapital*.

State-Capitalism and Marx's Humanism, or Philosophy and Revolution

by Raya Dunayevskaya,
author of *MARXISM and FREEDOM*

I. The New Vantage Point

The state-capitalism at issue is not the one theoretically envisaged by Karl Marx in 1867-1883 as the logical conclusion to the development of English competitive capitalism. It is true that "the law of motion" of capitalist society was discerned and profoundly analyzed by Marx. Of necessity, however, the actual results of the projected ultimate development to concentration and centralization of capital differed sweepingly from the abstract concept of the centralization of capital "in the hands of one single capitalist, or in those of one single corporation." (1) Where Marx's own study cannot substitute for an analysis of existing state-capitalism, the debates around the question by his adherents can hardly do so, even where these have been updated to the end of the 1920's. For us, in the mid-1960's, to turn to these disputes for any other than methodological purposes, appears to this writer altogether futile.

The state-capitalism that is in need of analysis is not the one that feebly emerged and died during the first world war, but the one which emerged on a world scale in myriad forms during the world Depression and survived World War II. Presently it has the appearance of affluence in the industrially advanced countries and that of near-starvation in the technologically underdeveloped countries in Asia, Africa, the Middle East and Latin America. The fact that within each affluent country there are the unskilled laborers and the national minorities who remain the ill-paid, ill-clad, ill-fed and ill-housed, seems to be of less significance to many Marxist

theoreticians than the more startling fact that, no matter how the Depression had undermined private capitalism which disorged both Nazism and the "New Deal," the full stultification of production took place in what had been a workers' state: Soviet Russia.

By the end of World War II the State Party Plan had characterized not only Russia and its East European satellites, but also China where Communism had achieved power on its own. Moreover, it was achieved via an altogether new road — the result of a protracted guerrilla war that outflanked

(2) The Report on the Draft Constitution of the People's Republic of China, on September 15, 1954, reads: "The transitional form for the socialist transformation of industry and commerce is state capitalism. In the historical circumstances of China we can carry out the gradual transformation of capitalist industry and commerce through various forms of state capitalism. State capitalism under the control of a state led by the working class is different in nature from state capitalism under bourgeois rule." (*Documents of the First Session of the First National People's Congress of the People's Republic of China*, p. 35. Foreign Language Press, Peking, 1955). Even on the eve of the so-called Great Leap Forward, the Eighth National Congress of the Chinese Communist Party—the only time a congress of the CCP had been convened since 1945, four years before conquest of power in 1949, and none has been convened since—was so far from anticipating the overnight establishment of "socialism" that the main report held that "in our country the allies of the working class consist not only of the peasantry and the urban petty bourgeoisie, but also the national bourgeoisie." (*Eighth National Congress of the Communist Party of China*, Vol. I, Documents, p. 19, Peking, 1956.)

the cities. What seems to be little known is that up to the so-called Great Leap Forward in 1957, Mao's China referred to itself as "state-capitalist." (2) It is true that its use of the term was not in the sense of a new stage of world production, but in the sense of something "Communist" could set "limits to."

Even those who either do not accept the theory of state-capitalism, or say that it does not apply to Russia, Eastern Europe or China, face one and the same problem: Has the new stage of production, by whatever name, proven its viability? That is to say, has it found the means whereby to overcome the catastrophic economic crises that were supposed to have caused capitalism's collapse? Is it possible to "liberate" the productive forces for limitless production without releasing the proletariat from wage-slavery and thereby achieving a totally new kind, a greater kind of energy from the liberated proletariat?

Many there are who think the answer is: Yes. Moreover, these same theoreticians would call that science "neutral" and even "magical" which ushered in both the nuclear age and Automation. After all, Automation had succeeded in achieving a phenomenal rise in labor productivity through the application of ever greater amounts of constant capital (machinery) at the expense of ever less numbers (relatively) of workers. And since every one, regardless of class, fears that a nuclear holocaust would spell the end of civilization as we have known it, modern capitalism is also supposed to have learned to stop short of nuclear war, thus barring the only other avenue open to social revolution — the transformation of an imperialist war into a civil war. Those who pose such questions, as well as those who fear such answers, seem not to have asked themselves, why had these questions not been raised directly after World War II when both Europe

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(1) K. Marx, *Capital*, Vol. I, p. 688. (Chas. H. Kerr, Chicago, 1932).

Season's Greetings
To all our friends and readers

State-Capitalism and Socialist Revolution

By Tadayuki Tsushima

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However, "the economic conjuncture and the characters of class struggles are not always mechanically dependent on each other, but are related in complicated, dialectical ways." Sometimes, it is possible that a crisis is disadvantageous for the class struggle and a boom is advantageous to it, unless the boom lasts over a prolonged period. As Trotsky emphasized many times, when the working class has been defeated heavily in a struggle preceding an economic crisis, a prolonged crisis would cause a stagnation of workers' movements, and a boom would make them revive. Here I will remind my readers of another statement by Trotsky which should be remembered by every one. In his long speech, entitled "The World Economic Crisis and the New Tasks of the Communist International," he stated:

"The reciprocal relation between boom and crisis in economy and the development of revolution is of great interest to us not only from the point of theory but, above all, practically. Many of you will recall that Marx and Engels wrote in 1851—when the boom was at its peak—that it was necessary at that time to recognize that the Revolution of 1848 had terminated, or, at any rate, had been interrupted until the next crisis. Engels wrote that while the crisis of 1847 was the mother of revolution, the boom of 1848-51 was the mother of triumphant counter-revolution. It would, however, be very one-sided and utterly false to interpret these judgements in the sense—that a crisis invariably engenders revolutionary action while a boom, on the contrary, pacifies the working class. The Revolution of 1848 was not born out of the crisis. The latter merely provided the last impetus . . ."

" . . . In general, there is no automatic dependence of the proletarian revolutionary movement upon a crisis. There is only a dialectical interaction. It is essential to understand this . . . And should we today in the period of the greatest exhaustion of the working class resulting from the crisis and the continual struggle, fail to gain victory, which is possible, then a change in the conjuncture and a rise in living standard would not have a harmful effect upon the revolution, but would be on the contrary highly propitious. Such a change could prove harmful only in the event that the favorable conjuncture marked the beginning of a long epoch of prosperity . . ." (5)

I agree with Trotsky. Of course, Trotsky, as a Marxist, didn't deny the general advantage of crisis. For instance, in 1928 he said:

"If the main source of the revolutionary situation in the past ten years has been the direct consequence of the imperialist war, the most important source of revolutionary uprisings in the second decade following the First World War will be the relation between Europe and America. A major crisis in the United States will strike the tocsin for new wars and revolutions. We repeat: there will be no lack of revolutionary situations." (6)

THERE ARE, however, various types of economic crises. The especially important crisis is that which arises in the rising, not declining period of capitalism. Such a crisis can be "one of powerful levers in creating a political revolution."

He used still another expression when he described that in the rising period of the basic curve "a boom overcomes an economic crisis" and in the declining period of the curve "a crisis overcomes a boom." This view was repeated in 1935, after he had fled from his own country:

"Under the domination of industrial capital, in the era of free competition, the cyclical booms exceeded by far the crises: the first were the 'rule,' the second the 'exception.' Capitalism in its entirety was advancing. Since the war, with the domination of monopoly finance-capital, the cyclical crises far exceed the upswings. We may say that the crises have become the 'rule' and the booms the 'exceptions'; economic development in its entirety has been going down and not up." (7)

According to Trotsky, the year of 1913 was the turning point when capitalism in Europe entered a descending period—an era in which crises surpassed booms. (This statement should not be applied in the case of American capitalism. It is generally agreed that the turning point of American capitalism was the period of the big World Crisis between 1929 and 1933.)

This view was held not only by Trotsky but also by the Comintern itself—at least the Comintern of the Lenin and Trotsky era. The whole system of Comintern's strategies and tactics was established on the basis of this view. It was probably right, or appeared to be so, at the time.

Can we still base our strategies and tactics on this view? Frankly speaking, I believe that we should correct our view on this point. According to my opinion, the concept of "an economic crisis as one of the important levers of a political revolution" is gradually losing its significance.

IN THE present day world capitalism, which is called state monopoly capitalism or state-capitalism, and which has survived the big world crisis of 1929-1932 and the Second World War, the basic

(5) Leon Trotsky, *The First Five Years of the Communist International*, Vol. I, p. 207, 209.

(6) Trotsky, *The Third International After Lenin*, p. 10.

(7) Leon Trotsky *Whither France?* p. 52.

curve has been rising, and the cyclical curve also shows that the economic boom has been predominating over the crisis, instead of the opposite.

First of all we must know the facts. The table shows the index of industrial production. It is a basic element in the basic curve.

Looking at the table, I cannot say that the basic curve shows a downward trend. (We can exclude the war and the immediate post-war periods.) It is obvious that the basic curve has been going upward since World War II and especially so since the 1950's. There is a significant difference between the indices after the two world wars. Let us take up the cyclical curve. There has been no noticeable cyclical crisis after the crisis of 1937-38. We can notice the recessions of 1948-49, 1953-54 and 1957-58 in the United States, but they are not of the character of crises. We could say that the economic conditions since World War II differ from those following World War I and that after the Second World War the economic prosperity has been outstripping the economic crisis.

For those not convinced by my analysis thus far, I must here show the character of the big world crisis of 1929-33. In his *Capitalism and Socialism on Trial*, Fritz Sternberg has written as follows: (8)

"The tremendous depth of the crisis when it did come can be readily seen from the great fall in industrial production in all the leading countries with the exception of the Soviet Union.

"These figures show that world industrial production, not including the Soviet Union, declined between 1929 and 1932 to 63.8 per cent of its 1929 level, or by more than one-third. The decline was greatest in the two leading industrial countries, the United States and Germany, where production was almost halved.

"NEVER IN THE history of capitalism had there been any remotely comparable decline in production. The decline in world capitalist production during the crisis was not only greater than it had ever been in history before, but it was even considerably greater than the decline in world production during the course of the first world war. During the war European industrial production dropped by about a third, but non-European industrial production actually increased, and to such an extent that the actual world decline as a result of the war was only about 10 per cent . . .

"The decline of world production as a whole as a result of the first world war was a good 10 per cent, but in the world economic crisis it was (outside the Soviet Union) no less than 36.2 per cent. In other words, the decline of world capitalist production in the crisis was more than three times as great as the decline in production as a result of the first world war, or about as great as the decline in production in the European belligerent countries after four and a half years of the first world war.

"The fact alone that the decline of world capital-

(8) Fritz Sternberg, *Capitalism and Socialism on Trial*, p. 277-278.

THE INDICES OF INDUSTRIAL PRODUCTION (1)

Year	Average of the world (2)	Japan	U.S.A.	Avg. of Western Europe (3)	U.S.S.R.
1937 (4)	56	93	44	74	27
1938	52	96	34	72	30
1939	—	106	42	—	35
1940	—	111	49	—	38
1941	—	114	62	—	—
1942	—	111	76	—	—
1943	—	113	90	—	—
1944	—	115	89	—	—
1945	—	50	77	—	—
1946	61	22	65	51	29
1947	68	28	72	59	36
1948	73	36	75	70	45
1949	74	47	71	78	55
1950	84	57	81	86	69
1951	91	77	89	94	80
1952	93	83	92	95	90
1953	100	100	100	100	100
1954	101	108	94	109	114
1955	112	117	106	119	128
1956	117	144	109	125	141
1957	121	167	110	131	156
1958	118	168	102	133	172
1959	130	208	116	142	193
1960	139	262	119	155	221

NOTE:

(1) In principle, mining, manufacturing, electric power and gas industries are included and the construction industry is excluded.

(2) Eleven countries in the U.S.S.R.-Mao's China circle are excluded.

(3) In Western Europe nine countries — England, Western Germany, France, Italy, Belgium, Holland, Denmark, Sweden and Norway—are included.

(4) Between the First and the Second World Wars the level of production was relatively high in the year of 1929 or 1937.

(Source) "World Economic Statistics" Division, the Bank of Japan, 1960, p. 20.

WORLD INDICES OF INDUSTRIAL PRODUCTION (1929 = 100)

Year	World (including U.S.S.R.)	World (excluding U.S.S.R.)	U.S.A.	Germany	France	United Kingdom	Japan	Italy
1930	88.6	86.5	80.7	85.9	99.1	92.3	94.8	71.9
1931	79.1	74.8	68.1	67.6	86.1	83.8	91.6	77.6
1932	69.8	63.8	53.8	53.3	71.6	83.5	97.8	66.9

crisis is prevented from occurring. These are (1) strengthened control and improved techniques of control by the government, (2) technical innovations, (3) expansion of military production, and (4) as pointed out by Engels, stronger resistance by the workers to their poor living conditions. At any rate, I can predict that a big crisis which could lead directly to a political revolution will not happen. Why?

"A permanent crisis does not exist, but a periodic crisis does exist." (Marx, *Theories of Surplus Value*, Vol. II) Marx and Engels not only believed that periodic crises would occur, but that they would intensify with each occurrence. "How does the bourgeoisie get over these crises? On the one hand, by enforced destruction of a mass of productive forces; on the other, by the conquest of new markets, and by the more thorough exploitation of the old ones. That is to say, by paving the way for more extensive and more destructive crises, and by diminishing the means whereby crises are prevented."

This analysis, put forth in the *Communist Manifesto*, and throughout *Capital*, was expressed in Volume III of *Capital* by Engels. "Thus every element, which works against a repetition of the old crises, carries the germ of a far more tremendous future crisis in itself." *Capital*, Vol. III, Kerr edition, p. 575. However, since the big crisis of 1929-33, capitalism has worked in the opposite direction; there has been a weakening, shrivelling and curtailing trend, rather than an expansion and intensification of crises. This is easily seen by examining the crises of 1929-33 and of 1937-38 as against the recessions of 1949 and 1954. For the past 30 years this has been an historical fact. Marx and Engels predicted the recurrence of crises at five year intervals at the beginning of the 19th Century, to be followed by crises at ten-year intervals. The past thirty-year history has shown that, even with World War II occurring during this period, the interval has taken three times longer than predicted. (Incidentally, Marx regarded that one cyclical period is not constant, but rather shortened. Marx wrote this opinion in his letter to P. Lavron on June 18, 1875.)

We have been taught by Marx why crises occur. He has maintained that there is no capitalism without crises. This is true as far as industrial and monopoly capitalism are concerned. However, in the first stage of capitalism—at the stage of manufacture, there were no periodic crises in the modern sense of the term. Only with the Industrial Revolution did periodic crises come into being. According to Engels, this has been true since the beginning of the 19th century. Uno Kozo (Prof. of Hosei Univ.) writes: "Let us look at the various stages. In the beginning, these same contradictions are found accidentally in the process of circulation of capital. In the middle stage, however, crises make periodical appearances in the process of production. And at the last stage, depressions become gradually incurable. Thus, the principles of economic crisis don't appear directly. The most approximate presentation of principles is seen in the second stage, however." (*Marxian Economics: A Study of Its Basic Theory*.) Yet we cannot find any trend toward the chronic depression under state capitalism since World War II. (I follow the usage of terms "state capitalism" and "state monopoly capital" in the sense in which Lenin and the Comintern used them. Lenin and Comintern used those words in a single sense.)

Nikolai Bukharin stated: "The production relations under state capitalism is a continuation of that of finance capitalism in its completed form, as it was envisaged theoretically and historically." (Bukharin, *Economics of the Transition Period*, Ch. 3) In his many articles written during and right after the first world war, Lenin pointed out that "at the beginning of the 20th century, world capitalism developed into monopoly capitalism or imperialism. Even during the war the concentration of finance capital developed further. Thus came state capitalism." (Lenin, *Works*, Russian Vol. 23, p. 261) His many writings regarding this matter are well known. The Declaration of the Comintern (March 1919), written by Trotsky, also touched upon this subject: "The state-ization of economic life, against which capitalist liberalism used to protest so much, has become an accomplished fact. There is no turning back from this fact—it is impossible to return not only to free competition but even to the domination of trusts, syndicates, and other economic octopuses. Today the one and only issue is: Who shall henceforth be the bearer of state-ized production — the imperialist state or the state of the victorious proletariat?" (9)

THIS DECLARATION clearly separates the idea of bourgeois nationalization from that of the proletariat. (In discussing Russia this will become an important point.) There is a great difference between the type of state-capitalism just discussed and that which survived the 1929 crisis and World War II. The latter is a full scale and advanced stage. In view of the basic and cyclical curves of development which I have already pointed out, this can no longer be denied.

Originally, development toward state-capitalism was not just a natural product of monopoly, but a product of critical situations of capitalism, such as wars, crises, class struggles, etc. The theory of natural development of capitalism is Bukharin's view. It has already been well criticized by P. Lapinski (*The Crisis of Capitalism and Social-Fascism*, Part II, ch. 5, Moscow 1930). It seems to me that

there are various types of state-capitalism, depending on the degree of capitalist developments and the differences of the crucial situations which were the direct causes of the state-capitalism. (Incidentally, I consider Stalinist Russia to be a bureaucratic state-capitalist country. In this context, the failure of the October Revolution appears as a Thermidorian phenomenon. History cannot be fully understood by a formula.)

The Thesis, "The International Situation and the Tasks of the Communist International" (August 29, 1929), which was drafted by Bukharin and revised by the Stalin clique for the Sixth Congress of Comintern and was thus the result of their struggles and compromises, nevertheless mentioned the tendency toward state-capitalism (J. Degras, C.I. Document, Vol. 1). According to Bukharin, the state-capitalism of that period, distinguished from that of World War I, was "the second wave," and a higher and more normal stage of state capitalism.

After the Sixth Congress, Bukharin lost out to the Stalin clique who attacked Bukharin's concept of state-capitalism by publishing Lenin's criticism on Bukharin's *Economics of the Transition Period*. We cannot deny that Bukharin's analysis of state-capitalism contains mistakes (I will deal with some of these later). However, I do not hesitate to say that his prediction had certain truth as far as the present stage of state-capitalism which survived the great crisis of 1929-32 as well as World War II are concerned.

As I have already mentioned, there was no periodic crisis at the beginning, at the manufacture stage of capitalism. Is it not possible to say that, at the present highly-developed stage of state-capitalism, periodic crises have either weakened or disappeared for different reasons than at the beginning of capitalism?

Then, what is state-capitalism?

According to Lenin, "The state capitalism that is discussed in all books on economics is that which exists under the capitalist system, where the state brings under its direct control certain capitalist enterprises." (Lenin, *Works*, Russian, Vol. 33, p. 249) He also says, "The state-capitalism is to concentrate, to calculate, to control, and to socialize." (Lenin, *ibid*, Vol. 27, p. 262.) Furthermore Trotsky wrote that it is "one of the signs that the productive forces have outgrown capitalism and are bringing it to a partial self-negation and practice." (*The Revolution Betrayed* p. 232) This theory of partial negation of capitalism by state-capitalism is discussed by Tony Cliff in Chapter 5 of his work on Russia, which undertakes an exhaustive study of the subject.

Seemingly in correspondence with Engels' analysis, Cliff writes: "The partial negation of capitalism on the basis of capitalist relations of production means that the productive forces which develop in the bosom of the capitalist system so outgrow it, that the capitalist class is compelled to use 'socialist' measures, and manipulate them in their own interests . . . The productive forces are too strong for capitalism, and 'socialist' elements therefore enter into the economy (Engels called this 'the invading socialist society'). But they are subordinated to the interests of the preservation of capitalism." (10)

Engels calls this "the invading (hereinbrechend) socialist society." I think it is a suitable expression. At any rate, I would suggest that the above cited analysis of state-capitalism illuminates an analysis of economic crises. One must not lose sight of the fact, however, that this "socialistic" process is used only to the degree in which state-capitalism socializes production. As Engels expressed it, "State ownership of the productive forces is not the solution of the conflict, but concealed within it are the technical conditions that form the elements of that solution." (11)

EARLIER I QUOTED a part of the Declaration of the First Congress of the Comintern, and warned that we must draw a division between bourgeois and proletarian nationalization. In the latter case, the working class holds political power and the nationalized productive means, and, therefore, they transcend labor power as a commodity and the law of value. Bukharin also differentiated this clearly. (*Economics of the Transition Period*, Ch. 7). This differentiation is very important in terms of seeking a method to evaluate Stalin's incorrect view of "socialism in one country" (Contrary to Stalin, Lenin and Trotsky had concluded that "socialism in one country" is impossible). Cliff here uses an astute expression: "state-capitalism is a transition stage to socialism, this side of the socialist revolution, while a workers' state is a transition stage to socialism, the other side of socialist revolution."

There may be some people who would question calling the NEP state-capitalism. And some Japanese Trotskyists hold some strange views, such as, "state-capitalism is the economy of a workers' state". Someone says "state-capitalism is a transitional phase of economy." The answer is absolutely no. Lenin stressed that the state-capitalism of NEP was no ordinary state-capitalism, that in his view the NEP state-capitalism differs from what books conceived it to be. This is explained correctly by Trotsky in his report to the Fourth Congress of the Comintern, then approved by the Central Committee of the Party (It is my opinion that the "no ordinary state-capitalism" was completely changed by Stalin to the "ordinary state-capitalism").

III. Is the Slogan "Turn the Imperialist War into Civil War" Still Valid?

As we have shown in the previous section, the situations after the two world wars differ tremendously from each other. We have already called attention to the fact that the basic curve has been rising and that economic crises are weakening. Therefore, some may believe that the prosperous era of capitalism has come. It is a fact which the Comintern once strongly denied. A famous economist, N. Ossinsky, a leader of the "Democratic Centralist" group said that "state-capitalism saved capitalist nations with the active and conscious efforts in the sphere of production relations." (*Premise for Socialist Revolution*, 1918)

It may therefore be correct to conclude that, after World War II, state-capitalism saved capitalism. Thus, it may appear that the basis for socialist revolution has vanished.

Is this really true? Even if the development of world capitalism has progressed since the war, even if an economic boom has prevailed over an economic crisis, and even if the political significance of crises as impulses to revolutions has changed, is the question really as simple as this?

In order to answer this question, I will have recourse to Bukharin's theory of state-capitalism. As far as I know, his theory was first developed during World War I, introduced in a magazine *Communist*, and later published as a book entitled *World Economy and Imperialism*, 1915. Later he wrote *Economics of the Transition Period*, 1920, *Imperialism and Capital Accumulation*, 1925, and many articles that appeared in the period between 1915 and 1929, including of course the *Program of the Comintern*, 1928. It is not my purpose here to analyze these systematically. For the purposes of this discussion, I need only quote certain portions of his writings. As previously stated, after Bukharin was removed from leadership in 1929, the Stalinists began their campaign against him by having many economists attack his theory of state-capitalism. Those who obeyed Stalin's order were E. Varga, B. Bolilin, M. Joelson and P. Lapinski. Explaining Lenin's commentary on Bukharin's *Economics of the Transition Period*, Bolilin wrote:

"Although it is not particularly necessary to prove the point of Bukharin's error in logic (the theory that war and economic crises are the same) we can consider his present explanation that the entire confrontation of post-war capitalism is a confrontation among capitalist countries. This returns to the idea of external confrontations. Bukharin's error in logic is very closely related to these particular ideas. The various confusing economic contradictions of the imperialistic period automatically are very important considerations. However they can all be summarized into one confrontation—that is to say, the war-like clashes among the various imperialistic countries. As a matter of fact and this is rather obvious, imperialism, which automatically uses war to resolve economic crises, in effect does not resolve them. The crisis in imperialism becomes more and more intensified. If we recognize war as an inevitable attendant phenomenon under imperialism, that is to say that war is the only natural, cyclic, single means of resolving various capitalist confrontations, then, in this sense, war can be related to economic crises." (Bolin, *Criticism of Bukharin's "Economics of the Transition Period"*, Russian)

I wish to discuss one important point of the above quotation by first quoting Bukharin:

"At the same time however, the anarchy resulting from the widespread production by capitalists was not abolished. Neither was competition among capitalist producers of commodities. Not only are these phenomena still in existence within the scope of world economics, but they are reappearing and have become even more intensified. The economic structure of the world is blind and illogical. 'Without structure' described the national (state) economic structure that has existed heretofore. Commodity economics within a given country gives way to an organized division; commodity economics is eliminated or is reduced. However within the world economic structure it will absolutely not disappear. The commodity market in actual practice becomes a world market and merely ceases to be 'national' . . . Within a given country those products which have been divided in an orderly manner may be considered commodities only when the phenomena are related to the world market." (Bukharin, *Economics of the Transition Period*, Chapter 1, Russian)

There is here an over-estimation of the internal organization of state-capitalism. Bukharin had also written: "The nation's economic wealth is being concentrated in the hands of fewer capitalists. Previously unorganized capitalism is changing its character to a more organized shape." (*State-Capitalism and Social Revolution*). There is an over emphasis on "organized capitalism," Criticizing Bukharin, Lenin wrote: "a rebellion against dialectic materialism is achieved by leaping over logically—not materially—many concrete stages." This clearly points out the weakness of Bukharin's argument. Especially, can I not agree with his opinion that the commodity production and the law of value are disappearing or declining under state capitalism. When Bukharin wrote that under state-capitalism the process of producing surplus value would "accompany the tendency in which surplus value changes itself to surplus

(9) Trotsky, *The First Five Years of the Communist International*, Vol. I, p. 23.

(10) Tony Cliff, *Russia*, p. 112-13.

(11) F. Engels, *Socialism, Utopian and Scientific*, p. 67.

products", Lenin wrote: "??Ungeheuerlich." (Monstrous. Does not follow.)

However, Bukharin's state-capitalism is still capitalism because it is closely related to the existence of the world market. He holds that if the whole world economy were organized into a single large state-trust, the economic system would cease to be capitalistic, would be transformed into an economy akin to "the slave owners' economy without any slave market." Yet, his "organized capitalism" denies the possibility of such an ultra-imperialistic universal world trust. At this point he differs from Hilferding's concept of ultra-imperialistic "organized capitalism" for which I give him credit. It is necessary to state also that his theory is not akin to the social democratic theory of the peaceful transition or transformation of capitalism into socialism. (Incidentally, Tony Cliff has based his view on Bukharin's analysis of state-capitalism on the question of law of value, when he analyzed the soviet economy. As I wrote in the Japanese translation of Cliff's work, I cannot agree with this view. Cliff's weakest point is that he has considered the death of the law of value (See my article, "Marx's Socialism and the Stalinist Regime").

IT IS TRUE that Bukharin's "organized capitalism" overestimated the internal organization of capitalism within a country. However, because of his logical analysis, he has correctly emphasized the strong tendency towards international anarchy, competition, and contradiction. Once Lenin criticized Kautsky's theory of ultra-imperialism in his Introduction to Bukharin's *World Economy and Imperialism*: (12)

"There is no doubt that the development is going in the direction of a single world trust that will swallow up all enterprises and all states without exception. But the development in this direction is proceeding under such stress, with such a tempo, with such contradictions, conflicts, and convulsions—not only economic, but also political, national, etc.—that before a single world trust will be reached, before the respective national finance capitals will have formed a world union of 'ultra-imperialism,' imperialism will inevitably explode, capitalism will turn into its opposite."

Is this view still correct? Yes, in essence. That is to say, generally there is a process toward a world trust because of the delay in the world revolution, the incapacity to take advantage of capitalism's crises. In other words, the concentration of capital is perhaps the ultimate and final conflict now manifesting itself in its ultimate phase. Because of the failure of world revolution, history itself seems to move toward Bukharin's state-capitalism. Those Marxists who cannot see this are blind. This is the most basic problem of our age. Of course, there is no doubt "Before capitalism becomes a single world trust, imperialism will inevitably collapse and capitalism will become its opposite." Bukharin wrote: "But is not the epoch of 'ultra-imperialism' a real possibility after all, can it not be affected by the centralization process? Will not the state capitalist trusts devour one another gradually until there comes into existence an all-embracing power which has conquered all the others? This possibility would be thinkable if we were to look at the social process as a purely mechanical one, without counting the forces that are hostile to the policy of imperialism." (13).

Thus, it is natural to develop a theory of social revolution on the basis of Bukharin's theory of state-capitalism, with a special emphasis on imperialist wars and conflicts. Bolilin criticized this view as "an one-sided explanation." Joelson also criticized this by saying "If we take Bukharin's view, social revolution is almost impossible without a war. According to Lenin, a revolution does not necessarily require a war as its prerequisite." He spoke about this in his book on *Socialist Revolution and Self-Determination* from which I have already quoted.

However, today it has not yet been proven that "every element, which works against a repetition of the old crises, carries the germ of a far more tremendous future crisis in itself." And, if "crisis is the strong lever to political revolution," it has already lost its meaning. Thus Bukharin's view is not necessarily a onesided view.

At the beginning of this article I pointed out that, besides crises, certain kinds of wars are also favorable for revolutions. This does not mean that all wars

(12) V. I. Lenin (Introduction to *Imperialism and World Economy*, by Nikolai Bukharin), Collected Works, Vol. 22, p. 13.

(13) Nikolai Bukharin, *Imperialism and World Economy*, p. 142.

lead to revolutions, but it means that if there had been no World War I, the October Revolution could not have occurred.

According to Henryk Grossman's theory of capital accumulation in *Accumulation and Collapse of Capitalism: A Theory of Crises*, a war weakens and postpones the collapse of capitalism by destroying the over-accumulation of capital. Varga once criticized Grossman's theory, stressing that the October Revolution would not have occurred without Russia's defeat during World War I, though a war does not always create the possibility for proletarian revolutions. Trotsky also wrote that "War—not for the first time in history—turned out to be the mother of revolution" (The mother was not a great crisis, but a war. That is why a socialist revolution in an underdeveloped country also becomes possible through the imbalance between politics and economy).

THE MOST basic impetus for social revolutions is the contradiction between the productive forces and production relations. This has been expressed most vividly in each succeeding periodic economic crisis. On the present-day higher stage of state capitalism concentrated, calculated, controlled, and socialized, it has changed its appearance. Now it is manifested in giant imperialist countries and their conflicts, in competition for military expansion on a scale never before seen in history, and by

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further development of military weapons to their most extreme form. Since Stalinist Russia was among the leading participants in World War II, Stalinists have no right to speak of world peace and also for any movements against imperialism. The competition in nuclear weapons between the USA and the USSR is a good example of this. Actually, militarism results in wasting productivity. The present situation might very well result in actual confrontation of those nuclear giants. This would not just stop production, but turn civilization back to barbarism, or bring human civilization to total annihilation. When we limit ourselves only to consideration of the basic and cyclical curves, present-day capitalism seems to have achieved a new prosperous era. However, it has such a terrible dark side that it resembles a death-dance performed at the edge of an active volcano. The present age is an age of fictitious prosperity. This, in turn, becomes an objective condition for the development of world social revolution.

Yet the use of atomic weapons may bring only destruction to the whole human race. Therefore, the ruling classes will also try to avoid having a third world war. It is worthwhile to pause here.

In the 1890's Engels wrote: "There are two situations which have chiefly been responsible for preventing a devastating war. One is the continuous rapid development of manufacturing methods of new weapons. The other is that there is no way of predicting the possibility of winning any war." (*Foreign Policy of Russian Tsarism*)

Today there is still another situation, and that is the discovery of atomic weapons. The appearance of this ultimate weapon threatens human survival, thus serving as a preventive force from engaging in World War III. This, however, is not absolute, but only relative. If it were absolute, there would be no need for a protest movement against testing of atomic weapons. Rather movements for encouraging atomic weapons should be promoted, since they will serve as a strong deterrent in keeping others from going to war. Recently Stalinists have really developed such an opinion and spoken in favor of Russian and Chinese tests of A and H bombs.

There is no absolute guarantee that World War III will not occur. As I have already said, in the present-day world of state-capitalism the conflict of imperialists as a parent body for war is becoming more intensified. The entire space of this world is filled with gun-powder. This is expressed by mammoth militarism and endless striving for military expansion. "Imperialists do not make war because they have weapons. They make weapons because they find cause to make war" (Trotsky). The most dangerous moment is the moment of imbalance in military expansion (There is more of an aggressive than a defensive nature in the process of military expansion). There is always the danger that a limited, partial war could develop into a full-scale, unlimited, war unintentionally.

WE ARE NOW engaging in movements against atomic weapons and against wars. If W.W. III has already begun, what shall we do? Should we think of the war as the parent body of a revolution? Shall we fight with the slogan "Turn the imperialist war into a civil war," as Lenin had done during W.W. I?

No! There is not enough time for that. War would leave us only barbarism or perhaps entire destruction. There seems to be little chance for us to turn the imperialist war into a proletarian civil war.

"Crisis as a powerful lever to political revolution"

has lost its meaning. The slogan: "Turn the imperialist war to civil war" is losing its meaning or, at least, is becoming limited.

Bukharin's theory of state-capitalism contains many weaknesses, but it offers some valuable suggestions, enabling us better to understand present-day state-capitalism. In this respect, however, there are different strategic conclusions to be drawn from Bukharin. Before the present-day conflicts of giant imperialists lead to a military explosion, we should turn them to international socialist revolutions, including the second revolutions in Stalinist countries. This is our system of strategies and tactics. For this purpose, we should emancipate all anti-nuclear weapon-test and anti-war movements from the influence of the Stalinists or the petty bourgeois pacifists, and reveal the real economic and political basis of military expansionism and nuclear bomb tests. Thus, for example, our slogan should be as follows: "Against all Nuclear Bomb Tests, whether they are tested by capitalist countries or by Stalinist ones. Down with all conflicts between American and USSR imperialists. Toward World Revolution!"

So far I have raised some problems. I welcome active discussions on this preliminary statement of my views. We cannot continue to rely only on Capital, and Imperialism. We must go beyond Marx, Engels, Lenin and Trotsky, creatively analyse our own age. As a matter of fact, their chief accomplishment was creativity.

— Written in November 1962 —

However, if the thesis "a crisis is one of powerful levers for a political revolution" is now losing its meaning and the strategy of "converting the imperialist war into a civil war" is also becoming meaningless, one will doubt whether the objective conditions favorable for revolutions will appear, whether the future of social revolutions is hopeless, and whether revolutionary elements will be obliged to surrender to reformism.

I don't doubt the future of social revolutions. The analyses by those who attach no credit to social revolutions are based on superficial and one-sided observations. Various favorable elements for social revolutions are appearing to fill the vacancies. Today such severe whole-national crises as were expected in the period of Lenin are not always necessary for social revolutions; and, if necessary, they can be created artificially. State monopoly capitalism (state-capitalism) itself is a direct and material preceding stage of socialism, and I have no doubt about the fact that the working class has grown up absolutely—the present-day workers have more powerful voices than those that the workers of the Marx and Lenin era had, their forces have increased very much and the power relations between bourgeoisie and proletariat have also changed. In these circumstances, social revolutions can occur without any severe whole-national crisis expected in the Lenin era or with an artificially created crisis. The problem is that the revolutionary Marxists should take the leadership from the Social Democrat and the Stalinist cliques.

For that purpose, (1) revolutionists should throw away the traditional idea which they have had consciously or unconsciously, the idea that in usual periods reformists or revisionists usually have leadership and just in revolutionary periods revolutionists take leadership. Revolutionists should make efforts to establish their leadership among the masses and to have an extremely good skill in fighting for any reforms. (2) Revolutionists should also revive and develop the united front tactics which were adopted in the Third and the Fourth Congresses (not in the Fifth Congress) of the Comintern and the slogan of the workers' government (the workers' and peasants' government). In former times the workers' government (the workers' and peasants' government) which would result from the united front was regarded as a possible transitional stage to the proletarian dictatorship, but at the present high stage of capitalism and class struggles such a government seems to be an inescapable transitional stage.

As to the workers' government discussed in the Fourth Congress of the Comintern, I have explained in another article entitled "A Criticism of Khrushchev-Togliatti Line." In this article I have criticized the "Structure Reform" line and its "Third Power" theory (the theory of a new-type democratic political power). I think that this is the key point which should be discussed by many people.

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State-Capitalism and Marx's Humanism, or Philosophy and Revolution

By RAYA DUNAYEVSKAYA
(Continued from Page 1)

and the Orient lay prostrate? Why could these problems not have presented themselves any earlier than the mid-1950's when, on the one hand, Western Europe could, without the prop of the Marshall Plan, once again stand on its own economic feet; and, on the other hand, the Korean War had ended so that a semblance of peace could be effected? To get the answers to these questions, we must take a closer look at those mid-1950's.

THE PERIOD of 1950-1956 is a crucial one, however, not because capitalism had gained a new lease on life, but because a new proletarian opposition arose. In the United States workers were resisting the new stage of production called Automation by a general strike in the mines, wildcatting in the auto industry, talking up a storm at union meetings and elsewhere. In East Germany, the opposition to increased "norms" (speedup) led to open revolt against the totalitarian state.

The absolutely unprecedented developments throughout Eastern Europe culminated in the Hungarian Revolution of 1956, the very year which ushered in the Negro Revolution in the United States. (3) By the end of the 1950's that new page of freedom was large enough to cover a new, a third world — Asia, Africa, Latin America. Along with these epochal developments came a search for a new philosophy of freedom, a new, a Marxist Humanism.

In the third section of this essay we will deal with the philosophical problems of today. Here it will suffice to assert that the theoretical void in the Marxist movement since the death of Lenin has not been filled, not for lack of a life and death struggle over Stalin's usurpation of the mantle of Lenin, nor for lack of statistical studies of the economy and reams of political theses. Rather, the void exists because, from Leon Trotsky, the disputants have failed to face up to the shattering truth of Lenin's wartime break with his own philosophic past. Lenin's dialectical analysis of the relationship of monopoly capitalism to the collapse of the Second International at the outbreak of the first world war has been reduced to a set of clichés, while the methodology he worked out for discerning the emergent administrative mentality within Bolshevism has been bypassed altogether.

Where Lenin, although he knew exactly where he was going politically, felt it imperative to work out anew the dialectic methodology, directly from Hegel and, indirectly, in relationship to the attitude of his Bolshevik co-leaders, how can "Leninists" think they can coast along politically without such a philosophic foundation? Naturally, this is not a mere matter of showing "respect" for the dialectic. That word was on no one's lips more frequently than on Bukharin's. And yet the mechanistic abstractions of his philosophic magnum opus, *Historical Materialism*, permeate all of his writings, even the "correct" ones. Moreover — and this, precisely, is the reason for its relevance to today's debates — his dialectic never seemed to breathe life, have a "personality" of its own, much less that of self-activity, of proletarian self-development. It is no accident that the so misused and abused word, the dialectic, keeps cropping up throughout a whole decade of debates among Bolsheviks, from the outbreak of the first world war till Lenin's death, January, 1924.

The relevance, nay, the imperativeness of a philosophic method as foundation for today's debates on state-capitalism lies in this: without it, the debates can lead nowhere else but to eclecticism. This has been true ever since World War II proved the Trotskyist Fourth International to have been a stillbirth. It has resulted in the theoretician being forced to "pick out something" from a Bukharin who had worked out a full theory of state-capitalism without giving up what he had previously learned from Trotsky, though the latter had rejected the idea that the theory of state-capitalism has any applicability to Russia. For good measure, one adds to this something from Lenin who analyzed a state-capitalism which one "cannot find in books" because its frame of reference was a workers' state, that is to say, a state where workers controlled the conditions of production, held political power. This choosing and picking from contradictory theories is then topped by one's own contribution of a still different epoch, thereby succeeding in making a complete hash both of different historic periods and conflicting philosophic methods. Of necessity, this must end by superimposing an abstract universal, like Revolution, with a capital R, on a static situation, instead of laboring to discern new revolutionary impulses and the emergence of a concrete universal out of the actually developing conflicts wherein the "subject" (the proletariat) itself determines the end — both the revolution and what comes after as inseparables. The discernment of new revolutionary impulses is a task each generation of Marxists must achieve for itself. The methodology that was at stake in the debates between Bolshevik theoreticians, between Lenin and Bukharin, however, has much to tell us for the period of the 1960's.

(3) For a factual report of the Montgomery Bus Boycott by one of its leaders see *Stride Toward Freedom: The Montgomery Story*, by Martin Luther King, Jr. (Harper & Row, NY, 1958). For a Marxist-Humanist analysis, see *MARXISM AND FREEDOM*, p. 279-83, and Introduction to the 2nd edition. (Twayne Publishers, N.Y., 1958 and 1964).

II. Lenin vs. Bukharin: the Dialectic and Its Methodological Enemy, Abstract Revolutionism

Because the transformation of reality is central to the Hegelian dialectic, Hegel's philosophy comes to life, over and over again, in all periods of crisis and transition, when society is shaken to its foundations as the world reaches a new turning point. Hegel himself lived at just such a turning point in history — the French Revolution; the dialectic has rightly been called "the algebra of revolution." (4) What seems almost beyond comprehension is this: just when the Russian Revolution made real "the algebra of revolution," and smashed bourgeois state power, just when "workers organized as the ruling class" was concretized as Soviet power, and the workers finally organized national trade unions, and just when the Party that led the revolution was establishing the first workers' state in history, that Party became embroiled in arguments over, of all things, state-capitalism.

The two debates most relevant to us are the vocal one on the trade unions and the silent one— Lenin's Notes on Bukharin's *Economics of the Transition Period*. Elsewhere (5) I have analyzed the three major positions in that famous trade-union debate, 1920-21, including that of Shlyapnikov of the Workers' Opposition who opposed both Lenin and Trotsky-Bukharin and who called for an "All-Russian Congress of Producers." The position of Lenin—that the workers must maintain the independence of their trade unions (and all other organizations) from the state, although that state be a workers' state — was opposed by Bukharin, this time in coalition with Trotsky. They maintained that, "since" Russia was a workers' state, the workers had nothing to fear from it, and "therefore" should dissolve their trade unions into the state apparatus. Here, where we are concerned with methodology, the trade union debate concerns us only as it illuminated, theoretically, the role of workers in a workers' state and, in turn, was related to the theory of state-capitalism. In a word, Bukharin's theory underlying his argumentation in the trade union debate is of greater relevance to us than the debate itself, which, of necessity, bears the marks of factionalism. It will clarify matters if we concentrate, therefore, on his *Economics of the Transition Period*, and, along with it, Lenin's commentary on it. (6)

Bukharin's theory of state-capitalism, the obverse side of his theory of economic development under a workers' state, is that of a continuous development, a straight line leading from "unorganized" competitive capitalism to "organized" state-capitalism. On a world scale, it remains "anarchic," subject to the "blind laws of the world market." Anarchy is "supplemented by antagonistic classes." Only the proletariat, by seizing political power, can extend "organized production" to the whole world. The fact that Bukharin believes in social revolution does not, however, seem to stop him from dealing with labor, not as subject, but as object.

Quite the contrary. 1917 notwithstanding — and despite the fact that Bukharin played no small role in that revolution — his concept of revolution is so abstract that all human activity is subsumed under it. Thus, he is inescapably driven to preclude self-movement. Which is exactly why labor remains an object to him. As object, the highest attribute Bukharin can think of assigning labor is its becoming an "aggregate." Indeed, Bukharin uses the word, subject, not to denote the proletariat, or living man, but just "consciousness," "single will" so that, despite his contention that only the proletariat can plan on a world scale, state-capitalism "has become a rational organization from an irrational system; from a subject-less economy, it has become an economic subject." To this economic form of "the future" the proletariat must submit; in a workers' state he becomes the "smallest cell." Thus: "The stratification of the trade union and factual stratification of all mass organizations of the proletariat is the result of the very inner logic of the process of transformation . . . The smallest cell of the workers' apparatus must become transformed into a bearer of the general process which is planfully led and conducted by the collective reason of the working class which finds its material embodiment in the highest and most all embracing organization, in its state apparatus. Thereby the system of state-capital-

(4) Alexander Herzen, *Selected Philosophical Works*, p. 521. (Foreign Language Publishing House, Moscow, 1956.)

(5) See Chapter XII, *MARXISM AND FREEDOM*. Those who can read Russian will find the major positions included in The Party and the Trade Unions, edited by Zinoviev, and the major proponents speaking for themselves—Lenin, Trotsky, Shlyapnikov—in the *Stenographic Minutes of Ninth Congress of the Russian Communist Party*. When Lenin was alive, no one thought that theoretical disputes are won through concealing the opponents' views. The English reader is limited to Lenin's views arguing against the other positions. Lenin, *Selected Works*, Vol. IX (International Publishers, NY, 1943) is indispensable both for the trade union debate and the Report to 11th Congress of RCP where Lenin warned of a "return backwards to capitalism."

(6) Unfortunately neither Bukharin's *Economics of the Transition Period*, nor Lenin's Commentary on it is available in English. (I've used the Russian texts.) However, other works by N. Bukharin are available in English. These are: *The World Economy and Imperialism*, *Historical Materialism*, and individual essays are included in other works, those against self-determination in *The Bolsheviks and the World War* (edited by Gankin and Fisher, Stanford U. Press, 1940) and elsewhere.

ism is dialectically transformed into the state form of workers' socialism." Everything here stands topsy turvy as if indeed people were nothing but "human machines." (7)

FOR A REVOLUTIONARY intellectual to have become so entrapped in the fundamental alienation of philosophers in a class society, identifying men with things, is a phenomenon that laid heavy on Lenin's mind as he wrote his *Will*, but in his Notes on Bukharin's book, Lenin moved cautiously in drawing any conclusions. Yet he began his criticism with Bukharin's very definition of political economy as "the science of social economy based on production of commodities, i.e., the science of an unorganized social economy." Lenin comments: "Two untruths: (1) the definition is a step backward from Engels; (2) commodity production is also 'organized' economy."

By stressing that not only state-capitalism, but even simple commodity production is "also 'organized' economy," Lenin is rejecting the counterposition of "unorganized" to "organized" as any sort of fundamental criterion for the determination of a workers' state. By pointing out that Engels had, as far back as 1891, held that, with trustification, planlessness ceases, Lenin has in mind his *State and Revolution* where he first developed not only his theory of state-capitalism (based on Engels' thesis) but also his theory of proletarian revolution.

Or, to put it differently, what Lenin is saying is that the days when plan and planlessness were considered absolute opposites, are gone forever. What is now on the agenda is listening to the voices from below not only for the theoretical preparation for revolution, as he had done in *State and Revolution*, but for reconstruction of society on new beginnings. The point at issue now, 1920, is this: Russia is not a theoretical or "abstract" workers' state. It is a workers' state and peasantry government that is "bureaucratically deformed." The workers are demanding an end to State interference in their trade unions: "We, the ordinary rank and file, the masses, say that we must renovate, we must correct, we must expel the bureaucrats; but you pitch us a yarn about engaging in production. I do not want to engage in production with such and such a bureaucratic board of directors." (8)

So totally did Lenin disagree with Bukharin's method of presentation that even when he agreed with the specific points, he felt it necessary to criticize. Thus, he singled out for praise Bukharin's restatement of Marx's "two essential moments: centralisation of means of production and socialisation of labor which bloomed together with the capitalist method of production and inside it." But here is how he phrased his agreement: "Finally, thank god! Human language instead of 'organized' babbling. All is well that ends well."

But "all" didn't end well, not even when there was no disagreement. Thus, there was certainly no disagreement about the major achievement of the Russian Revolution — the destruction of bourgeois production relations. But the minute Bukharin tried to make an abstraction of that, tried to subsume production relations under "technical relations," it became obvious to Lenin that Bukharin simply failed to understand the dialectic. Thus, when he quoted Bukharin to the effect, that, "Once the destruction of capitalist production relations is really given, and once the theoretic impossibility of their restoration is proven," Lenin hit back with: "Impossibility" is demonstrable only practically. The author does not pose dialectically the relationship of theory to practice."

Practice to Lenin was workers practicing. To the Marxist theoretician, this is where all theory must begin. Without having been aware of Marx's *Humanist Essays* — they had not yet been discovered and published — Lenin developed a "new universal" for his age, that the population, to a man, was to run production and the state — or it could not be considered a new social order. He wrote this in *State and Revolution*, and he tried practicing it after conquest of power. What worried him about his Bolshevik co-leaders was that, now that they had power, they themselves either displayed "a passion for bossing," or, at best, were ready with an administrative solution where only the self-activity of the masses could solve the crisis. (9)

In the fires of revolution and, again, when under the threat of counter-revolution, all may have been forgiven. On his death-bed, however, Lenin showed he had not forgotten. As he lay writhing in agony — not just physical agony, but agony over the early bureaucratization of the workers' state and its tendency "to move backwards to capitalism" — Lenin took the measure of his co-leaders in his *Will*. In it, Lenin warns that Bukharin, despite the fact that he was the Party's "most valuable and biggest theoretician," "never learned and, I think, never

(7) Draft CI Program, included in *Ataka*, p. 121. Collection of Theoretical Articles by N. Bukharin (May, 1924, Moscow, Russia).

(8) Lenin, *Selected Works*, Vol. IX, p. 19.

(9) "They (the workers and peasants) must understand that the whole thing now is practice, that the historical moment has arrived when theory is being transformed into practice, is vitalized by practice, corrected by practice, tested by practice. . . . Every attempt to adhere to stereotyped forms and to impose uniformity from above, as our intellectuals are inclined to do, must be combated. . . . The Paris Commune gave a great example of how to combine initiative, independence, freedom of action and vigor from below with voluntary centralism stereotyped forms." (Lenin, *Selected Works*, Vol. IXmp. 420)

fully understood the dialectic." (10)

It sounds like the kind of abstraction that Lenin considered his methodological enemy, the kind of abstraction that Lenin criticized in Bukharin. Once, however, one remembers that the *Will* is both concrete and the summation of a whole decade of theoretical disputes, the realization begins to dawn that this is a generalization based on what had started with the beginning of the new, monopoly stage of capitalist production which had brought about the collapse of the Second International. At the turn of the century, the new development of capitalism had the leading Marxists searching for answers to new problems. The results of the new research and analyses can be seen in the following major works: Rudolf Hilferding's *Finance Capital* (1910), Rosa Luxemburg's *Accumulation of Capital* (1913)(11), Nikolai Bukharin's *The World Economy and Imperialism* (1915), and Lenin's *Imperialism* (1916). Because Lenin had also introduced Bukharin's work, and took no issue with it, the impression created when the two disagreed sharply on the question of national self-determination during the same period, was that the point at issue was "only political."

IN TRUTH, the methodology of the two works shows they are poles apart. Thus, as opposed to Bukharin's concept of capitalist growth in a straight line, or via a quantitative ratio, Lenin's own work holds on tightly to the dialectical principle, "transformation into opposite." The key point in tracing the subject's self-development instead of an "objective" mathematical growth is that the former not only makes it possible to see transformation into opposite of both competitive capitalism into monopoly and part of labor into an aristocracy, but also makes you conscious that this is but the "first negative," to use an expression of Hegel's. The development through this contradiction compels finding the "second negative," or as Marx expressed it, going "lower and deeper" into the masses to find the new revolutionary forces. Thus, Lenin held that, just when, capitalism had reached this high stage of "organization," monopoly (which extended itself into imperialism), is the time to see new, national revolutionary forces that would act as "bacilli" for proletarian revolutions as well. (12) Where Lenin saw, in the stage of imperialism, a new urgency for the slogan of national self-determination, Bukharin vehemently opposed the slogan as both "impossible of achievement" and "reactionary." Nothing short of a direct road to socialist revolution would do for him. This plunge to abstract revolutionism in place of working with the concretely developing revolutionary forces, which Hegel would have considered a manifestation of jumping to the "Absolute like a shot out of a pistol," and which politicians called "ultra-leftism", Lenin called nothing short of "imperialist economism." (13)

Such a characterization of a Bolshevik co-leader whose work, *The World Economy and Imperialism* he had introduced less than a year before, wasn't something that came out only because of the heat of a factional debate. In the heat of a factional debate what became clear to Lenin was that "the failure to understand the dialectic" meant the failure to see self-activity of the masses. To think that anything short of sensing blindness to the self-activity of the masses would have caused Lenin to describe a Bolshevik co-leader in words that would characterize a class enemy is to close the only avenue open to marching with "the masses as reason."

The dialectic obviously meant something different in 1917 than it had in 1914-16 when the problem was to relate the betrayal of the Second International to the objective development of capitalism. Then "the transformation into opposite" — competition into monopoly — meant also the transformation of a part of labor into its opposite, the aristocracy of labor that gained from capitalism's imperialist adventures. By 1917 the administrative mentality began to permeate Bolshevism itself, once it assumed power. Lenin discerned the tendency to substitute an administrative solution to problems which can only be resolved by the self-development of the proletariat precisely because he stood firmly on the ground of the historic achievements of the Russian Revolution. For this reason and for this reason alone he could be so uncompromising in his criticism of the Bolsheviks who led the revolution.

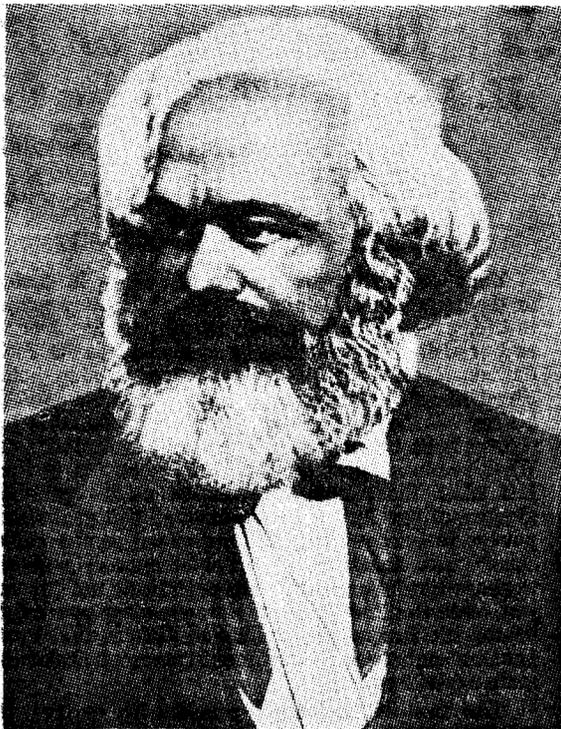
Where the dialectic became the *pons asini* for Lenin who was witnessing the barest emergence of bureaucratization of the early workers' state, can the dialectic mean less for us who have seen its full development — the transformation of the workers' state into its absolute opposite, a state-capitalist society? Where the debates on the class nature of Russia in the late 1930's and early 1940's could revolve around political forms and economic relations, can we continue to escape the integrality of philosophy with revolution in the 1950's? Once the workers have revealed new revolutionary impulses in the 1950's, shouldn't this, of necessity, have also created

(10) Lenin's *Will* has been published in various papers since Khrushchev's deStalinization speech in 1956. I've used the text as first published by Trotsky, *The Suppressed Testament of Lenin* (Pioneer Publishers, NY, 1935).

(11) Insofar as Luxemburg's theory of accumulation deviated from Marx's and anticipated that of Keynes on the question of "effective demand," Luxemburg was suddenly hailed by academic economists, particularly Joan Robinson. Nothing, however, could have been further from Luxemburg's mind than the uses to which her theory is put. (See my 1946 analysis, reproduced in Appendix.)

(12) Vol. V of Lenin's Selected Works and Vol. XIX of his Collected Works contain the major articles on the question of national self-determination.

(13) See "Lenin and the Imperialist Economism of the Bukharin-Platakov Group" (pp. 22-247), in *The Bolsheviks and the World War*, edited by Gankin and Fisher, where Bukharin's analyses are likewise published.



Karl Marx

a new vantage point for the debates on state-capitalism?

III. The Philosophic— Economic Problems Of Today

It is this which distinguishes the 1960's from all other periods. I do not mean to say that there was no proletarian opposition to the emergent state-capitalism and fascism in the 1930's which bore witness to such revolutionary transformations as the sit-downs and the establishment of the C.I.O. in the United States and the tremendous upheavals throughout Europe culminating in the Spanish Revolution of 1937. The victory of fascism, however, not only destroyed the revolution but also, unfortunately, created new illusions as to the nature of Stalinism. Thus, although the "bureaucratic collectivist" tendency had broken from Trotskyism and its concept of Russia as a workers' state, "though degenerate," it itself could still put forward such spurious ideas as Stalinism being part of "the collectivist epoch (sic!) of human history." (14)

(In contrast to this early statement, Max Shachtman, in his 1961 Foreword to his *Bureaucratic Revolution*, defines Stalinism as "a unique form of reactionism" as if that had always been his analysis of "bureaucratic collectivism." "The name is meant to reject the belief that Stalinist society is in any way socialist or is compatible with socialism; and to reject as well the belief that it is capitalism, or moving toward capitalism." (p. 1) Actually, Shachtman fought those (Joe Carter, Hal Draper et al) who did consider bureaucratic collectivism "equally reactionary with capitalism." (See 1944 Workers Party Historic Documents Bulletin #1 where all major positions are stated.) In any case none of those in the U.S. expounding the "unique" conception of bureaucratic collectivism (James Burnham and his *Managerial Revolution* included) originated the concept. Rather it was Bruno R. (Rizzi) who authored *La Bureaucratization du Monde* in 1939. The one thing that all these tendencies (including also the French of Pierre Chautieu) have in common is their departure from Marxism in general and the Marxist economic categories in particular.)

The state-capitalist theoreticians put all the weight of their arguments on the exploitative relations between State Planners and workers, and, in the post-war discussions on the class nature of Stalinism, the emphasis shifted with the reality — the objective compulsion for world domination on the part of each of the only two remaining world powers — the United States and Russia.

Not only on the question of the law of value but also when the new form of world competition — nuclear holocaust — became the determinant, when the US alone had the monopoly of the A-bomb, I wrote: "Atomic energy may be the secret discovery of the United States. But Russia must follow suit or perish. And it does not intend to perish." (15) But to the extent that the workers resistance to state-capitalism had nowhere exploded in open rebellion, the role of the workers could only be presented negatively.

(14) Not by accident, Max Shachtman, in reproducing a selected, a very selected, group of his articles on bureaucratic collectivism under the title of *The Bureaucratic Revolution* (The Donald Press, NY, 1962) skips the whole critical year, 1941, when those who split from Trotskyism, had to account for themselves theoretically. Here is what he did say then: "Bureaucratic collectivism is closer to capitalism so far as its social relations are concerned, than it is to a state of the socialist type. Yet, just as capitalism is part of the long historical epoch of private property, bureaucratic collectivism is part — an unforeseen, mongrelized, reactionary part, but a part nevertheless — of the collectivist epoch of human history. The social order of bureaucratic collectivism is distinguished from the social order of capitalism primarily in that the former is based upon new and more advanced form of property, namely, state property. That this new form of property — a conquest of the Bolshevik revolution — is progressive, i.e., historically superior, to private property is demonstrated theoretically by Marxism and by the test of practice." (This resolution has also been printed in *The New International*, October, 1941, p. 238.)

In 1953, on the other hand, with the spontaneous proletarian outburst in East Germany, followed in a few weeks by a strike in the forced labor camps within Russia itself, the pivot of the discussion at once shifted from concentration on the "objective" capitalist development (in Russia and the United States, in Japan and the world) to the new impulses emanating from the proletariat in revolt. It was only then that one began to see that the phenomenon of Automation had also changed the axis of the controversy, from the state form, or the political plane, to the relation of men to machines at the point of production. Here, too, the preponderant issue was not the object, the machine, but the subject, the worker battling Automation.

The American workers had not only come up with a new form of struggle — the wildcat — but had raised questions of the most profound philosophic importance. In mines, in shops, at union halls and outside of them, the workers were creating a new vocabulary. Automated machines were named "man-killers." The adjective used to describe their speed was "inhuman." In the mines the question most often asked was this: what kind of labor should men do? In the auto shops tales were told of how foremen were referring to the men as mere "fractions."

"When the foreman first told me I was so many tenths and so many thousands of a man I thought he was a nut. I argued with him. I told him a man is a whole human being. You can't split a man into fractions. But that's what they are doing to us."

"On the job, the foreman said that time study showed we had to get nine and one-tenth jobs an hour. He said it took so many man hours, and so many one-tenth man hours to get production. That's why the men had to be divided into tenths. They split us up into fractions..." (16)

Precisely because these questions were posed, not as "philosophical" questions, but as concrete and urgent matters affecting the workers' daily lives, they should have, but didn't, signify to theoreticians that philosophy, in Marx's sense of human activity, had become actual. Yet, if we are not to run a losing race with reality, all theory must begin here, just here. Because, in the mid-1940's it did not begin with the new revolutionary impulses from below, the postwar rediscovery of Marx's Humanist Essays could be confined to a discussion among intellectuals. Whether they were relegated, as with the Communists, to questions of "pre-Marxist" Marxism when Marx was still supposed to bear the birthmark of the original sin: Hegelianism, or whether alienation, as with the Existentialists, was abstracted equally from Kierkegaard and Marx, the point was the debates remained abstract, a game intellectuals played.

BY THE 1950's, on the other hand, this was no longer possible. The second rediscovery of the Humanist Essays came simultaneously when the proletariat from below, the youth, the masses were all in open revolt. While the Polish anti-Stalinist intellectuals were debating questions of alienation and humanism, the Hungarian Freedom Fighters brought these questions onto the historic stage, made them matters of life and death. Once the Russian tanks began to shoot Hungarian revolutionaries, no one could any longer separate the philosophy of freedom from the struggles for freedom. At the same time, the new forms of self-liberation — Workers' Councils, Councils of Revolutionary Youth and Intellectuals, all fighting for de-centralization of state power, for freedom from Communism — could not be pressed back into old molds. Now that a river of blood separated Communism from Humanism, the Communist opposition to the young Marx's writings had in it as much an academic air as "the empiricism of a machine gun." (17)

Finally, the second rediscovery of Marx's Humanist essays took place in England and in the United States, where neither the Communist Party nor Existentialism were the powerful forces they had been in France and Italy in the mid-1940's. Humanism could no longer become an adjunct either to "science" or to the "opaqueness" of the human condition. The clear and loud voices on conditions of labor at point of production could not be silenced.

Nor was this any longer a European problem and an American side issue. A new, third world of

(15) I happened to have been the first to have analyzed the three Five Year plans from original documentary sources, and thus analyzed the operation of the law of value in Russia. (See "An Analysis of the Russian Economy" in *The New Internationalist*, Dec. 1942, Jan. and Feb. 1943; and, again, in Dec. 1946 and Jan. '47). When the Russian theoreticians first openly revised the Marxian analysis of the law of value, I was the first to translate their study from *Pod Znamenem Marxizma*, with a commentary of my own, both of which were published in the *American Economic Review*, September, 1944, and, again, September, 1945. The quotation, above, on atomic energy was from the 1947 outline of "Marxism and State Capitalism." This was the period also of the publication, in mimeographed form, of Marx's Humanist Essays in the United States. It was only during the late 1950's, however, that the academic world was finally forced to concern itself with Marx's Humanism not as a form of "utopianism" but as an urgent problem of the day. Where the academic world disregarded philosophy, the journalists paid no attention to actual revolts in the forced labor camps in Russia. "When I first mentioned the words 'civil war' to these people," wrote Dr. Joseph Scholmer upon his being freed from a Vorkuta camp, "they were appalled. The possibility of a rising lay outside their realm of comprehension. . . . It seemed to me that the man in the street had the best idea of what was going on. The 'experts' seemed to understand nothing." (Vorkuta, p. 301, Henry Hold & Co., NY, 1954)

(16) *Workers Battle Automation*, by Charles Denby, pp. 11-14. (News & Letters).

(17) Far from this brilliant phrase of Trotsky's becoming the basis of the Trotskyists defending the wholeness of Marxian theory, they tailented the Stalinists also on this question. They opened their attack on Marx's early philosophical writings with a pretentious set of articles entitled "Socialism and Humanism" by Wm. F. Warde in the *International Socialist Review* (Winter and Spring, 1959) and have kept it up ever since. (See *Marxism vs. Existentialism*, 1965.)

technologically underdeveloped, but politically mature, countries, in the throes of birth, was unfurling the banner of the new Humanism. This stretched from West Africa where Leopold Sedar Senghor singled out the Humanism of Marxism as the most contemporary and profound aspect of Marxism, (18) to Latin America where Fidel Castro also at first called his revolution "humanist." (19) Even in the most pragmatic, most undialectical and unMarxist land—the United States—and not among Marxists at that) the Negro Revolution began to speak in the terms of humanist philosophy. It is true that it was not yet in the sense of Marxist Humanism, that its frame of reference was the humanism of the Existentialist Jewish philosopher, Martin Buber, but this could as little hide the deep Marxist roots as could the choice of Gandhian "non-violence" hide the roots of Abolitionism. (20)

Nor was this due to any forgetfulness of the "real" material foundations of the world. The third world of technologically underdeveloped countries was all too conscious both of its physical hunger and its "industrial backwardness." The Negro Revolution in affluent United States could not possibly separate the fight for political equality from that for jobs. And the college youth the world over that wasn't working but was feeling its alienation was determined to let the world know that there were other, deeper crises, than the economic ones, nor were they going to be terrorized by the threat of nuclear war to de-humanized actions.

1. Economic Crises and Wars

I'm not saying that this means that all economic problems have thereby been "dissolved" into philosophic ones. That would be ludicrous. What I am saying is this: how, in the face of the actual objective and subjective conditions—the new forms of economic crises and wars, on the one hand, and the new forms of revolt and underlying philosophies, on the other hand—can the disputants on the state-capitalist theory keep themselves shut away from the existential reality of which philosophy is an integral part?

In the 1930's those who sensed the emergent state-capitalist form of production felt hamstrung by the giant revolutionary figure of Leon Trotsky who opposed the state-capitalist theory and lent all his weight to the characterization that nationalized property characterized Russia as a workers' state, "despite all crimes of Stalin" which contributed to the "degenerate form" of this workers' state's existence. The Hitler-Stalin Pact, followed by the outbreak of World War II, did undermine Trotskyism, splitting it, first, and, following the war, showing the Trotskyist Fourth International to have been a stillbirth, a mere footnote to history.

What excuse can there be now for any independent Marxist theoretician to persist in keeping economics, politics and philosophy in three separate compartments just when the 1950's disclosed a movement from practice itself toward theory?

Presently, if even we limit ourselves to normal and "purely" economic issues, we cannot escape seeing the new form of appearance of economic crises tied tightly to the new forms of revolt, be that of the Negro Revolution in affluent USA, or the Afro-Asian revolutions that brought into existence a new, a third world. Let us first look at the relationship of the technologically advanced countries to the underdeveloped economies, made urgent for our day by the ever-widening gap between these newly independent countries and the technologies which suck the former back into the vortex of the world market and world production. Over half of the world's population live in countries with per capita income of less than \$100 a year. Despite all the "foreign aid" there has been no improvement. In Indonesia, for example, the per capita product actually declined from pre-war levels; in all countries, even those experiencing a comparatively fairly high rate of economic growth, the gap between advanced and backward countries actually widened. Under world capitalism, it is true that the rich getting richer and the poor getting poorer is a familiar enough sight. The new form of appearance of economic crisis, however, is not, and it is for this reason that we must turn to the most extreme assumptions of Marx in purest theory.

It was Marx's contention that if capitalism continued in its perverse course of development—increasing constant capital, or machines, at the expense of variable capital, or labor—there would come a day when "if even" capitalists could appropriate "the full 24 hours of the laborer", (21) they would head toward collapse. The irreconcilable contradiction between the method of production—using

(18) Leopold Sedar Senghor, *African Socialism* (American Society of African Culture, NY, 1959); and also L. Senghor's "Socialism Is a Humanism" in *Socialist Humanism* (edited by Erich Fromm, Doubleday, NY, 1965, pp. 53-67). (19) Fidel Castro, *History Will Absolve Me* (1954), Lyle Stuart, NY, 1961; also his Summer, 1959 speech published in *New Left Review*, London, Jan.-Feb. 1961: "We have named it (our policy) humanism . . . The tremendous problem faced by the world is that it has been placed in a position where it must choose between capitalism, which starves people, and communism, which resolves economic problems, but suppresses the liberties so greatly cherished by man. . . . That is why we have said that we are one step ahead of the right and of the left and that this is a humanistic revolution, because it does not deprive men of this essence . . . Capitalism sacrifices man; the Communist state, by its totalitarian concept sacrifices the rights of man. That is why do I do not agree with any of them . . . ours is an autonomous Cuban revolution."

(20) See Preface to 2nd edition, *American Civilization on Trial* (News & Letters, Detroit, Mich., 1963). See also Rev. Martin Luther King, Jr., "Letter from Birmingham City Jail," published by New Leader, N.Y., 1963.

(21) *Capital*, Vol III, p. 468: "In order to produce the same rate of profit, when the constant capital set in motion by one laborer increases ten-fold, the surplus labor time would have to increase ten-fold, and soon the total labor time, and finally the full twenty-four hours a day would not suffice, even if wholly appropriated by capital."

ever more machines—and the motive force of production—extraction of surplus value or unpaid hours of labor from living labor—leads to crises, to curtailment of production, to big capital eating up little capital and greater production and still greater markets, only once more to end up in crises, and more technological revolutions that continue on their merry way, that is to say, in disregard of the motive force of capitalist production.

Yet, no matter how fabulous the mass of profits, once the capitalists experience a decline in the rate of profit, they lack the passion for the accumulation of capital needed to keep expanding production on the ever greater scale demanded by technological revolutions.

So extreme was this assumption, in Volume III of *Capital*, that no one, at first, paid any attention to it when it was first published in 1895—ten years after Marx's death and some 30 years after he had written it. With the rise of imperialism and the super-profits of capitalism, one revolutionary Marxist—Rosa Luxemburg—thought, in fact, that she could disprove it by contrasting theory to reality. For Marx's abstract assumptions did indeed appear even more fantastic than the one that underlined Volume II of *Capital* where he presented a capitalism that had no worries over markets; everything the capitalists produced that was not consumed by itself and the laborers went into further production. Luxemburg now proclaimed that, if we are to wait for capitalism to collapse because of a decline in the rate of profit and lack of capital, we might as well wait for "the extinction of the moon." (22)

WHAT HAD seemed stratospheric to a great revolutionary at the turn of the century had, by the 1960's, so closely approached factual development that even a bourgeois economist could recognize this visceral characteristic of advanced capitalism which kept it from doing anything substantial to industrialize the underdeveloped countries, despite the fact that they feared that otherwise the "Third World" would be won over and absorbed in the Communist world. Thus Barbara Ward wrote: "American foreign ventures are barely one-fifth of Great Britain in its heyday . . . Shortage of capital is the world's troubles today, not the struggle of rival capitalists to go out and invest." (23) Miss Ward notwithstanding, imperialist rivalry, of course, also continues, as the attempts to dismember the Congo, on the one hand, and the all-sided investments in South Africa, on the other hand, testify.

At the same time, even in the most affluent of the developed countries—USA—and despite the fact that we have, in the postwar world, confronted "only" recessions, not depressions, the crises had become chronic not alone in relation to the underdeveloped world, but right within it. Again, even bourgeois economists recognize the chronic nature both of the underdeveloped regions like Appalachia and persistent unemployment. (24)

(22) Luxemburg, *Accumulation of Capital*. (Yale University Press, New Haven, 1951) translated into English as part of "Rare Masterpieces of Philosophy and Science," edited by Dr. W. Stark, introduced by Joan Robinson, and translated by Agnes Schwartzschild (doctor juris), some vulgar errors appear, beginning with the elimination of the dashes in "Nikolai-on," thus "eliminating" the Tsarist censorship which compelled Danielson not to sign his name. Thereupon "Nikolayon" appears as if it were a name by itself. Nevertheless, the English reader is finally enabled to read Luxemburg's greatest theoretical work.

(23) Barbara Ward, *Five Ideas that Changed the World*, p. 139.

(24) See Simon Kuznets, *Postwar Economic Growth*, which gives the reader not only an economic analysis of the postwar world but raises other than economic questions. "If modern economic growth is, in essence, a controlled revolution in economy and society, and the revolution in society, with its internal and external ramifications, is an indispensable part of the total process, economic growth is neither fully understood nor properly measurable and analysable, in a study limited to traditionally defined economic variables." (p. 128).



BOOTS OF STALIN are all that remain of his statue as Hungarian revolutionary freedom fighters demonstrate their hatred of the totalitarian regime forced on them by the Russian dictator as they demolish his statue in Budapest during the 1956 Hungarian Revolution.

One co-thinker has raised the question of the qualitative change in economic crises since the period of the Depression. He recognizes, of course, that our affluent society where depressions have become "mere" recessions is not free of crises, wars, political upheavals. He stresses, further, that the fictitious prosperity should not make us forget the new, third world, and calls for a theory of social revolution to be built on the theory of state capitalism. But this is still a long way from a concrete discussion of Marx's Humanism and the point is that the theory of state-capitalism must test itself against the philosophic developments as well as the economic, old and new. If we take a second look at the new forms of revolt—say, the Negro Revolution and the youth rebellion both against academia and the draft (25)—we can see how inter-related are the new forms of crises and new forms of revolt, and yet how "only human." The Negro Revolution began as a fight against segregation, but the greatest outbursts North have been among the urban, ghettoized Negro where unemployment is not a "mere 4-5 per cent", but 25 per cent and higher. The Vietnam war, being a "poor man's war" (that is to say, the rich college youth can escape the draft), we again confront the economic problem, but again, it isn't only "economics".

The same is true of the slogan, "turn the imperialist war into a civil war." Of course, the problems of a nuclear age are different than when wars were fought with other arms. Of course, this makes more urgent the anti-war struggles. Of course, it will be altogether too late to raise the slogan when the H-bombs start falling and put an end to civilization as we have known it. But it is precisely because the H-bomb cannot be used within a country without destroying the perpetrator of the crime that the slogan may, under many circumstances, be the only correct one. Surely, what we are witnessing in Vietnam is, precisely, the revolutionary act of the South Vietnamese trying to transform the imperialist war into a civil war. And because it is indigenous, they have not lost yet, despite the astounding, the overwhelming might of United States imperialism.

2. Philosophy and Revolution

Marx stated it succinctly enough when he said that his original discovery, "the pivot on which political economy turns", is the distinction he drew between concrete and abstract labor. One of these economic categories, concrete labor, was easy enough for any one to see whether they looked at a tailor or factory worker, at a carpenter or a miner. But, what is "abstract labor"? No one has ever seen an "abstract" laborer so why create such a fantastic category? That this is precisely the question Marx wanted to be asked can be seen not only from the fact that he states his original contribution in the very first chapter of *Capital*, but that he never lets go of it either throughout the whole volume, or volumes II and III, all of which disclose how capitalist production (1) reduces the concrete labor of the whole working class to one abstract mass of undifferentiated, socially-necessary labor time by following the movements and speed of the machine, thereby not only (2) alienating the workers' very activity as well as his products, but also (3) perverting the relationship of man to things, making the machine master of man, not man of machine. Because (4) there has been this reification of man himself, transforming him into a thing (5) the fetishism which clings to commodities in their exchange makes social relations assume the form of relations between things as if real. Marx insists that relations between men must assume "the fantastic form of a relation between things" because that is what they "really are," at the point of production or, as he put it elsewhere, "The mastery of the capitalist over the worker is in reality the mastery of dead over living labor."

It is this concept of the dominance of dead labor which was the determinant feature in the whole of capitalist society. This, just this, is the reason why Marx attributed the degradation of bourgeois thought to an ideology, i.e., a false consciousness. The fetishism of state property had even a more deadening effect on Marxists than the fetishism of commodities had on classical political economy. The death of Stalin, however, did produce a liberating effect both in a movement from below to put an end to that epoch of enslavement of workers in production, as well as to the administrative mentality in the realm of thought, and in the beginnings of a theoretical return to Marx's Humanist Essays as well as to Hegel's Absolute Idea. (26)

I would like to reiterate that it is not for any abstract reason that Bukharin's logic is non-dialectical; rather it is because he saw no new subject that will itself determine the end. Instead, the state will do it "for" the proletariat. Of course, he didn't mean the bourgeois state. Of course, he had in mind the workers' state. Of course, as a revolutionary, he couldn't have had any other "end" in mind than that of socialism, a classless society.

Nevertheless, it is a fact that he opposed the concrete, living Russian workers in their attempts to have their own organizations, that is to say, themselves determine that end. So that, despite his unsullied record as a revolutionary, he saw the workers, not as subject, but as object. The inescapable result was that his concept of revolution was thoroughly abstract, which is why he opposed self-

(25) See *The Free Speech Movement and Negro Revolution* by Mario Savio, Eugene Walker and Raya Dunayevskaya (News & Letters, Detroit, 1965).

(26) An Exchange of Letters on Hegel's Absolute Idea, appendix to mimeographed *Extracts from Lenin's Philosophic Notebooks* (News & Letters, Detroit, 1955).

determination of nations both before and after the conquest of power.

OUR THEORY of state-capitalism differs from Bukharin's not only because the concrete problems differ in each epoch, but because the vision, if you will, must differ from Bukharin's abstract revolutionism and, instead, be rooted in the actions and thoughts of working people who would themselves decide their own destiny before, in, and after the revolution.

This is why, from the start of the state-capitalist debate in 1941, my immediate point of departure was not the crimes of Stalin, but the role of labor in a workers' state. That role was of the essence, irrespective not only of the role of "the rude and disloyal" Stalin, but also of the "administrative" attitude of the revolutionary planner, Trotsky, as well as of the non-dialectical but revolutionary Bukharin. Dialectic is, after all, just shorthand for development, self-development, development through contradiction, development through transformation into opposite, development not only through negation (abolition) of what is, but also, and above all, through negation of the negation, that is to say, reconstruction of society on new beginnings. It is this which we have to concretize today.

In a word, what needs to be investigated, I should think, is not so much the probability that capitalism is not about to repeat its near-fatal experience of the Depression. What needs to be investigated are the new revolts, how it is that a new, third world won its freedom, despite the fact that it was technologically backward, despite its lack of arms, despite the largeness of its poverty and smallness of the nation; how a little Guinea of less than three million could say, No, to mighty (but not almighty) DeGaulle France — and win.

The recent retrogressive moves in some of the newly-independent countries — military take-overs — are not the result only of the pull of the vortex

of the world economy — neo-colonialism, although that, of course, played not an unimportant part. Rather, they are closely related to the fact that the new leaders moved away from the spontaneity and revolutionary zeal of the very people that made possible the revolutionary victory.

It is the human problem that is the problem of our age. Without the Humanism of Marxism, the theory of state-capitalism could degenerate into one more variety of economism. Without the dialectic of objective contradiction, materialism is nothing but bourgeois idealism in the sense of all men of good will (changed to all good Party men) will "fix everything up." The strangest combination of vulgar economism and sheerest voluntarism ("Mao's Thought") that characterizes Mao's China at this very moment has a great deal of relevance to our discussion. It is surely no accident that the most rabid attack on Marx's Humanism comes from Mao's China. (27)

Lenin couldn't have foreseen any such willful "transformation into opposite." And yet some such conception of the workings of the dialectic must have been at the back of his mind when he insisted that even the destruction of the bourgeois state is insufficient to constitute the makeup of a true Marxist: "The petty bourgeois in a frenzy may also want as much." (28) One thing, and one thing only, distinguishes a socialist revolution from all others.

(27) See Chou Yang's Speech at the Fourth Enlarged Session of the Committee of the Department of Philosophy and Social Science of the Chinese Academy of Sciences (Foreign Language Press, Peking, 1963): "Completely discarding historical materialism, the modern revisionists substitute the bourgeois theory of human nature for the Marxist-Leninist teaching of class on class struggle and proletarian dictatorship, for scientific communism. . . . The modern revisionists and some bourgeois scholars try to describe Marxism as humanism and call Marx a humanist. . . . This, of course, is futile. In the early stages of development of their thought, Marx and Engels were indeed somewhat influenced by humanist ideas. . . . But when they formulated the materialist conception of history and discovered the class struggle as the motive force of social development, they immediately got rid of this influence." (28) Lenin, Selected Works, Vol. VII, p. 337.

It is that there is "only one road, changes from below; we wanted the workers themselves to draw up, from below, the new principles of economic conditions." (29)

In our age, the new principles of economic conditions are inseparable from the mass search for a total philosophy, or, to use Marx's phrase, "a quest for universality." (30) "To discern this mass search for a total philosophy," I wrote elsewhere (31), "it is necessary only to shed the stubbornness of all philosophies — the concept of 'the backwardness of the masses' and listen to their thoughts. . . . The espousal of partynost (party principle) as a philosophical principle is another manifestation of the dogma of 'the backwardness of the masses' by which intellectuals in state-capitalist societies rationalize their contention that the masses must be ordered about, managed, 'led'. Like the ideologists of the West, they forget all too easily that revolutions do not arise in the fullness of time to establish a party machine, but to reconstruct society on a human foundation."

Instead of fearing Humanism as if it meant a return to the young, "Hegelian-tainted" Marx, if not back to outright bourgeois humanism of the Renaissance, we have much to learn from the way the new revolutionaries in the underdeveloped countries and the youth everywhere embraced it. Leopold Sedar Senghor profoundly and poetically defined Marx's humanism as "a new humanism, new because it is incarnate." (32)

Future generations will stand in amazement at the equivocal but relentless resistance that those who consider themselves Marxists in our age carry on against Marx's Humanism. Once, however, this becomes the underlying philosophy of revolution, the idea of freedom will no longer be "philosophy"; it will be reality. —November, 1966

(29) Ibid, p. 277. (30) K. Marx, Poverty of Philosophy. (31) Socialist Humanism, pp. 79-80 (edited by Erich Fromm Doubleday, NY, 1965). (32) Ibid, p. 61.

First English Translation: Excerpts from the Archives of Marx

(Ed. Note: The year 1967 is the 100th anniversary of the publication of Marx's CAPITAL, Vol. I. In celebration of this historic event we here publish a part of the original ending of this work. This first English translation from the German by Egon H. E. Lass is from the ARCHIVES OF MARX, Vol. II (VII) Moscow, 1933.)

Thus, the precise, specific function of capital as capital is the production of surplus value, which, as is revealed later, is nothing but production of surplus labor, appropriation of unpaid labor in the actual process of production, which represents itself, materializes itself as surplus value.

JUST as a commodity is the direct unity of use value and exchange value, so the process of production, which is a process of production of commodities, represents a direct unity of labor process and the process of augmentation of value. Just as commodities, i.e. direct unities of use value and exchange value come out of the process as a result, as a product, so they enter it as one of its formative elements. In general, there can never come out something of the process of production which did not enter into it in the form of the conditions of production.

The transformation of the advanced sum of money, sums of money having to augment themselves in value and transform themselves into capital, into the factors of the process of production, is an act of commodity circulation, of the process of exchange and falls into a series of purchases. Consequently this act still occurs outside of the direct process of production. It is only its introduction, but it is its necessary prerequisite, and when we examine not the direct process of production but capitalist production as a whole and its continuity, then this transformation of money into the factors of the process of production, the pur-

chase of means of production and capacities of labor, forms in its turn the immanent moment of the aggregate process.

If however, we examine the formation of capital within the direct process of production, then it, just as a simple commodity, has the dual form of use value and exchange value. But in both forms there enter further determinations which are distinct from the determinations of simple, independently considered commodities, more developed determinations.

REGARDING first of all the use value, its particular content, its further determination was completely indifferent for the determination of the understanding of a commodity. The article which was to be a commodity, and therefore a bearer of exchange value, had to satisfy a requirement of society, and therefore had to possess some kind of useful attribute. Voila tout. It is different with the use value of commodities, functioning in the process of production. Thanks to the nature of the labor process, the means of production fall, first of all, into the subject of labor and the means of labor, or, to define this more accurately, into raw materials, on the one hand, instruments, auxiliary materials etc. on the other. These are the determinations of the form of use value which arise out of the nature of the labor process itself, and thus use value, in relation to the means of production, receives a further determination. The determination of the form of use value itself here becomes essential for the development of the economic relation, of the economic category . . .

SINCE surplus value is the specific product of the process of production, its product is not only commodities, but capital. Inside of the process of production labor is changed into capital. The activity of the capacity to labor, i.e. labor, materializes itself in the process of production, thus becomes value, but since the labor, already before it begins, has ceased to belong to the worker himself, that which materializes itself for him is the materialization of alienated labor and therefore independent value confronting the capacity to labor. Capital. The product belongs to the capitalist, and to the laborer

it represents capital as much as the elements of production . . .

In the process of production labor becomes materialized labor in contradiction to the living capacity to labor, i.e. capital, and secondly by means of the same sucking up and appropriation of labor in the process of production the predetermined value becomes augmented value and therefore value which creates a surplus value different from itself. Only through the fact, that labor is transformed into capital during the process of production, is the predetermined sum of value realized, which was only potentially capital, as real capital.

(. . .) i.e. to receive back a higher value from production than the sum of values amounts to, which the capitalist advances in it and for it (the process of production). The production of commodities itself appears only as a means to this end, as generally the labor process appears only as a means of the process of augmentation of value. This process is here not to be understood in the former sense as a process creative of value, but as a process for the formation of surplus value.

BUT this result is brought under way to the extent that the living labor, which the worker must perform, and which therefore materializes also in the product of his labor, is greater than the labor contained in variable capital or laid out in labor wages or, which is the same, the labor required for the reproduction of the capacity to labor. Insofar as the advanced value becomes capital only through the production of surplus value, the formation of capital itself, as the capitalist mode of production, is due to two moments to begin with:

Firstly the purchase and sale of the capacity to labor, an act, which falls into the sphere of circulation, but when the entirety of the capitalist process of production is viewed, an act which forms not only a moment and a predetermination, but also the constant result of the same. This purchase and sale of the capacity to labor imputes the separation of the material conditions of labor — i.e. of the means of existence and means of production — from the living capacity to labor itself, so that the latter is the sole property at the disposal of the worker, and the sole commodity

which he must sell. The separation advances so far, that these conditions of labor confront the worker as independent persons, because the capitalist, as owner of the same, is only their personification in contradiction to the worker as the sole owner of the capacity to labor. This separation and becoming independent is predetermined, so that the purchase and sale of the capacity to labor occurs, i.e. that living labor on the whole is incorporated into dead labor as means of its preservation and self-augmenta-

tion, i.e. the self-augmentation of its value. Without the exchange of variable capital against the capacity to labor, no self-augmentation of the value of the aggregate capital would occur, and therefore no formation of capital or no transformation of means of production and means of existence into capital . . .

The means of production here represent themselves not only as means for the realization of labor, but just as much as means for the exploitation of alienated labor.

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