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# International Communist Current

1st Quarter 2012

# International Review

**The economic crisis is not a never-ending story. It announces the end of a system and the struggle for another world**

Debate in the revolutionary milieu  
**The state in the period of transition from capitalism to to communism (i)**

Critique of the book: *Dynamics, contradictions and crises of capitalism*  
**Is capitalism a decadent mode of production and why? (i)**

**Contribution to a history of the workers' movement in Africa (iv)**

The decadence of capitalism (xii)  
**40 years of open crisis show that capitalism's decline is terminal**

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## Contents

### **1 The economic crisis is not a never-ending story. It announces the end of a system and the struggle for another world**

Why can't the bourgeoisie find a solution to the crisis?

What is the real gravity of the world economic situation?

From economic crisis to political crisis

Governments are more and more unstable

The bourgeoisie divided by the crisis but united against the class struggle

Debate in the revolutionary milieu

### **5 The state in the period of transition from capitalism to communism (i)**

Workers' councils, proletarian state, dictatorship of the proletariat in the socialist phase of transition to a classless society (OPOP)

1. Introduction

2. Preamble

3. Some premises of workers' power

4. The dictatorship of the proletariat for Marx, Engels and Lenin

5. Council system and dictatorship of the proletariat

6. For a conclusion: councils, (socialist) state and (socialist) pre-state

7. In conclusion: the ICC and the question of the post-revolutionary state

Critique of the book: *Dynamics, contradictions and crises of capitalism*

### **12 Is capitalism a decadent mode of production and why? (i)**

With what method can we evaluate capitalist production and its growth?

The quantitative data for growth

Unproductive expenses

The financialisation of the economy

The increasing recourse to debt from the 1950s

The evolution of the living conditions of the working class

What can we conclude from nearly a century of capitalist development?

### **19 Contribution to a history of the workers' movement in Africa (iv)**

Bloody suppression of the soldier's revolt and strike action

The heroic and victorious strike of railway workers between October 1947 and March 1948

SFIO, PCF, unions and African nationalists divert the struggle of the working class

The decadence of capitalism (xii)

### **21 40 years of open crisis show that capitalism's decline is terminal**

Balance sheet of a moribund system

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# The economic crisis is not a never-ending story. It announces the end of a system and the struggle for another world

Since 2008, not a week has gone by without a new draconian austerity plan. Reductions in pensions, tax increases, wage freezes... nothing and nobody can escape. The whole of the world working class is sinking into poverty and insecurity. Capitalism is being hit by the most acute economic crisis in its entire history. The current process, left to its own logic, can only lead to the collapse of capitalist society. This is shown by the complete impasse facing the bourgeoisie. All the measures it takes are revealed as vain and fruitless. Worse! They are actually aggravating the problem. This class of exploiters no longer has any answers, even in the medium term. The crisis did not level out in 2008; it is getting worse and worse. And the impotence of the bourgeoisie is leading to tensions and conflicts in its ranks. The economic crisis is turning into a political crisis.

In the last few months, in Greece, Italy, Spain, the US... governments are becoming more and more unstable, increasingly unable to impose their policies as divisions between different factions within the national bourgeoisie grow in strength. The different national bourgeoisies are also often divided amongst themselves on a global scale when it comes to deciding what measures to take against the crisis. The result of all this is that measures are frequently only taken after months of delay, as we saw with the eurozone's plan for bailing out Greece. As for the current anti-crisis measures, like the ones that came before them, they can only reflect the growing irrationality of the capitalist system. Economic crisis and political crisis are banging simultaneously on the door of history.

However, this major political crisis of the bourgeoisie is not in itself something that can be celebrated by the exploited. In the face of the danger of class struggle, the bourgeoisie maintains a sacred union, an iron discipline against the proletariat. However difficult the task facing the working class, it holds in its hands the power to destroy this dying world order and to build a new society. This goal can only be attained collectively, through the generalisation of the proletariat's own struggles.

## Why can't the bourgeoisie find a solution to the crisis?

In 2008 and 2009, despite the gravity of the world economic situation, the bourgeoisie breathed a sigh of relief as soon as the situation seemed to stop getting worse. To believe them, the crisis was just

a passing event. The ruling class and its servile specialists claimed in all languages that they had the situation in hand, that everything was under control. The world was merely seeing an adjustment of the economy, a small purge needed to eliminate the excesses of previous years. But reality has mocked the lying discourse of the bourgeoisie. The last quarter of 2011 has seen a whole series of international summits, every one of them described as "last chance meetings" aimed at saving the eurozone from falling apart. The media, conscious of this danger, talk of little else but the "debt crisis". Every day the papers and the TV are filled with their analyses, each one in contradiction with the next. There is a real note of panic in their voices. And even then they often forget that the crisis is continuing to develop outside the eurozone: the USA, Britain, China, etc. World capitalism is faced with a problem which it cannot solve. This can be represented by the image of a wall that cannot be scaled: the "wall of debt".

For capitalism, its overall debt has become fatal. It's true that a debt in one part of the world is equal to a loan somewhere else, so that some people claim that world debt actually stands at zero. But this is a pure illusion, a clever accountant's trick, a game written on paper. In the real world, all the banks for example are in a more or less permanent situation of bankruptcy. And yet their accounts are "balanced", as they like to put it. But what is the real value of their shares in the Greek or Italian debts, or the ones in Spanish or US housing loans? The answer is clear: virtually nothing. The tills are empty and all that remains is debt

and more debt.

But why, at the beginning of 2012, is capitalism facing such a problem? What is the origin of this ocean of money loans which has for so long been totally disconnected from the real wealth of society? Debt has its source in credit. These are the loans agreed by central or private banks to all the economic agencies in society. These loans become a barrier for capital when they can no longer be paid back, when it becomes necessary to create new debts to pay the interest on previous debts or to reimburse a small fraction of the actual debts.

Whichever organism gives out the money, whether central banks or private ones, it is vital, from the standpoint of global capital, that enough commodities are sold for a profit on the world market. This is a condition for the survival of capital. But this hasn't been the case for the last 40 years. In order for all the commodities produced to be sold, it has become necessary for money to be loaned to pay for the goods, to reimburse previously contracted debts, and to pay back the interest accumulated on them. And this has meant contracting new debts. The time comes when the overall debt of particular banks or states can no longer be honoured, and in more and more cases this goes for the servicing of the debts. This marks the general crisis of debt. This is the moment when debt and the creation of growing amounts of fictitious money have become a poison contaminating capitalism's entire body.

## What is the real gravity of the world economic situation?

The beginning of 2012 has seen the world economy fall back into recession. The same causes always produce the same effects, but at a more serious and dramatic level. At the beginning of 2008, the financial system was on the verge of collapse. The new credits injected into the economy were soon eaten up and the economy went into recession. Since then, the American, British and Japanese central banks, among others, have injected further billions of dollars. Capitalism bought itself some time and

was able to revive the economy in a very minimal way while preventing the banks and assurance companies from going under. How did all this turn out? The answer is now known. States are massively in debt to the central banks and the markets are taking over a very small part of the debt of the banks. Nothing has really changed.

At the beginning of 2012, the impasse facing global capital can be illustrated, among other things, by the €485bn earmarked by the European Central Bank to save the banks in the zone from immediate bankruptcy. The ECB has lent money to the central banks of the zone in exchange for toxic shares. Shares which are part of the state debts of this zone. The banks in turn then have to buy up new state debts for those which are not collapsing. Each is holding up the next, each one is buying the next one's debt with what is in effect money printed for the purpose. If one goes down, they all go down.

As in 2008, but in a much more drastic way, credit is no longer going into the real economy. Each player protects his own money in order to avoid collapse. At the beginning of this year, at the level of the private economy, investments in enterprises are becoming very rare. The impoverished populations are pulling in their belts. The depression is with us again. The eurozone, like the USA, has a near-zero growth rate. The fact that the USA saw a slightly better economic activity in comparison to the rest of the year does not mean any lasting change in the general tendency. In the short term, according to the IMF, growth in 2012 will be between 1.8% and 2.4% depending on the country. And then again, that's if "everything goes well", ie. if there is no major economic event, something no one would care to bet on right now!

The "emerging" countries, like India and Brazil, are seeing a rapid reduction in activity. Even China, which since 2008 has been presented as the new locomotive of the world economy, is officially going from bad to worse. An article on the website of the *China Daily* on 26<sup>th</sup> December said that two provinces (one being Guandong which is one of the richest in the country since it hosts a large part of the manufacturing sector for mass consumer products) have told Beijing that they are going to delay the payments on the interests for their debt. In other words, China is also faced with bankruptcy.

2012 is going to see a contraction of world economic activity on a scale which no one can yet predict. At best, world growth is calculated to be around 3.5%. In December, the IMF, OECD and all the economic think tanks revised their predicted growth figures downwards. It seems clear that the

colossal injection of new credit in 2008 created the present wall of debt. Further debts contracted since then have only made the wall higher, and have been less and less effective in getting the economy moving. Capitalism is thus on the edge of a precipice: in 2011, the financing of debt, ie. the money needed to pay debts that had reached their deadline, and the interest on the overall debt, reached \$10,000bn. In 2012, it is predicted to reach \$10,500bn, while the world's reserves are estimated at \$5,000bn. Where is capitalism going to find the money to pay for this?

At the end of 2011 we saw not only the debt crisis of the banks and assurances, but also the growing implication of the sovereign debts of states. It is legitimate to ask who is going to go down first? A big private bank and thus the whole world banking system? A new state like Italy or France? The eurozone? The dollar?

### From economic crisis to political crisis

In the previous *International Review* we pointed to the very wide disagreements between the main countries of the eurozone in facing the financial problem of the cessation of payment by certain countries, whether this was already happening (as in the case of Greece) or threatening to happen (as in the case of Italy), and the differences between Europe and the USA in dealing with the problem of world debt.<sup>1</sup>

Since 2008, all policies have led to a dead-end, while disagreements within the different national bourgeoisies about the debt and the problem of growth have led to tensions, disputes and open confrontations. With the inevitable development of the crisis, this "debate" is only just beginning.

There are those who want to reduce the debt through violent austerity budgets. For them, there is one slogan: drastic cuts in all state expenditure. Here Greece is a model showing the way for everyone. The real economy there has been through a 5% recession. Businesses are closing; the country and the population are sinking into ruin and poverty. And still this disastrous policy is being taken up all over the place: Portugal, Spain, Italy, Ireland, Britain, etc. The bourgeoisie has the same illusion as the doctors of the Middle Ages who believed in the virtues of a good bleeding. But the economy will do no better from such a remedy than their patients did.

1. <http://en.internationalism.org/internationalreview/201111/4592/world-economic-catastrophe-unavoidable>

Another part of the bourgeoisie wants to monetise the debt, ie. transform it into issues of money. This is what the American and Japanese bourgeoisies have been doing on an unprecedented scale, for example. It's what the ECB has been doing on a smaller scale. This policy has the merit of making it possible to play for time. It makes it possible to deal with debt deadlines on a short-term basis. It makes it possible to slow down the recession. But it has a catastrophic side effect: eventually it will result in a general fall in the value of money. Capitalism can no more live without money than a man can live without breathing. Adding debt to a debt, which is already, as in the US, Britain or Japan, preventing a real revival of the economy can only lead, in the end, to a more profound collapse.

Finally, there are those who think you can combine the two previous approaches. They are for austerity and growth based on the creation of money. This orientation is probably the clearest expression of the impasse facing the bourgeoisie. And yet it's what they've been doing for the last two years in Britain and what Monti, the new chief of the Italian government, is calling for there. This part of the ruling class reasons as follows: "if we make an effort to drastically reduce expenditure, the markets will regain confidence in the capacity of states to repay their debts. They will then lend to us at tolerable rates and we can again go into debt". The circle is complete. This part of the bourgeoisie really thinks it can go back in time, to the situation before 2007-8.

None of these alternatives are viable, even in the medium term. They all lead capital into an impasse. While the creation of money by the central banks seems to lead to a bit of respite, the journey will still end up at the same destination: the historic downfall of capitalism.

### Governments are more and more unstable

Capitalism's economic dead-end inevitably engenders a historic tendency towards political crisis within the bourgeoisie. Last spring, in the space of a few months, we saw spectacular political crises in Portugal, the USA, Greece and Italy. In a more discreet manner, the same crisis is advancing in other central countries like Germany, Britain and France.

For all its illusions, a growing part of the world bourgeoisie is beginning to grasp the catastrophic state of its economy. We are hearing increasingly alarmist statements. As this anxiety, disquiet and even panic spreads amongst the bourgeoisie, they are beginning to go back to some of



the old, rigid certainties. Each part of the bourgeoisie is fixating on the best way to defend the national interest, according to the economic or political sector it belongs to. The ruling class is coming to blows over the various hopeless solutions we looked at above. Each political orientation proposed by the government team provokes violent opposition from other sectors of the bourgeoisie.

In Italy, the total loss of credibility in Berlusconi's ability to impose the austerity plans that are supposed to reduce public debt led the former president of the Italian Council to quit, following pressure from the "markets" and the main representatives of the eurozone. In Portugal, Spain and Greece, over and above the national specificities, the same reasons led to the hurried departure of the governments in place.

The example of the USA is historically the most significant. This is the world's leading power. This summer, the American bourgeoisie was torn apart around the question of raising the ceiling on debt. This has been done many times since the 1960s without posing any major problems. So why this time did it provoke such a crisis that the American economy was a hair's breadth from total paralysis? It's true that a faction of the bourgeoisie which has acquired a growing weight in the political life of the US ruling class, the Tea Party, is totally irresponsible even from the standpoint of defending the interests of the national capital. However, contrary to those who would like us to believe it, it's not the Tea Party which is the main cause of the paralysis of the American central administration but the open confrontation between the Democrats and the Republicans in the Senate and the House of Representatives, with each one thinking that the solution put forward by the other is catastrophic, suicidal for the country. This led to a dubious, fragile compromise, which will probably, only last a short time. It will be put to the test during the forthcoming elections. The continuation of the economic weakening of the USA can only fuel the political crisis there.

But the growing impasse of the present policies can also be seen in the contradictory demands that the financial markets are making on governments. These famous markets are demanding at one and the same time draconian plans of "rigour" and at the same time a revival of economic activity. When they start losing confidence in the ability of a state to repay significant parts of its debt, they quickly raise the interest rates on their loans. The end result is guaranteed: these states can no longer borrow on the markets. They become totally dependent on the central banks. After Greece, the same

thing is beginning to happen for Spain and Italy. The economic noose is tightening on these countries, adding more fuel to the political crisis.

The attitude of Cameron at the last EU summit, rejecting the same budgetary and financial discipline for everyone, spells the eventual end of the line for the Union. The British economy only survives thanks to its financial sector. Even thinking about controls over this sector is out of the question for the majority of British Conservatives. Cameron's position has led to conflicts between the Tories and the Liberal Democrats, making the governing coalition weaker than before. It has also sharpened dissensions in Wales and Scotland over the issue of belonging to the EU.

Finally, a new factor favouring the development of the political crisis of the bourgeoisie has raised its head in recent debates. An old demon, held in check for a long time, is now straining at the leash: protectionism. In the USA and the eurozone, many conservatives and populists of right and left are calling for new customs barriers. For this part of the bourgeoisie, which is now being joined by a number of "socialists", the way forward is to reindustrialise your country, to "produce nationally". China is already protesting against the measures that the USA has taken towards its imports. In Washington itself there is still much tension over this question. The Tea Party but also a significant part of the Republican party are pushing these demands to the limit, forcing Obama and the Democrats (as with the question of the debt ceiling) to dub these sectors as locked in the past and as irresponsible. This phenomenon is only just beginning. For the moment, no one can foresee how far it's going to go. But what's certain is that it will have an important impact on the coherence of the bourgeoisie as a whole, its ability to maintain stable parties and government teams.

However we look at this crisis within the bourgeoisie, it can only go in one direction, towards the growing instability of governing teams, including those in the leading powers of the planet.

### **The bourgeoisie divided by the crisis but united against the class struggle**

The proletariat cannot celebrate the political crisis of the bourgeoisie in itself. Divisions and conflicts within the ruling class are no guarantee of success for its struggle. All proletarians and above all the young generations of the exploited need to understand that, however deep the crisis within the bourgeoisie, however acute its

internal faction fights, it will always unite against the class struggle. This is known as the Sacred Union. This was the case during the Paris Commune of 1871. Let's remember how the Prussian and French bourgeoisies managed to unite in time to crush the first great proletarian uprising in history. All the big movements of the proletarian struggle have come up against this Sacred Union. There is no exception to the rule.

The proletariat cannot count on the weaknesses of the bourgeoisie. Political divisions within the enemy class don't guarantee its victory. It can only count on its own forces. And we have been seeing these forces emerging in a number of countries recently.

In China, a country where an important part of the world working class is now concentrated, struggles are taking place almost daily. There are explosions of anger involving not only the wage workers but the more general impoverished population, such as the peasantry. Miserable wages, unbearable working conditions, ferocious repression... Social conflicts have been developing, notably in the factories where production is being hit by the slow-down in European and American demand. Here in a shoe factory, there in a factory in Sichuan, there at HIP, a subsidiary of apple, at Honda, Tesco etc. *"There is a strike almost every day, said labour rights activist Liu Kalm-ing."* Even if these struggles remain, for the moment, isolated and without much perspective, they show that the workers in Asia, like their class brothers and sisters in the West, are not ready to just knuckle down and accept the consequences of the economic crisis of capital. In Egypt, after the big mobilisations of January and February 2011, the feeling of revolt is still very much alive in the population. Generalised corruption, total impoverishment, the political and economic impasse, have pushed thousands of people onto the streets and the town squares. The government, currently led by the military, responds with slander and bullets, a repression made all the easier by the fact that, unlike last year, the working class has not been able to mobilise itself en masse. For the bourgeoisie this is where the danger lies: *"you can understand the army's anxiety about the insecurity and social turbulence that has developed in the last few months. There is a fear of the contagion of strikes in the enterprises where the employees are deprived of any social and union rights while any protest is seen as a form of treason"* (Ibrahim al Sahari, a representative of the Centre of Socialist Studies in Cairo<sup>3</sup>).

2. In the journal *Cette Semaine*, [http://cettemaine.free.fr/spip/article.php3?id\\_article=4602](http://cettemaine.free.fr/spip/article.php3?id_article=4602)

3. Cited in the article <http://en.internationalism>.

Here it's said clearly: what the bourgeoisie fears is a workers' movement developing on its own class terrain. In this country, democratic illusions are strong after so many years of dictatorship, but the economic crisis can limit their impact. The Egyptian bourgeoisie, whatever faction is in government after the recent elections, cannot prevent the situation from worsening and the unpopularity of the government from growing. All these workers' struggles and social movements, despite their limitations and weaknesses, express the beginnings of a refusal, by the working class and a growing part of the oppressed population, to passively accept the fate reserved for them by capitalism.

The workers in the central countries of capitalism have also not been inert in the last few months. On 30<sup>th</sup> November in Britain, two million people came onto the streets to protest against the permanent deterioration of their living conditions. This strike was the biggest for several decades in a country where the working class, which in the 1970s was the most militant in Europe, was crushed under the heel of Thatcherism in the 1980s. This is why seeing two million people demonstrating on the streets in Britain, even though it was a sterile, union controlled "day of action", is a very significant sign of the revival of working class militancy on a world scale. The movement of the "Indignados", especially in Spain, has shown in an embryonic way what the working class is capable of. The premises of its own strength appeared very clearly: general assemblies open to everyone, free and fraternal debates, the attempt to take charge of the struggle by the movement itself, solidarity and self-confidence (see the numerous articles about these movements that we have published on our website<sup>4</sup>). The ability of the working class to organise itself as an autonomous force, as a unified collective body, will be a vital element in the development of massive proletarian struggles in the future. The workers of the central countries, who are best placed to unmask the democratic and trade union mystifications which they have faced for decades, will also show the proletariat of the world that this is possible and necessary.

World capitalism is in the process of collapsing economically, and the bourgeois class is being more and more shaken by political crises. Every day, it becomes a little clearer that this system is totally

<http://worldrevolution/201112/4618/what-future-struggles-egypt>

4. See for example: <http://en.internationalism.org/icconline/2011/september/indignados>; <http://en.internationalism.org/internationalreview/201111/4593/movement-indignants-spain-greece-and-israel-indignation-preparation->

unviable.

Counting on our forces also means knowing what we lack. Everywhere a movement of resistance against the attacks of capitalism is being born. In Spain, in Greece, in the USA, the criticisms coming from the proletarian wing of this movement are directed against this rotten economic system. We are seeing the beginnings of a rejection of capitalism. But then the key question is posed to the working class. We can see the necessity to destroy this system, but what are we going to put in its place? What we need is a society without exploitation, without poverty and war. A society where humanity is at last united on a world scale and no longer divided into nations or classes, no longer separated by colour or religion. A society where everyone will have what they need to fully realise themselves. This other world, which has to be the goal of the class struggle when it launches its assault on capitalism, is possible. It is the task of the working class (those at work, the unemployed, future proletarians still in education, those who work behind a machine or at a computer, manual labourers, technicians, scientists etc) to undertake this revolutionary transformation and it has a name: communism, which obviously has nothing in common with the hideous monstrosity of Stalinism which has usurped the name! This is not a dream or a utopia. Capitalism, in order to develop itself, has also developed the technical, scientific and productive means which will make a world human society possible. For the first time in its history, society can leave behind the realm of scarcity and reach the realm of abundance and of respect for life. The struggles which are developing now all over the world, even if they are still very embryonic, have begun to re-appropriate this goal under the lash of a failing social order. The working class carries within itself the historic capacity to reach this goal.

*Tino 10.1.12*

## The state in the period of transition from capitalism to communism (i)

We publish below a contribution from a political group in the proletarian camp, OPOP,<sup>1</sup> about the state in the transition period and its relationship with the organisation of the working class during this period. Although this question is not of “immediate topicality”, it is a fundamental responsibility of revolutionary organisations to develop theory that will enable the proletariat to carry out its revolution. In this sense, we welcome the effort of the OPOP to clarify an issue that will be of primary importance in the future revolution, if it is successful, in order to implement the global transformation of the society bequeathed by capitalism into a classless society without exploitation.

The experience of the working class has already contributed to the practical clarification and theoretical elaboration of this issue. The brief experience of the Paris Commune, where the proletariat took power for two months, has clarified the need to destroy the bourgeois state (and not to conquer it as revolutionaries previously thought) and for the permanent revocability of delegates elected by the workers. The Russian Revolution of 1905 gave rise to specific organs, the workers’ councils, organs of working class power. After the outbreak of the Russian Revolution in 1917, Lenin in his book *The State and Revolution* condensed the gains of the proletarian movement on this issue at that time. It is the conception summarised by Lenin of a proletarian state, the Council-State, that is addressed in the OPOP’s text below.

For OPOP, the failure of the Russian Revolution (because of its international isolation) does not permit us to draw new lessons with regard to Lenin’s point of

view. On this basis, it rejects the ICC’s conception that challenges the notion of the “proletarian state”. While developing its critique, OPOP’s contribution takes care to define the scope of disagreement between our organisations, which we welcome, pointing out that we have in common the idea that “workers’ councils must have unlimited power and [...] must constitute the core of the revolutionary dictatorship of the proletariat”.

The view of the ICC on the question of the state only continues the theoretical effort led by the left fractions (Italian in particular) that arose in response to the degeneration of the parties of the Communist International. While it is perfectly fair to find the root cause of the degeneration of the Russian revolution in its international isolation, this does not mean that this experience cannot provide lessons about the role of the state, thus enriching the theoretical basis that is Lenin’s *State and Revolution*. Unlike the Paris Commune, which was clearly and openly crushed by the savage repression of the bourgeoisie, in Russia it was somehow from “inside”, from the degeneration of the state itself, that the counter-revolution came (in the absence of the extension of the revolution). How to understand this phenomenon? How and why could the counter-revolution take this form? It is precisely by basing ourselves on the theoretical gains made on the basis of this experience that we criticise the position of the “proletarian state” advocated in Lenin’s work, as well as some formulations of Marx and Engels made in the same sense.

Of course, unlike the “positive” gains of the Commune, the lessons we learn about the role of the state are “negative”, and in this sense they are an object of open questioning, not having been decided by history. But as we said above, it is the responsibility of revolutionaries to prepare for the future. In a future issue of the *International Review* we will publish a response to the theses developed by OPOP. We can mention here, in a very summarised way, the main ideas on which this will focus:<sup>2</sup>

- it is inappropriate to speak of the state as being the product of a particular class. As Engels showed, the state is the product of the entire society divided into antagonistic classes. Identifying with the dominant production relations (and therefore with the class that embodies them), its function is to preserve the established economic order;
- after the victorious revolution, different social classes still exist, even after the defeat of the bourgeoisie at the international level;
- if the proletarian revolution is the act by which the working class constitutes itself as the politically dominant class, this class does not become the economically dominant class. It remains, until the integration of all members of society into associated labour, the exploited class of society and the only revolutionary class, that is to say bearing the communist project. As such, it must permanently maintain its class autonomy to defend its immediate interests as the exploited class and its historic project of communist society.

ICC

1. OPOP, OPosição OPerária (Workers’ Opposition), which exists in Brazil. See its publication on <http://revistagerminal.com>. For some years the ICC has had a fraternal relationship and cooperated with OPOP, which has already resulted in systematic discussions between our two organisations, jointly signed leaflets and statements (“Brésil : des réactions ouvrières au sabotage syndical”, <http://fr.internationalism.org/ri373/bresil.html>), and joint public interventions (“Deux réunions publiques communes au Brésil, OPOP-CCI : à propos des luttes des futures générations de prolétaires”, <http://fr.internationalism.org/ri371/opop.html>), and the reciprocal participation of delegations to the congresses of our organisations.

2. These are developed in the following articles: “Draft resolution on the state in the period of transition” in *International Review* no. 11, and “The state in the period of transition” in *International Review* no. 15 (<http://en.internationalism.org/node/2648>).



# Workers' councils, proletarian state, dictatorship of the proletariat in the socialist phase of transition to a classless society (OPOP)

## 1. Introduction

The lefts are behind in the very urgent discussion on questions of strategy, tactics, organisation and also on the transition [to communism]. Among the many subjects that need answers, one that stands out particularly is that of the state, which deserves a systematic debate.

On this question, some left forces have a different view from ours, mainly regarding the councils, the real structures of the working class, which arise as organs of a pre-Commune-State, and by extension, of the Commune-State itself. For these organisations, the state is one thing and the councils another, totally different. For us, the councils are the form through which the working class constitutes itself at the organisational level in the state, as the dictatorship of the proletariat, seeing that the state means the power of one class over another.

The marxist conception of the proletarian state contains, for the short term, the idea of the need for an instrument of class rule, but for the medium term it indicates the need for the end of the state itself. What it proposes and what must prevail in communism is a classless society and the absence of the need for the oppression of man or woman, since there has never been more antagonism between different social groups than there is today because of private ownership of the means of production and the separation of direct producers from the means – and the conditions – of work and thus of production.

Society, which will then be highly developed, will enter a stage of self-government and the administration of things, where there will be no need for the transitory social organisations experienced since homo sapiens has existed, with the exception of the council form which is the most evolved form of the state (its simplified character, its dynamic of deliberate and conscious self-extinction and its social force are nothing but manifestations of its superiority over all other past forms of the state). The working class will use this form to pass from the first phase of communism (socialism) to a higher phase of society, a classless society. But to reach this stage, the working class

must build, well in advance, the means of the transition, which are the councils on a global scale.

The task will then fall to marxist organisations, not to control the state, either from the outside or the inside, but to constantly struggle within the Commune-State built by the working class and all of the proletariat through the councils, so that it rises to the most revolutionary heights of its combat. The councils, in turn, will actually assume the struggle for the new state, with the understanding that it is they themselves who are the state, which was not without reason called by Lenin the Commune-State.

The Council-State is revolutionary as much in form as in content. It differs, in essence, from the bourgeois state of capitalist society as much as the other societies which precede it. The Council-State results from the constitution of the working class as the ruling class, as posed in the *Communist Manifesto* of 1848 written by Marx and Engels. In this sense, the functions it takes on differ radically from those of the bourgeois capitalist state, to the extent that a change takes place, a quantitative and qualitative transformation at the same moment as the rupture between the old power and the new form of social organisation: the Council-State.

The Council-State is at the same time and dialectically the political and social negation of the earlier order; this is why it is, equally dialectically, the affirmation and negation of the form of the state: negation in that it undertakes its own extinction and at the same time of all forms of the state; affirmation as an extreme expression of its own strength, the condition of its own negation, in that a weak post-revolutionary state would be unable to resolve its own ambiguous existence: to carry out the task of repression of the bourgeoisie as the first premise of its decisive step, the act of its disappearance. In the bourgeois state, the relation of dictatorship-democracy is achieved through a combined relationship of (dialectical) contradictory unity in which the great majority is subdued through the political and military domination of the bourgeoisie. In the Council-State, on the contrary, these poles are reversed. The proletariat, which previously had no politi-

cal participation because of the process of manipulation and exclusion from decisions through which it was subdued, will play the dominant role in the process of class struggle. It will establish the greatest political democracy known to history, which will be associated, as it should, with the dictatorship of the exploited majority over a stripped and expropriated minority, who will do anything to organise the counter-revolution.

It is the Council-State, the ultimate expression of the proletarian dictatorship, that uses this power not only to ensure greater democracy for workers in general and the working class in particular, but before and above all, to suppress in an extremely organised manner the forces of the counter-revolution.

The Council-State condenses in itself, as has already been said, the unity between content and form. It is during the revolutionary situation, when the Bolsheviks organised the insurrection in Russia in October 1917, that this issue became clearer. At that time, it was impossible to distinguish between the project proposed by the working class, socialism, the content and form of organisation, and the new type of state it wanted to build on the basis of the soviets. Socialism, the power of the workers and the soviets; it was all the same, so that we could not talk about one without understanding that they were talking automatically about the other. Thus, it is not because in Russia a state organisation was built that moved further and further away from the working class that we must abandon the revolutionary attempt to establish the Soviet State.

The soviets (councils), through all the mechanisms and elements inherited from the bureaucracy in the USSR, were deprived of their revolutionary content to become, in the mould of a bourgeois state, an institutionalised body. But that does not mean we should give up the attempt to build a new type of state, functioning along basic principles which would necessarily be in line with the most important thing the working class has created through the historical process of its struggle, namely a form of organisation that needs only to be improved in certain aspects in order to



complete the transition, but which, basically since the Paris Commune of 1871, has been through a number of rehearsals, a series of trials and errors, which will enable us to achieve the Council-State.

Today, the task of establishing the councils as a form of organisation of the state is situated not only in the perspective of a single country but at the international level, and that is the main challenge facing the working class. Therefore, we propose through this short essay, to make an attempt to understand what the Council-State is, or in other words, to make a theoretical elaboration on a question that the working class has already experienced practically, through its historical experience and in its confrontation with the forces of capital. Let's turn to the analysis.

## 2. Preamble

To avoid duplication and redundancy, we consider it to be established that, in this text, we accept the letter of all the principal theoretical and political definitions that define the body of doctrine of Lenin's *State and Revolution*. Further, we warn the reader that we will only recall the Leninist premises to the extent they are indispensable to theoretically establish some of the assumptions necessary for the really urgent need to update this subject. In addition, we will only do that if the premises in question are needed to clarify and establish the theoretical-political objective that concerns us, namely the relationship between the council system and the proletarian state (= dictatorship of the proletariat) with its prior form, the pre-state.

From another point of view, Lenin's above mentioned work proves equally necessary and indispensable, as it includes the most comprehensive overview of the passages by Marx and Engels relating to the state in the phase of transition, thereby putting within easy reach a more than sufficient quantity of existing and authorised positions produced on *The State and Revolution* in the whole political literature.

## 3. Some premises of workers' power

Commenting on Engels, in two passages of his text Lenin makes the following statements: "*The state is the product of the irreconcilability of class antagonisms [...] According to Marx, the state could neither have arisen nor maintained itself had it been possible to reconcile classes*" and "*...the state is an organ of class rule, an organ for the oppression of one class by another*".<sup>3</sup> Conciliation and domination

3. ICC note. *The State and Revolution*, Chapter I,

are two very precise concepts in Marx, Engels and Lenin's doctrine of the state. Conciliation means the negation of any contradiction whatsoever between the terms of a given relationship. In the social sphere, in the absence of contradictions in the ontological constitution of the fundamental social classes of a social formation, to speak of the state does not make sense. It is historically proven that in primitive societies there is no state, simply because there are no social classes, exploitation, oppression or domination by one class over another. On the other hand, when it comes to the ontological constitution of social classes, domination is a concept that excludes hegemony, as hegemony supposes the sharing – very unevenly – of positions within the same structural context. The result is that in the field of bourgeois sociality, which extends to that of the revolution, in which the bourgeoisie and the proletariat are situated and are fighting from diametrically antagonistic positions, to speak about hegemony of the bourgeoisie over the proletariat does not make sense, whereas one can talk of hegemony between the fractions of the bourgeoisie who share the same state power, and it also makes sense to speak of the hegemony of the proletariat over the classes with which it shares the common goal of taking power by overthrowing the common strategic enemy.<sup>4</sup>

Moreover, quoting Engels, Lenin speaks of public force, this characteristic pillar of the bourgeois state – the other being the bureaucracy – consisting of an entire specialised military and repressive apparatus, which is separated from society and above it, "*...which no longer directly coincides with the population organising itself as an armed force.*"<sup>5</sup> The identification of this core component of the bourgeois order here has a clear objective: to show how, in return, it is equally essential to establish an armed force, even stronger and more coherent, by which the armed proletariat can suppress, with an even more resolute determination, the beaten but not dead class enemy, the bourgeoisie. In which body of the proletarian dictatorship must this repressive force be found? This is a question to be addressed in a specific chapter of this text.

"The state – a product of the irreconcilability of class antagonisms".

4. This is an example of the confusions and ambiguities of the accumulation of theoretical and political categories, one next to the other, introduced into marxist doctrine by Antonio Gramsci, carried to their logical and political limits by his epigones, the logical difficulties of which (paradoxes) have been brilliantly investigated by Perry Anderson in his classic, *The antinomies of Antonio Gramsci*.

5. ICC note. *The State and Revolution*, Chapter I, "Special bodies of armed men, prisons, etc."

The other pillar on which bourgeois power rests is the bureaucracy, comprising state functionaries, who enjoy a pile of privileges, including honorary payments, positions assigned for an easy life, who accumulate all the benefits of practices inherent in a major and recurring corruption. As with the popular militias which are all the stronger to the extent that they are structurally simplified, so it is for the executive, legislative and judicial tasks, which are all the more efficient when they are also simplified, and for exactly the same reason. The executive tasks of the courts and legislative functions are strengthened to the extent that they are taken in hand directly by the workers in conditions where revocability is established in order to curb, from the start, the tendency for the resurgence of castes that has badly affected all societies born from "socialist" revolutions throughout the twentieth century.

The bureaucracy and professional law enforcement, the two main planks on which the political power of the bourgeoisie is based, the two pillars whose functions must be replaced by the workers with structures which are simplified (in the course of their extinction) but also much stronger and more efficient; simplification and strength thus oppose and attract each other in the movement that accompanies the whole transition process until there is no trace of the previous class society. The problem we are now posed is: what is the body which, for Marx, Engels and Lenin, must assume the dictatorship of the proletariat?

## 4. The dictatorship of the proletariat for Marx, Engels and Lenin

Our trio leaves no doubt about it:

*"The proletariat will use its political supremacy to wrest, by degree, all capital from the bourgeoisie, to centralise all instruments of production in the hands of the state, i.e., of the proletariat organised as the ruling class; and to increase the total productive forces as rapidly as possible."*<sup>6</sup>

Or again, the proletarian state (sic) = "*the proletariat organised as the ruling class.*" "*The state, i.e. of the proletariat organised as the ruling class.*" So far, the sense of the reasoning of Lenin, Marx and Engels is: the proletariat overthrows the bourgeoisie by the revolution; by overthrowing the bourgeois state machine, it will destroy the state machine in question to immediately erect its own state, simplified and heading for extinction,

6. ICC note. Extract from *The Civil War in France*, cited by Lenin in *The State and Revolution*, Chapter II, "The eve of the revolution".

which is stronger because it is run by the revolutionary class and assumes two types of tasks: to suppress the bourgeoisie and to construct socialism (the phase of transition to communism).

But where does Marx get this belief that the dictatorship of the proletariat is the proletarian state? From the Paris Commune ... simple! Indeed, *“The Commune was formed of the municipal councillors, chosen by universal suffrage in the various wards of the town, responsible and revocable at any time. The majority of its members were naturally working men, or acknowledged representatives of the working class.”*<sup>7</sup> The question goes much further: members of the proletarian state (sic), the Commune-State, are elected in district councils, which does not mean that there are no councils of workers which put themselves at the head of such councils, as in Russia, in the soviets. The question of the hegemony of the workers’ leadership is guaranteed by the existence of a majority of workers in these councils and, of course, by the leadership which the party must exercise in such instances.

Only one ingredient is missing to articulate the position of proletarian state, Council-State, Commune-State, socialist state or dictatorship of the proletariat: the method of decision-making, and here it is here that we must refer to the universal principle that many marxists fail to understand: democratic centralism, *“But Engels did not at all mean democratic centralism in the bureaucratic sense in which the term is used by bourgeois and petty-bourgeois ideologists, the anarchists among the latter. His idea of centralism did not in the least preclude such broad local self-government as would combine the voluntary defence of the unity of the state by the ‘communes’ and districts, and the complete elimination of all bureaucratic practices and all ‘ordering’ from above.”*<sup>8</sup> It is clear that the term and concept of democratic centralism is not the creation of Stalinism, as some like to argue, thus distorting this essentially proletarian method – but of Engels himself. Therefore, it cannot be given the pejorative connotation that comes from the bureaucratic centralism used by the new state bourgeoisie in the USSR.

## 5. Council system and dictatorship of the proletariat

The antithetical separation between the council system and post-revolutionary state is an error for several reasons. One of them

7. ICC note. Extract from *The Civil War in France*, cited by Lenin in *The State and Revolution*, Chapter III, “What is to replace the smashed state machine?”

8. ICC note. *The State and Revolution*, Chapter IV, “Criticism of the draft of the Erfurt Programme”.

is that it is a position which distances itself from the conception of Marx, Engels and Lenin in reflecting a certain influence of the anarchist conception of the state. To separate the proletarian state from the council system comes back to breaking the unity that should exist and persist in the dictatorship of the proletariat. Such a separation defines, on one side, the state as a complex administrative structure, to be managed by a body of officials – an aberration in the simplified conception of the state of Marx, Engels and Lenin – and on the other, a political structure, in the framework of the councils, to put pressure on the first (the state as such). This conception results in an accommodation to a vision influenced by anarchism that identifies the Commune-State with the (bourgeois) bureaucratic state. It is the product of the ambiguities of the Russian Revolution and places the proletariat outside of the post-revolutionary state, creating a dichotomy, which itself is the germ of a new caste breeding in an administrative body organically separate from the councils.

Another cause of this error, which is related to the preceding one, is in the establishing of a strange connection that identifies in an uncritical way the state that emerged in the post-revolutionary Soviet Union – a necessarily bureaucratic state – with the conception of the State-Commune of Marx, Engels and Lenin himself. It is an error that arises from a misunderstanding of the ambiguities that resulted from the specific historical and social circumstances that blocked not only the transition but also the beginning of the dictatorship of the proletariat in the USSR. Here, one ceases to understand that the dynamic taken by the Russian Revolution – unless you opt for the easy but very inconsistent interpretation in which deviations in the revolutionary process were the result of the policies of Stalin and his entourage – did not obey the conception of the revolution, the state and of socialism that Lenin had, but resulted from the restrictions of the social and political terrain from which the power of the USSR emerged, characterised among others, to recall, by the impossibility of the revolution in Europe, by civil war and the counter-revolution within the USSR. The resulting dynamic was foreign to the will of Lenin. He himself thought about this problem, but repeatedly came up with the ambiguous formulations present in his later thinking and just before his death. Such ambiguities were situated more in the advances and setbacks of the revolution than in the basic political theoretical conceptions of Lenin and the Bolshevik leaders who continued to agree with him.

A third cause of this error is to not take into account that the organisational and

administrative tasks put on the agenda by the revolution are essentially political tasks, whose implementation must be carried out directly by the victorious proletariat. Thus, burning issues such as central planning – given a bureaucratic form in Gosplan (Central Planning Commission) has long been confused with “socialist centralisation” – are not purely “technical” questions but highly political and, as such, cannot be delegated, even if they are “checked” from the outside, by the councils, by means of a body of employees located outside the council system, where the most conscious workers are found. Today, we know that ultra-centralised “socialist” planning was only one aspect of the bureaucratic centralisation of “Soviet” state capitalism which kept the proletariat remote and outside of the whole system of defining objectives, decisions about what should be produced and how it should be distributed, the allocation of resources, etc.. Had it been a real socialist planning, all of this should have been the subject of wide discussion in the councils, or the Commune-State. Seeing that the proletarian state merges with the council system, the socialist state is *“a very simple ‘machine’, almost without a ‘machine’, without a special apparatus, by the simple organisation of the armed people (such as the Soviets of Workers’ and Soldiers’ Deputies, we would remark, running ahead).”*<sup>9</sup>

Another misunderstanding is in the non-perception that the real simplification of the Commune-State, as described by Lenin in the words reported earlier, implies a minimum of administrative structure and that this structure is so small and in the process of simplification/extinction, that it can be assumed directly by the council system. Therefore, it makes no sense to take as a reference the “soviet” state of the USSR to put in question the socialist state that Marx and Engels saw born in the Paris Commune. In fact, to establish a link between the Council-State and the bureaucratic state that emerged from the Russian Revolution, amounts to giving the proletarian state a bureaucratic structure that a true post-revolutionary state, simplified and in the process of simplification / extinction, not only does not possess but specifically rejects.

In fact, the nature and extent of the Council-State (proletarian state = socialist state = dictatorship of the proletariat = Commune-State = transition state) are beautifully summarised in this passage written by Lenin himself: *“the ‘state’ is still necessary, but this is now a transitional state. It is no longer a state in the proper sense of the*

9. ICC note. *The State and Revolution*, Chapter V, “The transition from capitalism to communism”.



word.”<sup>10</sup> But, you say, if that were the true conception of the socialist state of Lenin, why was it not “applied” in the USSR after the October Revolution, seeing that what appeared then was the exact opposite of all that, from the distortions of the extreme bureaucratic centralisation (from the army to the state bureaucracy to the production units) to the most brutal repression of the Kronstadt sailors? Well, it only reveals that revolutionaries of the stature of Lenin can potentially be overcome by contradictions and ambiguities of this magnitude – and this was in the specific national and international context of the October Revolution – that can lead, in practice, to actions and decisions often diametrically opposed to their deepest convictions. In the case of Lenin and the Bolshevik Party, one of the impossibilities [of the revolution. Ed. Note] – and they were many – was sufficient to steer the revolution in an undesired direction. One of these impossibilities was more than sufficient: the situation of isolation of a revolution that could not retreat, but found itself isolated and had no choice but to try to pave the way for building socialism in one country, in Soviet Russia – a contradictory attempt which was initiated already at the time of Lenin and Trotsky. What were War Communism, NEP, and other initiatives, if not this?

And then what do we do? Do we stand firm on the conceptions of Lenin, Marx and Engels on the state, programme, revolution and the party so that, in the future, when practical problems such as the internationalisation of the class struggle, among others, show the real possibilities for the revolution and building socialism in several countries – do we put them forward and give substance to the ideas of Marx, Engels and Lenin? Or, conversely, should we, faced with the first difficulties, give up the positions of principle, trading them for cheap political imitations that can only lead to the abandonment of the perspective of the revolution and socialist construction?

## 6. For a conclusion: councils, (socialist) state and (socialist) pre-state

### a) The Council-State

After analysing the economic premises of the abolition of social classes, that is to say, the premise “that ‘all’ can take part in the administration of the state,” Lenin, always referring to the formulations of Marx and Engels, said that “it is quite possible, after the overthrow of the capitalists and the bureaucrats, to proceed immediately, overnight, to replace them in the control over

*production and distribution, in the work of keeping account of labour and products, by the armed workers, by the whole of the armed population.” “Accounting and control-that is mainly what is needed for the ‘smooth working’, for the proper functioning, of the first phase of communist society. All citizens are transformed into hired employees of the state, which consists of the armed workers. All citizens become employees and workers of a single country-wide state ‘syndicate’.”<sup>11</sup> In addition, “Under socialism all will govern in turn and will soon become accustomed to no one governing. The ‘socialist stage’ “will create such conditions for the majority of the population as will enable everybody, without exception, to perform ‘state functions’.”<sup>12</sup>*

All citizens, remember, organised in the council system, or in other words, in the workers’ state, seeing that for Marx, Engels and Lenin, simplifying tasks will reach a point where the basic “administrative” tasks, reduced to the extreme, not only can be taken over by the proletariat and people in general, but can be taken in charge by the council system, which, after all, is the state itself.

Thus, the proletarian state, the socialist state, the dictatorship of the proletariat is nothing other than the council system, which will ensure the hegemony of the working class as a whole, will take over directly, without the need for any specific administrative body, both the defence of socialism and the management functions of the state and units of production. Finally, this unity of the proletarian dictatorship will be guaranteed by the simplified administrative/political unit, in a single whole called the Council-State.

### The pre-Council-State

The council system which, in the post-insurrectionary situation, will be responsible for the structural transition (establishment of new relations of production, elimination of all hierarchy in production, rejection of all mercantile forms, etc.) and in the superstructure (elimination of all hierarchy inherited from the bourgeois state, of all bureaucracy, rejection of all ideology inherited from the previous social formation, etc.), is the same council system as the one that, before the revolution, was the revolutionary organisation that overthrew the bourgeoisie and its state. So this is the same body whose tasks have changed over the two stages of the same process of social revolution: having completed the task of the insurrection, it must start to

implement a new task that will complete the real social revolution – the break with the social formation that has expired and the inauguration of a new one, socialism, which itself is soon to turn into the communist transition, the second classless society in history (the first was, of course, primitive society).

Well, that’s the council system that we call the (proletarian) pre-state. We see that the name is, by its content, nothing original, as it was, is and always will be a proof of the revolutionary process opened up by the Paris Commune. There, the Communards who seized power from the districts were the same as those who had assumed state power – the dictatorship of the proletariat – and who had begun, although with obvious errors of youth, the construction of a socialist order. A similar process occurred again in October 1917. The first experiment could not, in the circumstances where it occurred, reach its completion and was struck by the counter-revolutionary force of the bourgeoisie, after barely two months of memorable life. The second, as we know, could not reach completion due to the lack of conditions, external and internal, including the impossibility of completing the construction of socialism in one country.

In both cases, there was a pre-state, but in both cases, a pre-state which, if on the one hand it could conduct the insurrection, on the other it could not be prepared in time for the task of building socialism. In the case of 1917, it was not until the eve of October that the only party (the Bolshevik party) equipped with the theoretical prerequisites to prepare the vanguard of the class organised in soviets, especially in St. Petersburg, could teach the class only the most urgent tasks of the insurrection. For us it seems that, despite the consciousness, especially by Lenin, of the fundamental importance of the soviets since 1905, it was only after February 1917, in the case of Lenin, that this consciousness became conviction. That is why the party of Lenin (whose return to Russia was easily predictable, as he had previously returned in 1905) did not worry about fully mobilising the militancy of its worker activists in the soviets (the Mensheviks had arrived earlier), or including them in the prior preparations of the workers for a resurgence of the soviets, sooner and by more effective training. Such training, including the most determined vanguard of the class organised in the soviets, was to include, under the fire of an incessant debate between these workers, the questions of the insurrectional seizure of power and notions of marxist theory concerning the establishment of their state and the construction of socialism. This debate was flawed, by the

11. ICC note. *The State and Revolution*, Chapter V, “The higher phase of communist society”.

12. ICC note. *The State and Revolution*, Chapter VI, “Kautsky’s controversy with Pannekoek”.

10. ICC note. *The State and Revolution*, *ibid.*

inability to perceive earlier the importance of the soviets, and by lack of time to take the debate among the workers of the soviets only two months before the insurrection. Nevertheless, the unpreparedness of the vanguard to seize power and to exercise it, through its intervention and its leading role, for the construction of socialism, was one of the unfavourable factors for a real dictatorship of the proletariat (on the basis represented by the councils) in the USSR. Such a gap, caused largely by the lack of a suitable pre-state, that is to say a pre-state that constitutes a school of revolution, was an additional difficulty in the shipwreck of the 1917 Russian Revolution.

As Lenin himself always pointed out, communist revolutionaries are men and women who must have a very solid marxist background. A solid marxist background requires relative knowledge of the dialectic, political economy, historical and dialectical materialism, that allows the militants of a party of cadres, not only to analyse and understand past and present circumstances, but also to capture the essentials of predictable processes, at least in terms of the broad lines (such levels of prediction can be identified in many of the analyses in Lenin's *Philosophical Notebooks*). Hence the fact that a real marxist training can provide militant cadres of a genuine communist party with the ability to anticipate the possible scenarios for the development of a crisis like the current crisis. Similarly, to anticipate a broad process of revolutionary situations does not constitute a "beast with seven heads."<sup>13</sup>

In addition, it is perfectly feasible to predict the most obvious thing in this world, the emergence of embryonic forms of councils – because, here and there, they are beginning to emerge in an embryonic way. They must be analysed, in all frankness, without prejudice, so that, once interpreted theoretically, workers can correct the mistakes and shortcomings of such experiences, so that they can multiply and reinforce their content, until they become, in a near future – this guarantee is provided by the advanced stage of the structural crisis of capitalism – in the context of concrete revolutionary situations, the system of councils, from the dialectical interaction of small circles (in the workplace, education and housing), factory committees, and councils (of districts, regions, industrial zones, national, etc.) that will form, at the same time, the backbone of the insurrection and, in the future, the organ of the revolutionary dictatorship of the proletariat.

## 7. In conclusion: the ICC and the question of the post-revolutionary state

For us, the workers' councils must have unlimited power, and as such must be the basic organs of workers' power, besides the fact that they must constitute the core of the revolutionary dictatorship of the proletariat. But it is from here that we differentiate ourselves from some interpreters of marxism who make a separation between the councils and the Commune-State, as if this Commune-State and the councils were two qualitatively distinct things. This is the position, for example, of the ICC (International Communist Current). After making this separation, such interpreters establish a link whereby the councils must exert pressure and their control over the "semi-state of the transition period", without which this state (= Commune) – that in the ICC's vision, "is neither the bearer nor the active agent of communism" – will not fulfil its immanent role as conservator of the status quo (sic) and "obstacle" to the transition.

For the ICC, "The state always tends to grow disproportionately. It is the ideal target of careerists and other parasites and easily recruits the residual elements of the old decomposing ruling class."<sup>14</sup> And it finishes its vision of the socialist state by stating that Lenin at least foresaw (this function of the state) when he "talked about the state as the reconstitution of the old Tsarist apparatus" and when he says that the state born from the October Revolution tended "to escape our control and go in the opposite direction from the one we want it to go." For the ICC, "The proletarian state is a myth. Lenin rejected it, recalling that it was "a workers' and peasants' government with bureaucratic deformations." Moreover, for the ICC:

"The great experience of the Russian Revolution is there to prove it. Every sign of fatigue, failure or error on the part of the proletariat has the immediate consequence of strengthening the state; conversely each victory, each reinforcement of the state weakens the proletariat a little bit more. The state feeds on the weakening of the proletariat and its class dictatorship. Victory for one is defeat for the other."<sup>15</sup>

It also says, in other passages,<sup>16</sup> that "The proletariat retains and maintains complete freedom in relation to the state. On no pretext will the proletariat subordinate the decision-making power of its own organs, the workers' councils, to that

of the state; it must see that the opposite is the case"; that the proletariat "won't tolerate the interference of the state in the life and activity of the organised class; it will deprive the state of any right or possibility of repressing the working class" and that "The proletariat retains its arms outside of any control by the state". "The precondition for this is that the class does not identify with the state."

What is the situation with this vision of the ICC comrades on the Commune-State? First, that neither Marx nor Engels nor Lenin, as we have seen in the observations made above and taken from *The State and Revolution*, defend the conception of the state developed by the ICC. As we have seen, the Commune-State was, for them, the Council-State, the expression of the power of the proletariat and its class dictatorship. For Lenin, the post-revolutionary state was not only not a myth, as the ICC think, but the proletarian state itself. How can this state be so described by the ICC when at the same time it conceives it as a Commune-State?

Second, as we have already analysed above, the paradoxical separation between the councils and post-revolutionary state, posed by the ICC, distances itself from the conception of Marx, Engels and Lenin and reflects a certain influence of the anarchist conception of the state. We need to reiterate what we have said before, that to separate the proletarian state from the council system amounts to breaking the unity that should exist and exists under the dictatorship of the proletariat, and that such a separation places, on the one hand, the state as a complex administrative structure and managed by a body of officials – a nonsense in the simplified design of the state according to Marx, Engels and Lenin – and, on the other, a political structure in which the councils exert pressure on the state as such.

Third, we repeat: this conception, which results from an accommodation to a vision influenced by anarchism that identifies the Commune-State with the bureaucratic (bourgeois) state, comes from the ambiguities of the Russian Revolution, putting the proletariat outside of the post-revolutionary state while actually creating a dichotomy that, itself, is the germ of a new caste reproducing itself in the administrative body separated organically from the workers' councils. The ICC confuses the concept of the state of Lenin with the state produced by the ambiguities of the Revolution of October 1917. When Lenin complained about the atrocities of the state as it developed in the USSR, this does not mean that he rejected his conception of the Commune-State, but the deviations from the Russian

13. ICC note: The name of a Brazilian film about psychiatric hospitals in Brazil.

14. ICC note. "The state in the period of transition", *International Review* no. 15.

15. ICC note. *Ibid.*

16. ICC note: the same article.



Commune-State after October.

Fourth, the comrades of the ICC do not seem to realise, as we also discussed above, the fact that the organisational and administrative tasks that the revolution puts on the agenda from the beginning, are essentially political tasks, whose implementation must be carried out directly by the victorious proletariat.

Fifth, the comrades of the ICC do not seem to realise that, as we also indicated above, the real simplification of the Commune-State, in the sense that Lenin expressed, makes the administrative structure so minimal that it can be managed directly by the council system.

Sixth and final point. Only by assuming directly and from within, simplified tasks under the guidance of the Council-State, of defence and socialist transition/construction, will the working class be in a condition to prevent a schism occurring between a foreign state and the Council-State, so that it can exercise its control, not only over what happens within the state, but also within society as a whole.

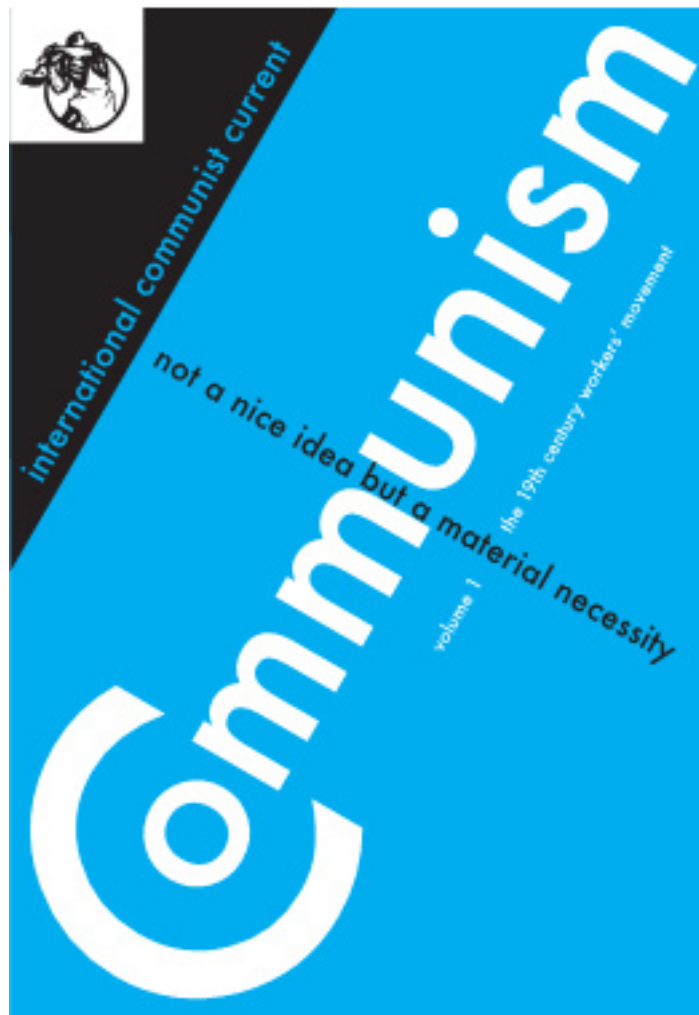
For this, it is worthwhile to recall that the proletarian state, the Commune-State, the socialist state, the dictatorship of the proletariat are nothing other than the council system that has taken charge of the basic organisational tasks of the militias, the length of the working day, work brigades and other equally revolutionary types of tasks (revocability of positions, equal pay, etc.)... tasks, also simplified, concerning the struggle and organisation of a society in transition. For this, it will not be necessary to create an administrative monster, and still less a bureaucratic one, nor any kind of form inherited from the beaten bourgeois state or even something resembling the bureaucratic state capitalism of the ex-USSR.

It would be great if the ICC examines the passages we have highlighted in this text from Lenin's *State and Revolution*, where this justifies, on the basis of Marx and Engels, the need for the Commune-State, the Council-State, the proletarian state, the dictatorship of the proletariat.

OPOP

September. 2008, revised December  
2010

## ICC publications



Since 1990 and the collapse of the communist bloc - in reality a form of state capitalism - the International Communist Current has been publishing a series of articles in its theoretical journal, the *International Review*, around the theme "Communism is not a nice idea, but a material necessity". The first volume of the series, which has now been published in book form, begins with "primitive" communism and goes on to explore the conception of communism in the writings of Marx, Engels and other revolutionaries during the 19<sup>th</sup> century. The second volume of the series deals with the period from the mass strikes of 1905 to the end of the first great revolutionary wave that followed the First World War. A third volume is now underway.

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## Critique of the book: *Dynamics, contradictions and crises of capitalism*

# Is capitalism a decadent mode of production and why? (i)

At the time of a major acceleration of the world economic crisis we have decided to return to the fundamental questions of the dynamic of capitalist society. Only by understanding them can we fight a system that is condemned to perish either by its own contradictions or by its overthrow and replacement by a new society. These questions have already been looked at in numerous publications of the ICC, so if we judge it necessary to raise them again it is to critique the vision developed in the book *Dynamics, contradictions and crises of capitalism*.<sup>1</sup> This book explicitly defends, with quotations, the analyses of Marx concerning the characterisation of the contradictions and the dynamic of capitalism, notably the fact that the system, like other class societies that have preceded it, necessarily goes through an ascendant phase and a phase of decline. But the manner in which this framework of theoretical analysis is sometimes interpreted and applied to reality opens the door to the idea that reforms would be possible within capitalism which would permit the attenuation of the crisis. In

1. Marcel Roelandts. Éditions Contradictions, Brussels, 2010.

opposition to this approach, the article that follows attempts an argued defence of the insurmountable character of the contradictions of capitalism.

In the first part of this article we examine whether capitalism has ceased to be a progressive system since the First World War, and if it has become, according to Marx's own words, "*a barrier for the development of the productive powers of labour*".<sup>2</sup> In other words, do the production relations of this system, after having been a formidable factor in the development of the productive forces, constitute, since 1914, a brake on the development of these same productive forces? In a second part we will analyse the origin of capitalism's insurmountable crises of overproduction, and unmask the reformist mystification of a possible attenuation of the crisis by 'social policies'.

2. *Grundrisse: Foundations of the Critique of Political Economy*. Chapter on Capital, Third Section, "Capital as fructiferous. Interest. Profit. (Production costs etc)". <http://www.marxists.org/archive/marx/works/1857/grundrisse/ch15.htm#p74>

## Has capitalism been a brake on the growth of the productive forces since the First World War?

The blind forces of capitalism, unleashed by the First World War, destroyed far more productive forces than in all the economic crises of capitalism since its birth. They plunged the world, particularly Europe, into a barbarism threatening to engulf civilisation. This situation would provoke, in reaction, a world revolutionary wave aiming to finish with a system whose contradictions was now a threat to humanity. The position defended at the time by the vanguard of the world proletariat followed the vision of Marx for whom "*The growing incompatibility between the productive development of society and its hitherto existing relations of production expresses itself in bitter contradictions, crises, spasms*".<sup>1</sup> The *Letter of Invitation* (end of January 1919) to the Founding Congress of the Communist International declared: "*the present period is that of the decomposition and collapse of the whole world capitalist system, it will be the collapse of European civilisation in general, if capitalism, with*

1. Ibid.

*its insurmountable contradictions, is not defeated*".<sup>2</sup> Its *Platform* underlined that: "*A new epoch is born: the epoch of the dissolution of capitalism, of its inner collapse. The epoch of the communist revolution of the proletariat*".<sup>3</sup>

The author of the book, Marcel Roelandts, (MR) accepts this characteristic of the First World War and the international revolutionary wave that followed it, often in the same terms. His analysis partly restates the following elements in relation to

2. *Letter of invitation to the Founding Congress of the Communist International*. An English translation is published in *Theses, Resolutions and Manifestos of the First Four Congresses of the Third International*, Pluto Press, London, Second Edition 1983. See: <http://www.marxists.org/history/international/comintern/1st-congress/invitation.htm>

3. Ibid. The translation in the book cited differs from that we have given: "*A new system has been born. Ours is the epoch of the breakdown of capital, its internal disintegration, the epoch of the Communist revolution of the proletariat*." See: <http://www.marxists.org/history/international/comintern/1st-congress/platform.htm>

the evolution of capitalism since 1914 and which, for us, has confirmed the diagnosis of the decadence of capitalism:

- the First World War (20 million dead) lowered the production of the European powers involved in the conflict by more than a third, an unprecedented phenomenon in the whole history of capitalism;
- it was followed by a phase of feeble economic growth leading to the crisis of 1929 and the depression of the 1930s. The latter caused a greater fall in production than that caused by the First World War;
- the Second World War, even more destructive and barbaric than the first (more than 50 million dead) provoked a disaster to which the crisis of 1929 provides no possible comparison. The alternative posed by revolutionaries at the time of the First World War had been tragically confirmed: socialism or barbarism.

- since the Second World War there hasn't been a single instant of peace in the world and instead hundreds of wars and tens of millions killed, without counting the resulting humanitarian catastrophes (famines). War, omnipresent in numerous regions of the world, had nevertheless spared Europe, the principal theatre of the two world wars, for a half century. But it made a bloody return there with the conflict in Yugoslavia that began in 1991;
- during this period, except for the period of prosperity in the 50s and 60s, capitalism has not been able to avoid recessions that require the injection of more and more massive doses of credit. Growth has only been maintained by the fiction that these debts will be finally repaid;
- after 2007-2008 the accumulation of colossal debt has become an insurmountable obstacle to the maintenance of even the weakest growth. Not only businesses and banks but also states have been fundamentally weakened or threatened with bankruptcy. A recession without end is now on the historical agenda.

We have limited ourselves here in this summary to the most salient elements of the crises and wars which have made the 20th century the most barbaric that humanity has even known. The dynamic of the economy is not necessarily the direct cause but it cannot be dissociated from the nature of this period.

### With what method can we evaluate capitalist production and its growth?

For MR this picture of the life of society since the First World War is not sufficient to confirm the diagnosis of decadence.

For him, “if certain arguments of this analysis of capitalist obsolescence can still be defended, one is forced to recognise that there are others (since the end of the 1950s) which cannot.” He rests on Marx for whom capitalism can only be decadent if “the capitalist system becomes an obstacle for the expansion of the productive forces of labour”. So, according to MR, the quantitative data does not reasonably permit the idea “that the capitalist system is a brake on the productive forces” nor “that it has shown its obsolescence in the eyes of humanity”. Moreover, he says, “in comparison with the period of the strongest growth of capitalism before the First World War, development since then (1914-2008) is clearly superior.”<sup>4</sup>

The empirical data must necessarily

4. Roelandts, *Dynamics, contradictions and crises of capitalism*, pp.56, 57.

be taken into account. But that is clearly not enough. A method is needed to analyse it. We cannot be content with an account sheet, but must go beneath the raw data to closely examine what production and growth are made of, in order to identify the actual existence of brakes on the development of the productive forces. This is not the point of view of MR for whom

“those who maintain the diagnosis of obsolescence can only do so if they avoid confronting reality or use expedients to try and explain it: by credit, military expenses, unproductive expenses, the existence of a supposed colonial market, the so-called statistical manipulation or mysterious manipulations of the law of value, etc. Actually there are few marxists who have made a clear and coherent explanation of the growth of the Thirty Glorious Years<sup>5</sup> and been able to discuss certain realities in flagrant contradiction with the diagnosis of the obsolescence of capitalism.”<sup>6</sup> We imagine that MR is of the opinion that he himself belongs to that rare category of marxists and therefore would quickly grasp the following question, to which no trace of response can be found in his book: in what way is the invocation of ‘unproductive costs’ an ‘expedient’ to explain the nature of growth in the phase of decadence?

In fact, understanding what capitalist production is made of corresponds completely to the needs of the marxist method in its critique of capitalism. It permits us to see how has this system, thanks to the social organisation of production, allowed humanity to make the enormous leap of developing the productive forces to a level where a society based on the free satisfaction of human needs becomes a possibility once capitalism is overturned. Can we say that the development of the productive forces since the First World War and the price paid for it by society and the planet, is a necessary condition for the victorious revolution? In other terms, has capitalism continued to be, since 1914, a progressive system, favouring the material conditions for the revolution and communism?

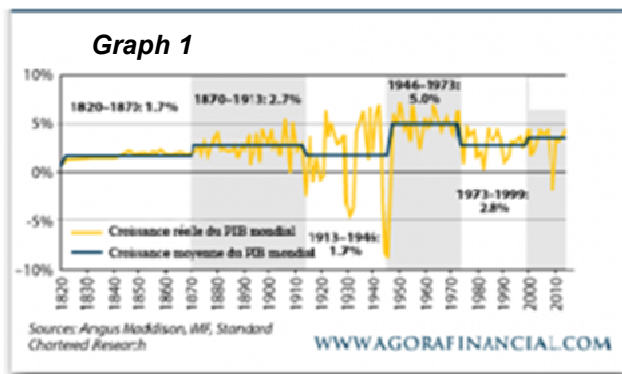
### The quantitative data for growth

Graph 1<sup>7</sup> represents (in the horizontal

5. Usually known in English as the post-war boom.

6. Roelandts, Op. Cit., p.63.

7. This is adapted from a graph reproduced at: <http://www.regards-citoyens.com/article-quelques->



lines) the average annual growth in different periods between 1820 and 1999. It also shows significant departures from the rates of growth, above and below the average figures.

Table 1

Period		Annual average growth rate
1820	1870	1.70%
1870	1913	2.70%
1913	1946	1.70%
1946	1973	5.00%
1973	1999	2.80%

The average rate of growth in Graph 1 has been restated in Table 1 concerning the period 1820-1999. To complete this table, we have estimated the average annual rate of growth for the period 1999-2009 using a statistical series relative to this period<sup>8</sup> based on a negative world growth of 0.5% in 2009.<sup>9</sup>

From the figures presented here, a certain number of elementary conclusions can be drawn:

- the four most important dips in economic activity have all occurred since 1914 and correspond to the two world wars, the crisis of 1929 and the recession of 2009;
- the most splendid period in the life of capitalism before the First World War was between 1870-1913. It is the period that most represents a mode of production that has completely freed itself from the relations of production inherited from feudalism and possessing, following imperialist conquest of the

nouvelles-du-pib-mondial-par-addison-wiggin-pour-la-chronique-agora-64341102.html. We have deleted estimates for the period 2000-2030.

8. <http://equity-analyst.com/world-gdp-us-in-absolute-term-from-1960-2008.html>.

9. Consistent with IMF statistics: *World Economic Outlook*, April 2011 p2, <http://www.imf.org/external/pubs/ft/weo/2011/01/pdf/text.pdf>.



colonies,<sup>10</sup> a world market whose limits have not yet been reached. Moreover, as a consequence of this situation, the sale of an important mass of goods can compensate for the tendency for the rate of profit to fall, and free up a mass of profit sufficient for continued accumulation. It is also the period which closes the phase of ascendance and opens up the phase of decadence marked by the outbreak of the First World War that occurs at the height of capitalist prosperity;

- the period that follows the First World War and extends till the end of the 1940s fully confirms the diagnosis of decadence. In this sense we share the appreciation of MR for whom the characteristics of the period 1914-1945, and even beyond, up until the end of the 1940s, completely correspond to the description given by the revolutionary movement in 1919, in continuity with Marx, that the phase of the decadence of capitalism opens with the world war;
- the period of the Thirty Glorious Years, between approximately 1946-1973, with far superior growth rates than those of 1870-1913, are in enormous contrast to the preceding period;
- the following period, until 2009, shows a rate of growth slightly superior to the best phase of the ascendance of capitalism.

Do the Thirty Glorious Years put the analysis of decadence in question? Does the following period confirm that it has not been an exception?

The level of economic activity of each of these two periods is explained by the qualitative modifications of production since 1914, in particular the swelling of unproductive expenses, the way in which credit has been used since the 1950s, and by the creation of fictitious value through what is called the ‘financialisation’ of the economy.

## Unproductive expenses

### What are they?

We include in the category of unproductive expenses the costs of that part of production whose use value cannot be employed in any way in the simple or enlarged reproduction of capital. The clearest example is that of the production of armaments. Weapons

may serve to make war but do not produce anything, not even other weapons. Luxury spending destined essentially to sweeten the life of the bourgeoisie also comes into this category. Marx speaks of it in pejorative terms: “*A large part of the annual product, the part consumed as income and no longer re-entering production afresh as a means of production, consists of extremely paltry products (use values), serving to satisfy the most miserable appetites, fancies, etc.*”<sup>11</sup>

### The reinforcement of the state machine

Another entry in this category are all the state expenses required to face up to the growing contradictions of capitalism on the economic, imperialist and social levels. Thus, beside arms spending one also finds the cost of the upkeep of the repressive and judicial apparatus, as well as that of the containment of the working class – the trade unions. It is difficult to estimate the part of the state expenses which is included in the category of unproductive expenses. A sector like education, which is necessary for the upkeep and development of the labour force and its productivity, also has an unproductive side of masking youth unemployment and making it tolerable. In a general way, as MR strongly argues, “*The reinforcement of the state machine, as well as its growing intervention in society, is one of the most obvious manifestations of the phase of obsolescence of a mode of production (...) Fluctuating around 10% throughout the ascendant phase of capitalism, the share of the state in the OECD countries climbs progressively since the First World War to reach around 50% in 1995, varying between a low of about 35% for the US and Japan, and a high of 60-70% for the Nordic countries.*”<sup>12</sup>

Among these expenses, the cost of militarism is usually more than the 10% that the military budget reached in certain circumstances in some of the most industrialised countries, since the manufacture of armaments must be added to the cost of the different wars. The growing weight of militarism<sup>13</sup> since the First World War is clearly not an independent phenomenon in the life of society but the expression of the high level of economic contradictions which constrain each power to increasingly engage in military preparations in order to survive in the world arena.

### The weight of unproductive expenses in the economy

Unproductive costs, which certainly represent more than 20% of GDP, in reality only correspond to a sterilisation of a significant amount of accumulated wealth which therefore cannot be used for the creation of greater wealth, which is contrary to the fundamental essence of capitalism. We have here a clear manifestation of the braking effect on the development of the productive forces which has its origin in the relations of production themselves.

To these unproductive expenses may be added another type: that of illegal trafficking of all kinds, drugs in particular. This is an unproductive consumption but is however counted as part of GDP. Thus the laundering of the revenues of this activity represents several percentage points of world GDP: “*Drug traffickers will have laundered around 1,600 billion dollars or 2.7% of world GDP in 2009 (...) according to a new report published on Tuesday by the United Nations Office against Drugs and Crime (UNODC) (...) The report of the UNODC indicates that all the benefits of this criminality, excluding tax evasion, will rise to about 2,100 billion dollars, or 3.6% of GDP in 2009*”.<sup>14</sup>

To restore the truth about real growth, around 3.5% of the additional amount of GDP must be amputated because of money laundering for the different traffic.

### The role of unproductive expenditure in the miracle of the Thirty Glorious Years

Keynesian measures, aimed at stimulating final demand and which thus helped to ensure that the problems of overproduction did not manifest themselves openly during any part of the period of the Thirty Glorious Years, were largely unproductive expenditures whose cost was supported by the state. Among them were wage increases, beyond what is socially necessary for the reproduction of labour power. The secret of the prosperity of the Thirty Glorious Years amounts to an enormous waste of surplus value that could then be supported by the economy due to the important productivity gains registered during this period.

The miracle of the Thirty Glorious Years, therefore, under favourable conditions, was enabled by a policy of the bourgeoisie which, educated by the 1929 crisis and the depression of the 1930s, took pains to delay the open return of the crisis of overproduction. In this sense, this episode in the life of capitalism fits well with what MR says: “*The exceptional*

10. “*From 1850 to 1914, world trade has multiplied by 7, that for Great Britain by 5 for imports and by 8 for exports. From 1875 to 1913, overall trade for Germany has multiplied by 3.5, for Britain by 2 and for the United States by 4.7. Finally, national income in Germany has multiplied by nearly 4 between 1871 and 1910, the U.S. by nearly 5.*” (<http://thucydide.over-blog.net/article-6729346.html>).

11. Economic Manuscripts. 1864, Chapter 2 “Capitalist Production as the Production of Surplus Value” <http://www.marxists.org/archive/marx/works/1864/economic/ch02.htm>

12. Roelandts, Op. Cit., pp.48-49.

13. On this subject see our two articles in the *International Review* n°s 52 and 53, “War, militarism and imperialist blocs in the decadence of capitalism”.

14. Drogues Blog. <http://droguesblog.wordpress.com/2011/10/27/la-presse-ca-traffic-de-drogue-chiffres-astronomiques-saisies-minimes-selon-lonu/>



period of prosperity after the war appears in all points analogous with the periodic recoveries during the periods of ancient and feudal obsolescence. We therefore endorse our assumption that the Thirty Glorious Years only constitutes an interval in the course of a mode of production that has exhausted its historic mission.”<sup>15</sup> Would Keynesian measures be possible again? We cannot rule out scientific and technological advances that could again enable significant productivity gains and reduce the production costs of goods. Nevertheless this would continue to pose the question of a buyer for them since there are no more extra-capitalist markets and hardly any potential to increase demand through

left the capital in general, for whom the financialisation of the economy is the cause of the current crisis in capitalism. We have widely developed in our press how it is exactly the opposite.<sup>17</sup> Indeed, it is because the “real” economy has been plunged for decades in a deep slump that capital tends to shy away from this sphere which is less and less profitable. MR seems to share our view.

That said, he does not seem interested in taking into account the significant implications of this phenomenon for the composition of GDP.

The U.S. is certainly the country where financial activity has been the most important development. In 2007, 40% of private sector profits in the U.S. were made by banks, which employ only 5% of employees.<sup>18</sup> Table 2 shows, for the United States and Europe, the weight gained by financial activities<sup>19</sup> (the parallel evolution of industrial production in the US over the same period has been given as a guide):

		1957	2008	2009
Industry as % of GDP	USA	27.0%	12.0%	
Finance Insurance Real Estate as % of GDP		12.0%	20.0%	
Finance sector as % of GDP	Germany			1.3%
	France			1.4%
	Greece			0.3%
	Ireland			7.4%
	Luxemburg			24.5%
	UK			4.9%
	EU 27			2.0%

additional debt. Under these conditions the repetition of the boom of the Thirty Glorious Years appears totally unrealistic.

### The financialisation of the economy

We reproduce here the most commonly accepted meaning of that term: “Financialization is strictly the use of funding and in particular to indebtedness on the part of economic agents. One can also call financialization of the economy the growing share of financial activities (banking, insurance and investments) in the GDP of developed countries in particular. It comes from an exponential multiplication of these types of financial activities and the development of the practice of financial operations, both by businesses and other institutions and by individuals. One can also speak of a rise of finance capital as distinguished from the narrower concept of capital focused on production equipment.”<sup>16</sup> We distinguish ourselves completely from the anti-globalisation movement, and from the

Unlike unproductive expenditures, we are not dealing here with a sterilisation of capital, but in the same sense as this, the development of finance leading to the artificial inflation of the estimate of the annual wealth of some countries ranging from 2% for the EU to 27% for the United States. Indeed, the creation of financial products is not accompanied by the creation of real wealth, so

17. See in particular “World economic crisis: The answer is not financial regulation but overthrowing capitalism”, *World Revolution* n° 348, October 2011 <http://en.internationalism.org/wr/11/348/crisis>

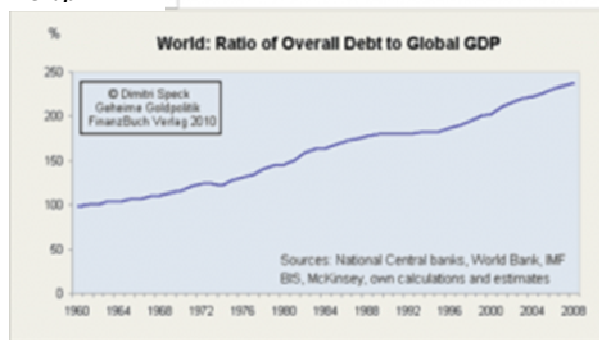
18. [http://lexinter.net/JF/financiarisation\\_de\\_l\\_economie.htm](http://lexinter.net/JF/financiarisation_de_l_economie.htm)

19. <http://socio13.wordpress.com/2011/06/06/la-financiarisation-de-laccumulation-par-john-bellamy-foster-version-complete/>

15 Roelandts, Op. Cit., p.65.

16. <http://fr.wikipedia.org/wiki/Financiarisation>

Graph 2



that, in all fairness, its contribution to national wealth is zero.

If we get rid of GDP activity corresponding to the financialisation of the economy, all major industrialised countries would see their GDP reduced by a percentage varying between 2% and 20%. An average of 10% seems acceptable in view of the respective weight of the EU and US.

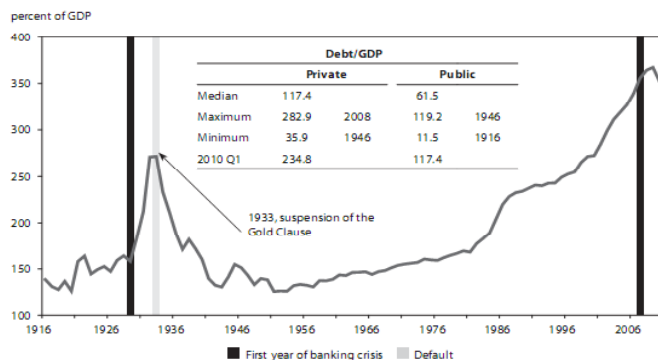
### The increasing recourse to debt from the 1950s

In our view, the failure to take into account the increase in debt which has accompanied capitalist development since the 1950s reveals the same prejudice that discards a qualitative analysis of growth.

Can we deny that it is a fact? Graph 2 illustrates the evolution of world debt as a whole (relative to the growth of GDP) from the 1960s. Over this period debt increases faster than economic growth.

In the United States (Graph 3<sup>20</sup>) debt

Total (public and private) credit market debt outstanding: United States, 1916–2010Q1



Graph 3

starts to take off at the beginning of the 1950s. It goes from less than 1.5 times GDP at that time to reach a figure that

20. *A decade of debt*, Carmen M. Reinhart and Kenneth S. Rogoff. [http://www.piie.com/publications/chapters\\_preview/6222/01iie6222.pdf](http://www.piie.com/publications/chapters_preview/6222/01iie6222.pdf). Key words: Debt / GDP.

is more than 3.5 times GDP today. Prior to 1950 it reached a peak in 1933 due to private debt but then decreased again. It should be noted that the 1946 peak in public debt (at a moment when private debt was weak) was the result of growth in public spending to finance the New Deal. It was fairly low at first but increased dramatically from 1940 onwards in order to finance the war effort.

From the 1950s-60s, debt acted as “solvent demand” allowing the economy to grow. This was an ever-increasing debt that was basically destined never to be repaid, as testified by the present situation of excessive debt on the part of all the economic players in every country. This situation risks leading to the bankruptcy of the main economic players, the nation states that is, and so heralds the end of growth by means of increasing debt. In other words, this means the end of growth all together, except for limited periods within a general course towards depression. It is vital that our analysis takes into account that reality is inflicting a dramatic lowering of the growth rate since the 1960s. This is the boomerang effect of this shameless cheating with the law of value. MR rejects the expression “cheating with the law of value” to describe this practice of international capitalism. Nevertheless it is essentially the same as the protectionist measures taken in the USSR in order to artificially keep alive an economy that was less efficient than that of the main countries of the western bloc. The collapse of the eastern bloc revealed the truth. Will it take the collapse of the world economy to convince MR of the consequences of a mass of existing debt that cannot be repaid?

In order to make an objective and rigorous assessment of real growth since the 1960s, we should deduct the mounting accumulation of debt from the official increase in GDP between 1960 and 2010. In fact, as *Graph 2* shows, the increase in world GDP is less relevant than the increase in world debt in this period, to the point that not only did this important period of post war boom fail to generate wealth but it also helped to create a global deficit which reduces the miracle of the post war boom to nothing.

### The evolution in the living conditions of the working class

During the ascendant period the working class was able to exact lasting economic reforms in terms of working hours and wage increases. This was because of the struggle for demands and also because the system was able to grant them, thanks in particular to a significant increase in production. This

situation changes with capitalism’s entry into decadence when, with the exception of the post-war boom, productivity increases are increasingly placed at the service of each national bourgeoisie’s mobilisation against the contradictions that assail it at all levels (economic, military and social) and it leads, as we have seen, to the strengthening of the state apparatus.

Wage increases following the First World War generally serve only to compensate for the constant increase in prices. The increases granted in France in June 1936 (the Matignon agreement: 12% on average) were wiped out in six months as from September 1936 to January 1937 alone prices increased by about 11%. In the same way, we know what remained one year later of the increases obtained in May 1968 with the Grenelle agreement.

On this point, MR says this: “*In the same way, the communist movement has defended the idea that after the First World War it is impossible to win real and lasting social reforms. However, if we look at the evolution of real wages and working hours in the course of the century, not only do we find nothing to back up this conclusion, but also the facts show that the opposite is the case. Whereas real wages in the developed countries doubled or tripled at most before 1914, they increased six or seven-fold after that date: that is, three or four times more during the “decadent” period of capitalism than when it was ascendant.*”<sup>21</sup>

It is rather difficult to discuss this analysis as the figures given are very approximate. We can understand that it is difficult to do better given the material available on this question but a minimum of scientific rigour demands that at least the sources be cited from which extrapolations are made. Moreover, assertions are made about wage increases in the ascendance and decadence of capitalism with no indication of the precise period referred to. It is easy to see that an increase over thirty years cannot be compared to an increase over 100 years (unless it is given in the form of the annual mean increase, which obviously is not the case). In addition, it is important to understand the period so that the comparison can integrate other aspects of social life, which are of primary importance to our mind in placing the wage increases in perspective. Of particular importance is the development of unemployment. An increase in wages accompanied by a rise in unemployment can very easily result in a lowering of workers’ living standards.

Following the passage that we have just discussed, there is a graph in the book whose title indicates that it concer-

ns real wage increases in Great Britain from 1750 to 1910 and a financial deal in France concerning the years from 1840 to 1974. However the figures relating to the French deal for the period between 1840 to 1900 are missing and those concerning the period 1950-1980 are illegible. We can make more use of the information on Great Britain. From 1860 to 1900 it would seem that real wages increased from 60 to 100, which corresponds to an annual increase of 1.29% over the period.

In examining wages in decadence we divide the period into two sub-periods:

- from 1914 to 1950; we do not have a series of statistics for this period but rather scattered and heterogeneous figures, which nevertheless indicate that living standards were affected by the Second World War and the 1929 crisis;
- the subsequent period, which goes up to the present day, for which we have more reliable and homogenous data.

#### 1) 1914-1950:<sup>22</sup>

For the European countries the First World War is synonymous with inflation and the shortage of goods. Once it ended the two camps were confronted with the need to repay a colossal debt (three times the national income in the case of Germany) that had been incurred in order to finance the war effort. The bourgeoisie saw to it that the working class and the petty bourgeoisie paid for it through inflation which, while reducing the amount of debt, also drastically reduced income and sent savings up in smoke. In Germany in particular, from 1919 to 1923, workers saw a non-stop reduction in their income, with wages much lower than before the war. In was the same in France and in England too but to a lesser extent. But in the case of the latter the entire inter-war period was characterised by permanent unemployment that paralysed millions of workers, a phenomenon that was unknown up to then in the history of capitalism, either in England or internationally. In Germany from the end of the period of astronomic inflation, around 1924, up to the 1929 crisis the number of unemployed stayed generally above 1 million (2 million in 1926).

In 1929, unlike Germany, but like France, Great Britain had not returned to its 1913 position.

The trajectory of the United States was very different. Before the war, American industry developed faster than in Europe. This tendency strengthened from the end

22. The information in the form of figures or a qualitative assessment contained in the study of this period, whose source is not explicitly cited, are taken from the book *The conflict of the century* by Fritz Sternberg, Seuil edition.

21. Roelandts, Op. Cit., p.57.

of the war up to the beginning of the world economic crisis. So the United States ex-

	1890	1910	1929	1930	1933
American salaries	644	670	835	760	563

perienced prosperity throughout the First World War and the subsequent period until the open crisis of 1929. But this crisis reduced the real wage of American workers to a level inferior to that of 1890

	1880	1910	1951	1970	1970	2005	2005	2008
Salaries	75	106	100	231	231	348	348	354
% period increase	41.33%		131.00%		50.65%		1.72%	
% average annual increase	1.16%		4.51%		1.18%		0.57%	

(it was 87% of the latter). The development over this period is presented in Table 3:<sup>23</sup>

## 2) from 1951 to the present day (compared to 1880-1910)

Table 4 contains statistics concerning the evolution of the wages of French workers:

- expressed in Francs for the period 1880-1910;<sup>24</sup>
- expressed in terms of a base of 100 for 1951 for the period 1951-2008.<sup>25</sup>

Table 4 demonstrates the following facts:

**a) The period 1951-1970**, at the heart of the post-war boom, experienced the highest rate of wage increases in the history of capitalism, which is consistent with the phase of economic growth to which it corresponds and its specificities, such as, among other things, Keynesian measures to sustain demand with a view to increasing wages.

There are also other factors, which are by no means secondary, to explain this growth in wages:

- the standard of living in France in 1950 was very low, which is shown by the fact that it was only in 1949 that ration cards, introduced in 1941 to tackle the poverty

23. Stanley Lebergott, *Journal of the American Statistical Association*.

24. [http://www.persee.fr/web/revues/home/prescript/article/reco\\_0035-2764\\_1959\\_num\\_10\\_2\\_407351](http://www.persee.fr/web/revues/home/prescript/article/reco_0035-2764_1959_num_10_2_407351)

25. [http://www.insee.fr/fr/themes/tableau.asp?ref\\_id=NATTEF04114](http://www.insee.fr/fr/themes/tableau.asp?ref_id=NATTEF04114)

of the war period, were abolished;

- from the 1950s the cost of reproducing the work force includes a number of significant expenses which did not exist previously: the increased demand for technical knowledge for a large number of jobs means that the children of the working class must receive more years of schooling and so remain at the cost of their parents longer; "modern" working conditions in large cities also increase costs. Although the modern proletariat is surrounded by household goods which they did not have in the 19th century, this does not mean that their standard of living is higher, because their relative exploitation goes on increasing. Many of these "household goods" did not exist previously; in bourgeois houses the domestic servants did everything by hand. They have now beco-

presented in Table 5:<sup>26</sup>

- from the 1980s legislation aiming to lower the official unemployment figures led to changes in the way the number of unemployed are counted (for example, by excluding partial employment) and also ended up excluding unemployed from the figures by means of increasingly strict criteria. This basically explains the lower rate of increase in unemployment afterwards;
- the period after 1985 witnessed the development of precarious work with fixed term contracts and part-time work, which are really disguised unemployment;
- the assessment of the real wage, adjusted to take account of the official estimate of the cost of living, is greatly overestimated by the official figures, to the point that the INSEE (National Institute for Economic Statistics and Studies) in France have been forced to admit that there is a difference between official inflation and "perceived" inflation, the

	1962	1973	1975	1980	1985	1990	1995	2000	2005	2010
Unemployment rate	1.7%	3.0%	3.5%	5.4%	9.0%	7.9%	10.1%	8.6%	8.9%	9.9%

me indispensable in workers' households in order to save time because often both the man and woman have to work to support the family. Likewise, when the car appeared on the scene it was a luxury of the rich. Now it has become indispensable for many proletarians to get to work without having to spend hours on public transport with its inadequate services. It is the rise in the productivity of labour which has made it possible to produce such things, which are no longer a luxury, at a price that is compatible with the level of workers' wages;

**b) The subsequent period, 1970-2005**, saw wage increases that were on a par with those in the ascendant period of capitalism (1.18% versus 1.16% - bearing in mind that in Great Britain there was a 1.29% increase in the period 1860-1900). Having said this, we should take into account a number of factors that show that the living conditions of the working class did not really improve to that extent and that they even got worse than in the previous period:

- this period witnessed a dramatic increase in unemployment, which greatly affected the standard of living in working class households. We have figures for unemployment in France, which are

latter being based on a household view of price increases in basic, essential products (the expenses that one cannot cut down on), which is much higher than official inflation.<sup>27</sup>

**c) The period 2005-2008**, although shorter than the previous period, is more indicative in its official rate of wage increases as around 0.5% because it heralds the future. In fact this increase of only 0.5% corresponds to a much more significant deterioration, in that all the factors mentioned for the previous period must still be taken into account but in much larger proportions. In fact, it is the statistics on wages that lead us to give 2008 as the

26. For 1962 and 1973 the source is "La rupture: les décennies 1960-1980, des Trente Glorieuses aux Tente Piteuses", Guy Caire. [http://www.ihscgt.fr/IMG/pdf/Guy\\_Caire\\_-\\_La\\_rupture\\_-\\_les\\_decennies\\_1960-1980\\_des\\_trente\\_glorieuses\\_aux\\_trente\\_piteuses.pdf](http://www.ihscgt.fr/IMG/pdf/Guy_Caire_-_La_rupture_-_les_decennies_1960-1980_des_trente_glorieuses_aux_trente_piteuses.pdf).

For 1975 to 2005 the source is: INSEE. [http://www.insee.fr/fr/themes/tableau.asp?reg\\_id=&ref\\_id=NATnon03337](http://www.insee.fr/fr/themes/tableau.asp?reg_id=&ref_id=NATnon03337).

For 2010 the source is Google. [http://www.google.fr/publicdata/explore?ds=z807pt6rd5uqa6\\_met\\_y=unemployment\\_rate&idim=country:fr&fdim\\_y=seasonality:da&dl=fr&hl=fr&q=taux+de+chomage+en+france](http://www.google.fr/publicdata/explore?ds=z807pt6rd5uqa6_met_y=unemployment_rate&idim=country:fr&fdim_y=seasonality:da&dl=fr&hl=fr&q=taux+de+chomage+en+france)

27. In fact official inflation is based on the variation in price of products that the consumer buys rarely or which are not essential. <http://www.latribune.fr/actualites/economie/france/20100813reibr000538586/comment-reconcilier-les-menages-francais-avec-l-insee.html>.



end of the period beginning in 2005. From 2008 onwards the situation of the working class deteriorated drastically as is attested by the evolution in the figures regarding poverty and we cannot ignore this fact when studying the period. In 2009 the percentage of poor people in French cities has not only increased but their degree of poverty has also increased. They now represent 13.5% of the population, that is 8.2 million people, 400,000 more than in 2008.

### **What can we conclude from nearly a century of capitalist development?**

We have seen that the inclusion in GDP of all unproductive expenses, of activities that are merely financial or criminal, greatly contributes to an over-estimation of the wealth created annually.

We have also seen that the contradictions of capitalism itself wipe out a significant percentage of capitalist production (particularly through “unproductive” production). As for the living conditions of the working class, they are by no means as brilliant as the official statistics try to make us believe.

In addition, there is an aspect that we have not brought out in our examination of production or of working conditions, that is, the cost exacted by the domination of capitalist productive relations since the First World War, in terms of the destruction of the environment and the exhaustion of the world's resources of raw materials. This is difficult to quantify but absolutely crucial for the future of humanity. This is another reason, and by no means a minor one, to exclude decisively any idea that capitalism has been a progressive system as regards the future of the working class or of humanity for nearly a century now.

MR notes that capitalist development in this period has been accompanied by war, barbarism and environmental damage. On the other hand, and rather surprisingly, he concludes his defence plea, which aims to show that the relations of production after the 1950s have not acted increasingly as a brake on the development of the productive forces, by affirming that the system is well into its decadence: “*In our opinion there is therefore no contradiction between recognising, on the one hand, the undeniable prosperity of the post-war period and all its consequences and in nevertheless maintaining, on the other hand, the diagnosis that capitalism has been historically obsolete since the beginning of the 20<sup>th</sup> century. It follows that the vast majority of the working population does not yet see capitalism as an out-dated tool that*

*it must get rid of: it is always possible to hope that ‘tomorrow will be better than yesterday’.* Although this scenario is being reversed in the old industrial countries today, it is by no means the case for the emerging countries.”<sup>28</sup> If you reject the marxist criteria of a brake on the productive forces to characterise the decadence of a mode of production, what then is it based on? MR's reply: the “*domination of wages on the scale of a now unified world market*”. He explains it in this way: “*The end of colonial conquest at the beginning of the 20<sup>th</sup> century and the domination of wages on the scale of a now unified world market marked an historic turning point and inaugurated a new capitalist phase.*”<sup>29</sup>

And in what way does this characteristic of the new phase of capitalism explain the First World War and the revolutionary wave of 1917-23? What is its link with the resistance struggles that are so necessary for a proletariat faced with the manifestations of capitalism's contradictions? We have found no reply to these questions in the book.

We will return in part to these questions in the second part of this article, in which we will also examine how MR adapts the marxist theory and puts it at the service of reformism.

Silvio (December 2011)

28. Roelandts, Op. Cit., p.67.

29. Roelandts, Op.Cit., p.41.



## From the end of the Second World War to the eve of May 1968

It is well known that French imperialism liberally drew its cannon fodder from among the youth of its African colonies, as was demanded by its high level involvement in the Second World War. Indeed, hundreds of thousands of foot soldiers, the overwhelming majority of them young workers and unemployed, were enrolled and sacrificed in the bloody imperialist slaughter. With the conflict over, a period of reconstruction opened up for the French economy whose repercussions were felt in the colony in an unbearable exploitation that the workers began to courageously struggle against.

### Bloody suppression of the soldiers' revolt and strike action

It began with the revolt of the soldiers who had survived the great world butchery, who rebelled against the non-payment of money owed to them. Having returned home to a demob camp in Thiaroye (a Dakar suburb) in December 1944, hundreds of soldiers demanded a pension from the "provisional government" headed by General de Gaulle. The blunt response they received from their commanders was a hail of bullets. Officially 35 were killed in the attack, 33 injured and 50 arrested. This is how the workers and veteran fighters who had supported the "liberators" of France were thanked by the latter, who included in their ranks the "communist" and "socialist" members of de Gaulle's government. The famous "French Resistance" gave a great lesson in "humanism" and "brotherhood" to its "native foot soldiers" in rebellion against the non-payment of their meagre pensions.

However, this bloody response of the French bourgeoisie to the demands of the rebels could not prevent the outbreak of sustained struggles. In fact a general unrest was about to unfold:

*"The teachers' strike action broke out first, from December 1<sup>st</sup> to 7<sup>th</sup> 1945, and then it was the industrial workers from December 3<sup>rd</sup> to 10<sup>th</sup>. The strike broke out again in January, with the steelworkers again involved, but also employees in the commercial sector and the ancillary staff of the Governor General. The requisition measures taken by the Governor on January 14<sup>th</sup> 1946 provoked a general strike supported by 27 unions. The civil servants only resumed work on January 24<sup>th</sup>, those*

*in the commercial sector on February 4<sup>th</sup>, and the steelworkers on February 8<sup>th</sup>."*<sup>1</sup>

Despite suffering terribly during the war, the working class was beginning to raise its head again in rebellion against poverty and exploitation.

But the resumption of combativity was taking place in a new environment that wasn't conducive to working class autonomous action. In fact, the proletariat of French West Africa (FWA) in the post-war period could not avoid being caught between the advocates of Pan-African ideology (independence) and the colonial forces of the left of capital (SFIO, PCF and the trade unions). But despite this, the working class continued its struggle against the attacks of capitalism with great pugnacity.

### The heroic and victorious strike of the railway workers between October 1947 and March 1948

During this period the railway workers across the whole of FWA went on strike to satisfy a number of demands, including that both Africans and Europeans should be employed on the same basis and in opposition to 3,000 employees being made redundant.

*"Railway workers were originally organised within the CGT. Some 17,500 of these workers left in 1948 following a very hard strike. During this strike, a number of the French employees had expressed violent opposition to any improvement in the situation of the African staff."*<sup>2</sup>

1. El hadj Ibrahima Ndao, *Senegal, a history of democracy's conquests*, Les Nouvelles Edit. Africaines, 2003.

2. Mar Fall, *The state and the union question in*

The railway strike ended victoriously through the active solidarity of workers in other sectors (dockworkers and others employed in the industrial sector) who went on strike for 10 days, forcing the colonial authorities to satisfy most of the strikers' demands. Everything was decided during a big meeting in Dakar called by the Governor General. In the hope of putting a brake on the movement, the floor was given over to political notables and religious leaders whose mission was to beguile and to intimidate the strikers. And customarily, the most zealous were the religious leaders.

*"A campaign was undertaken by the 'spiritual leaders', the imams and the priests from different sects, to demoralise the strikers and especially their wives ... The imams, furious at the resistance of the workers to their injunctions, railed against the delegates, accusing them of every possible sin: atheism, alcoholism, prostitution, infant mortality, even going so far as to predict that these sinners would bring about the end of the world."*<sup>3</sup>

But nothing was achieved. Despite being accused of all these "sins", the railway workers were determined and their combativity stayed intact. It was strengthened even further when their appeal for solidarity in a general assembly found increasing support from workers in other sectors who chanted: *"We, the builders, are for the strike! We, the port workers, are for the strike! We, the steelworkers ... We, the ..."*<sup>4</sup>

And indeed, the very next day, there was a general strike in almost every sector. However, before this could happen, the railway workers not only had to suffer pressure from the political and religious leaders, but were also subjected to terrible repression from the military. Some sources<sup>5</sup> indicate that people died, and the colonial authority used its "sharpshooters" to suppress a "march of women" (the wives and

*Senegal*, L'Harmattan, 1989.

3. Ousmane Sembene, *God's wooden sticks*, Pocket, 1960.

4. Ibid.

5. Ibid.

relatives of the rail workers) to Dakar that was in support of the strikers.

The working class can only rely on itself. It's symbolic that the CGT collected financial contributions from Paris, and back in FWA it criticised "those who wanted their independence" and who launched a "political strike". In fact, the CGT took cover behind "the opinions" of the European citizens of the colony who rejected the demands of the "natives". In addition, this behaviour of the CGT pushed the native railway workers to abandon the Stalinist union *en masse* following this magnificent class combat.

### SFIO, PCF, unions and African nationalists divert the struggle of the working class

The railway workers' strike that ended in March 1948 took place in an atmosphere of great political turmoil following the referendum giving birth to the "Union Française".<sup>6</sup> Hence the actions of the railway workers acquired a highly political dimension, obliging all the political colonial forces and those in favour of independence to tactically position themselves either in favour or against the strikers' demands. So the PCF was seen hiding behind the CGT to sabotage the strike movement, while the SFIO in power attempted to suppress the movement using every possible means. For their part, Leopold Sedar Senghor and Sekou Toure, two rival Pan-Africanists who would become presidents of Senegal and Guinea respectively, openly declared themselves in support of the demands of the railway workers.

But the day after the strikers' victory, the left forces and African nationalists clashed, each claiming to be for the working class. By exploiting the struggles of the working class to serve their own interests, they managed to divert the autonomous struggle of the proletariat from its real class objectives.

Thus, the unions took up the question of the Labour Code to poison relations between workers. Indeed, through this "code", the French social legislation had established a real geographic and ethnic discrimination in the colonies: firstly, between workers of European origin and workers of African origin and secondly, between those hailing from different colonies, even between citizens of the same country.<sup>7</sup> It turned out that the SFIO (forerunner to today's French Socialist Party), which had

6. A "federation" between France and its colonies whose goal was to supervise the coming "independence".

7. For example, the Senegalese residents of the districts of Goree, Rufisque, Dakar and Saint-Louis were considered to be "French citizens", which was not the case for other Senegalese in the country.

promised the abolition of the iniquitous Labour Code in 1947, prevaricated until 1952, providing the unions, particularly those in favour of African independence, to focus the workers' demands exclusively on this question by systematically raising the slogan of "equal rights for white and black". This idea of equal rights and negotiating with Africans was openly opposed by the most backward European union, the CGT, and we should say that in this situation the CGT played a particularly despicable role insofar as it justified its position by the support it gained from its opposition.

Moreover, in response, the CGT militants of African origin<sup>8</sup> decided to create their own union to defend the "specific rights" of African workers. All this gave rise to the formulation of increasingly nationalist and interclassist demands as this passage from the organisation's rulebook illustrates:

*"The concepts adopted [those of French metropolitan unionism] insufficiently illuminate the evolution and the tasks of economic and social progress in Africa, especially since, despite the contradictions existing between the various local social strata, colonial rule makes inappropriate any references to class struggle and avoids the dispersal of forces into doctrinal competition."*<sup>9</sup>

Thus the unions were able to pass the act effectively because, despite the persistence of a ceaseless militancy of the working class between 1947 and 1958, all the movements struggling for wage claims and in order to improve working conditions, were diverted into fighting colonial rule and winning "independence". Clearly, during the movement of the railway workers in 1947-48, the working class of the colony of FWA still had the strength to successfully take the struggle onto the class terrain, on the other hand, subsequently the strikes were controlled and directed towards the objectives of the bourgeois forces, the unions and political parties. It was precisely this situation that was the springboard for Leopold Sedar Senghor and Sekou Toure to draw the people and the working class behind their own struggle for the succession to colonial rule. And after the countries of the FWA proclaimed their "independence", the African leaders decided immediately to integrate the unions into the bosom of the state by assigning them the job of policing the workers; in short, they were watchdog for the interests of the new black bourgeoisie that was now in charge. This is clear from the words of

8. It led to the creation of UGTAN (General Union for Black African Workers), a union that was moreover dominated by the railway corporation.

9. Quoted in Fall, Op. Cit.

President Senghor:

*"Despite its service, because of its service, trade unionism must today change itself to have a more specific understanding of its precise role and its tasks. Because there are now well-organised political parties that represent the whole nation at the general political level, unionism must return to its natural role, which is primarily that of defending the purchasing power of its members... The conclusion to this analysis is that unions will broadly support the political programme of the majority party and its government."*<sup>10</sup>

In short, the unions and political parties must share the same programme in order to defend the interests of the new ruling class. Union leader, David Soumah, echoed the words of Senghor:

*"Our slogan during this (anti-colonial) struggle was that the unions didn't take any responsibility for production, that they did not have to worry about the repercussions their demands would have on an economy's development when it was managed in the sole interest of the colonial power and organised by it for the expansion of its own national economy. This position has become irrelevant following the accession of the African countries to national independence and a change of role has become necessary for the unions."*<sup>11</sup>

Consequently, during the first decade of "independence", the proletariat of the former FWA was left without an effective class response, completely shackled by the new ruling class assisted by the unions in its anti-worker policy. It would be 1968 before we would see it re-emerge on the proletarian class terrain against its own bourgeoisie.

Lassou (to be continued).

10. Ibid.

11. Ibid.



## 40 years of open crisis show that capitalism's decline is terminal

While the post war-boom led many to conclude that marxism was obsolete, that capitalism had discovered the secret of eternal youth,<sup>1</sup> and that the working class was no longer a force for revolutionary change, a small minority of revolutionaries, very often working in conditions of almost complete isolation, remained loyal to the fundamental tenets of marxism. One of the most important of these was Paul Mattick in the USA. Mattick responded to Marcuse's search for a new revolutionary subject by publishing *Critique of Marcuse, one dimensional man in class society* (1972), which reaffirmed the potential of the working class to overthrow capitalism. But his most lasting contribution was probably *Marx and Keynes, the limits of the mixed economy*, first published in 1969 but based on studies and essays from the 1950s onwards.

Although by the end of the 1960s the first signs of a renewed phase of open economic crisis were becoming visible (for example in the devaluation of the pound sterling in 1967), to argue that capitalism was still a system mined by a deep, structural crisis was very much to swim against the stream. But here was Mattick, more than 30 years after his major work "The permanent crisis" had summarised and developed Henryk Grossman's theory of capitalist breakdown<sup>2</sup>, still insisting that capitalism remained a regressive social system, that the underlying contradictions in the accumulation process had not been conjured away and were fated to return to the surface. Focusing on the bourgeoisie's use of the state to regulate the process of accumulation, whether in the Keynesian "mixed economy" form favoured in the west, or the Stalinist version in the east, he showed that the obligation to interfere with the workings of the law of value was not a sign of the system overcoming its contradictions (as Cardan, for example, had argued, particularly in *Modern capital-*

*ism and revolution*) but was precisely an expression of its decay:

*"Notwithstanding the long duration of rather 'prosperous' conditions in the industrially-advanced countries, there is no ground for the assumption that capital production has overcome its inherent contradictions through state intervention in the economy. The interventions themselves point to the persistence of the crisis of capital production, and the growth of government-determined production is a sure sign of the continuing decay of the private-enterprise economy [...] The Keynesian solution will stand exposed as a pseudo-solution, capable of postponing but not preventing the contradictory course of capital accumulation as predicted by Marx"*<sup>3</sup>

Thus Mattick maintained that "*capitalism has ceased to be a socially progressive system of production and has become – notwithstanding all superficial appearances to the contrary – a regressive and destructive one.*"<sup>4</sup> Thus at the opening of chapter 19, "The imperialist imperative", Mattick affirms that the drive to war cannot be done away with by capital because it is a logical result of blockages in the process of accumulation. But while "*waste production by way of war might bring about structural changes of world economy and shifts of political power conducive to a new period of capital expansion for the victorious capitalist powers*", he quickly adds that the bourgeoisie should not be too reassured by this: "*this kind of optimism cannot prevail in view of the destructiveness of modern warfare which may well include the use of atomic weapons.*"<sup>5</sup> But for capitalism "*the recognition that war may be suicide, which is by no means unanimous, does not affect the drift towards a new world war.*"<sup>6</sup> The perspective announced in the last sentence of the book, therefore, remains the one

which revolutionaries had put forward at the time of the First World War: "socialism or barbarism".

There are however some flaws in Mattick's analysis of capitalist decadence in *Marx and Keynes*. On the one hand he sees the tendency to distort the law of value as an expression of decline; on the other hand, he claims that the fully statified countries of the eastern bloc were no longer subject to the law of value and thus to the tendency towards crises. He even argues that, from the point of view of private capital, these regimes "*may be described as state-socialism simply because it centralises capital in the hands of the state*",<sup>7</sup> even if from the point of view of the working class, it has to be described as state capitalism. In any case, "*the state capitalist system does not suffer that particular contradiction between profitable and non-profitable production which plagues private-property capitalism...the state capitalist system may produce profitably and non-profitably without facing stagnation.*"<sup>8</sup> He develops the idea that the Stalinist states in some sense constitute a different system, profoundly antagonistic to western forms of capitalism – and it is here that he seems to find the driving force behind the Cold War, since he writes that imperialism today "*differs from the imperialism and colonialism of laissez faire capitalism because capital competes for more than just raw-material sources, privileged markets, and capital exports; it also fights for its very life as a private-property system against new forms of capital production which are no longer subject to economic value relations and the competitive market mechanism.*"<sup>9</sup> This interpretation goes along with Mattick's argument that the eastern bloc countries do not, strictly speaking, have their own imperialist dynamic.

The group Internationalism in the US, which later became a section of the ICC, noticed this flaw, in the article it published

1. See the previous article in this series, <http://en.internationalism.org/internationalreview/201111/4596/post-war-boom-did-not-reverse-decline-capitalism>

2. <http://en.internationalism.org/ir/146/great-depression>

3. Paul Mattick, *Marx and Keynes: The limits of the mixed economy*, Merlin Press 1969, London (1980 reprint), Chapter 14, "The mixed economy", p152 and 163.

4. Mattick op. cit., Chapter 19 "The imperialist imperative", p 261-2.

5. Mattick, op. cit., p 274 and 275.

6. Ibid.

7. Mattick, op. cit., Chapter 22, "Value and socialism", p321.

8. Mattick, op. cit., Chapter 20, "State-capitalism and the mixed economy", p291.

9. Mattick, op. cit., Chapter 19, "The imperialist imperative", p.264-5.



in *Internationalism* n° 2 in the early 70s, “State capitalism and the law of value, a response to *Marx and Keynes*”. The article showed that Mattick’s analyses of the Stalinist regimes serve to undermine the concept of decadence which he defends elsewhere: for if state socialism is not subject to crises; if it is indeed, as Mattick also argues, **more** favourable to cybernation and the development of the productive forces; if the Stalinist system is not pushed to follow its imperialist drives, then the material foundations for the communist revolution begin to disappear and the historic alternative posed by the epoch of decline has also been obscured:

“Mattick’s use of the term *state capitalism*, then, is misnomer. *State capitalism* or ‘*state socialism*’, as Mattick describes it, as an *exploitative but non-capitalist mode of production*, bears a startling resemblance to Bruno Rizzi’s and Max Schachtman’s description of ‘*bureaucratic collectivism*’, worked out in the years preceding the Second World War. The economic breakdown of capitalism, of the mode of production based on the law of value, which Mattick argues is inevitable, leads not to the historical alternatives, socialism or barbarism, but to the alternative socialism or barbarism or ‘*state socialism*’.”

Reality has come down on the side of *Internationalism*’s article. It’s true that the crisis in the east did not generally take the same form as in the west. In general it manifested itself in underproduction rather than overproduction, certainly regarding consumer goods. But the inflation which ravaged these economies for decades, and which was often the spark for major workers’ struggles, was one sign that the bureaucracy had by no means conjured away the effects of the law of value. Above all, the collapse of the entire eastern bloc at the end of the 80s, however much it also reflected an impasse at the military and social level, was also the “revenge” of the law of value on regimes which had indeed tried to circumvent it. In this sense, just like Keynesianism, Stalinism revealed itself a “*pseudo-solution capable of postponing but not preventing the contradictory course of capital accumulation.*”<sup>10</sup>

10. Another weakness in *Marx and Keynes* is Mattick’s dismissive attitude to Rosa Luxemburg and her concern with the problem of the realisation of surplus value. The only direct reference to Luxemburg in the book is where he writes: “*at the turn of the century, the Marxist Rosa Luxemburg saw in the difficulties of surplus-value realisation the objective reasons for crises and wars and for capitalism’s eventual demise.*”

*All this has little to do with Marx, who saw that the actual world of capitalism was at once a production and a circulation process, to be sure, but who held nevertheless that nothing circulates unless it is first produced, and for that reason gave priority to the problems of the production process. If the production of surplus-value is adequate to assure an accelerated*

Mattick had been steeled by the direct experience of the German revolution and by the defence of class positions against the triumphant counter-revolution of the 30s and 40s. Another “survivor” of the communist left, Marc Chirik, had also maintained his militancy in a period of reaction and imperialist war. He had been a key member of the Gauche Communiste de France whose contribution we looked at in the previous article. During the 1950s he was in Venezuela and temporarily cut off from organised activity. But in the early 60s he started to gather a circle of young comrades around him, forming the group *Internacionalismo* which based itself on the same principles as the GCF, including of course the notion of the decadence of capitalism. But whereas the latter group had struggled to hold out in a dark period for the workers’ movement, the Venezuelan group expressed something stirring within the consciousness of the world working class. It was able to recognise with startling clarity that the financial difficulties beginning to gnaw away at the apparently healthy

*capital expansion, there is little reason to assume that capitalism will falter in the sphere of circulation*” (chapter 9, “*Capitalism in crisis*”, p91-2).

Beginning from the tautology that “*nothing circulates unless it is first produced*” and from the marxist idea that an adequate production of surplus-value permits an accelerated capital expansion, Mattick draws an unwarranted deduction when he claims that the surplus value in question would necessarily be realised on the market. The same kind of reasoning can be found in a previous passage, where he writes: “*Commodity production creates its own market in so far as it is able to convert surplus-value into new capital. The market demand is a demand for consumption goods and capital goods. Accumulation can only be the accumulation of capital goods, for what is consumed is not accumulated but simply gone. It is the growth of capital in its physical form which allows for the realization of surplus-value outside the capital-labour exchange relations. So long as there exists an adequate and continuous demand for capital goods, there is no reason why commodities entering the market should not be sold.*” (chapter 8, “*The realisation of surplus value*”, p76-7)

Contrast this with Marx’s view that “*constant capital is never produced for its own sake, but solely because more of it is needed in spheres of production whose products go into individual consumption*”. (*Capital* Vol III, chapter 18, “*The turnover of merchants capital.*” p.305).

In other words, it is the demand for means of consumption which pulls the demand for means of production, and not the other way round. As we noted in a previous article in this series, Mattick himself (in *Economic crises and crisis theories*) is aware of this contradiction between his conception and certain formulations in Marx, like the one cited above (see <http://en.internationalism.org/ir/146/great-depression>, footnote 20).

But we don’t wish to enter into this debate again here. The main problem is that although Mattick of course recognises Rosa as a marxist and a genuine revolutionary, he joins that trend of thought which rejects the problem she posed about the accumulation process as nonsense and outside the basic framework of marxism. As we have shown, this is not the case with all of Rosa’s critics, such as Rosdolsky (cf <http://en.internationalism.org/ir/142/luxemburg>). This essentially sectarian approach has greatly hampered the debate between marxists on this problem ever since.

body of capitalism actually signified a new plunge into crisis, which would be met by an undefeated generation of the working class. As it wrote in January 1968: “*We are not prophets, nor can we claim to predict when and how events will unfold in the future. But of one thing are conscious and certain: the process in which capitalism is plunged today cannot be stopped and it leads directly to the crisis. And we are equally certain that the inverse process of developing class combativity which we are witnessing today will lead the working class to a bloody and direct struggle for the destruction of the bourgeois state*”. This group was one of the most lucid in interpreting the massive social movements in France in May of that year and Italy and elsewhere the following year as marking the end of the counter-revolution.

For *Internacionalismo*, these class movements were a response of the proletariat to the first effects of the world economic crisis, which had already produced a rise in unemployment and attempts to control wage rises. For others this was a mechanical application of outdated marxism: what May ‘68 showed above all was the proletariat’s direct revolt against the alienation of a fully functioning capitalist society. This was the view of the Situationists who dismissed the attempts to connect crisis and class struggle to the work of dinosaur-like sects. “*As for the debris of the old non-Trotskyist ultra-leftism, they needed at least a major economic crisis. They subordinated any revolutionary movement to its return, and so saw nothing coming. Now that they have recognized a revolutionary crisis in May, they have to prove that this ‘invisible’ economic crisis was there in the spring of 68. Without any fear of being ridiculed, they are working at it now, producing schemas on the rise in unemployment and inflation. So for them, the economic crisis is no longer that terribly visible objective reality that was lived so hardly in 1929, but a sort of eucharistic presence that supports their religion.*”<sup>11</sup> In reality, as we have just seen, *Internacionalismo*’s view of the relationship between crisis and class struggle had not been doctored in retrospect: on the contrary, their faithfulness to the marxist method had enabled them to envisage, on the basis of a few unspectacular portents, the outbreak of movements like May ‘68. The rather more noticeable deepening of the economic crisis after 1973 soon made it clear that it was the SI – who had more or less adopted Cardan’s theory of a capitalism that had overcome its economic contradictions – which was tied to a period in capitalism’s life that was now definitively over.

The hypothesis that May ‘68 reflected

11. *Situationist International* n° 12, p6.

a profound resurgence of the working class was further strengthened by the international proliferation of groups and circles seeking to develop an authentically revolutionary critique of capitalism. Naturally, after such a long period of retreat, this new proletarian political movement was extremely heterogeneous and inexperienced. Reacting against the horrors of Stalinism, there was often a suspicion of the very notion of political organisation, a visceral reaction against anything that smacked of “Leninism” or the perceived rigidity of marxism. Some of these new groups lost themselves in frenetic activism which, lacking any long-term analysis, did not long survive the end of the first wave of international struggles begun in 1968. Others did not deny that there was a link between workers’ struggles and the crisis, but saw it from an entirely different standpoint: workers’ militancy had essentially produced the crisis by raising unrestrained wage demands and refusing to knuckle down to capitalist plans for restructuring. This view was put forward by the Groupe de Liaison pour l’Action des Travailleurs in France (one of Socialisme ou Barbarie’s many offshoots), and in particular by the workers’ autonomy current in Italy, which saw “traditional” marxism as hopelessly “objectivist” (we will come back to this in another article) in its understanding of the relationship between crisis and class struggle.

However, this new generation was also rediscovering the work of the communist left and an engagement with the theory of decadence was part of this process. Marc Chirik and some of the younger comrades from Internacalismo group had come to France and, in the heat of the 1968 events, helped to form the first nucleus of the group Révolution Internationale. From its inception, RI placed the conception of decadence at the heart of its political approach, and was able to convince a number of councilist and libertarian groups and individuals that their opposition to the unions, national liberation and capitalist democracy could only be properly understood and defended on the basis of a more coherent historical framework. The early issues of the journal *Révolution Internationale* saw the publication of a series on “The Decadence of Capitalism” which was later to be published as the first pamphlet of the International Communist Current. This text is available online<sup>12</sup> and still contains the essential foundations of the ICC’s political method, above all in its broad historical sweep which goes from primitive communism through the various class societies before capitalism before examining the rise and

decline of capitalism itself. As with the current series, basing itself on Marx’s notion of “epochs of social revolution”, it draws out some of the key elements and common characteristics of all class societies in periods when they have become a barrier to the development of mankind’s productive powers: intensification of wars between factions of the ruling class, growing role of the state, decomposition of ideological justifications, growing struggles of oppressed and exploited classes. Applying this general approach to the specifics of capitalist society, it attempts to show how capitalism since the beginning of the 20<sup>th</sup> century has in turn gone from being a “form of development” to a “fetter” on the productive forces, pointing to the phenomenon of world wars and numerous other imperialist conflicts, the revolutionary struggles that broke out in 1917, the enormous growth in the role of the state and the incredible waste of human labour through the development of the war economy and other forms of unproductive expenditure.

This general outlook, presented at a time when the first signs of a new economic crisis were becoming more than apparent, convinced a number of groups in other countries that a theory of decadence was an essential starting point for left communist positions. It was not only at the centre of the ICC’s platform but was also taken on board by other tendencies such as Revolutionary Perspectives and subsequently the Communist Workers Organisation in Britain. There were significant disagreements on the causes of capitalist decadence: the ICC pamphlet adopted Rosa Luxemburg’s analysis, broadly speaking, although its explanation of the post-war boom (seeing the reconstruction of war-shattered economies as a kind of new market) was later to be disputed within the ICC, and there have always been other views on economic questions in the ICC, in particular, comrades who favoured the Grossman-Mattick theory, which was also taken up by the CWO and others. But at this point in the re-emergence of the revolutionary movement, the “theory of decadence” seemed to be making significant gains.

### Balance sheet of a moribund system

Our survey of the successive efforts of revolutionaries to understand the decline of capitalism has now reached the 1970s and 80s. But before looking at the developments – and the numerous regressions – that have taken place at the theoretical level since those decades and the present day, it seems useful to recall and update the balance sheet we drew in the first article in

this series<sup>13</sup>, particularly at the economic level where there have been some dramatic developments since early 2008 when the first article appeared.

### 1. At the economic level

In the 70s and 80s the international class struggle went through a series of advances and retreats, but the economic crisis advanced inexorably, undermining the thesis of the autonomists that workers’ struggles themselves were the root cause of capitalism’s economic difficulties. The depression of the thirties, which coincided with a major historical defeat for the working class, had already provided a strong argument against the autonomists; and the visible evolution of the economic debacle even in times of retreat by the working class, such as we saw intermittently in the mid-70s and early 80s, and in a more sustained and profound way during the 1990s, implied that there was indeed an “objective” process at work here, something that was not fundamentally determined by the level of resistance coming from the working class. Nor was it subject to effective control by the bourgeoisie. Abandoning the Keynesian policies which had accompanied the boom years but which were now a source of runaway inflation, the bourgeoisie in the 80s now sought to “balance the books” with policies which set in motion a tide of mass unemployment and deindustrialisation in most of the key capitalist countries. In the decades that followed there were new attempts to stimulate growth by a massive recourse to debt, resulting in short-lived booms, but underneath accumulating profound tensions which were to explode to the surface with the crash of 2007-8. A general overview of the capitalist world economy since 1914 thus gives us the scenario not of a mode of production in ascent but of a system unable to escape its impasse whatever techniques it tries out:

- 1914 to 1923: World War One and the first international wave of proletarian revolutions; the Communist International proclaims the dawn of the “epoch of wars and revolutions”;
- 1924-29: brief recovery which does not relieve the post-war stagnation of the “old” economies and empires in the wake of the war; the “boom” is restricted mainly to the USA;
- 1929: the exuberant expansion of US capital ends in a spectacular crash, precipitating the deepest and widest

12. <http://en.internationalism.org/pamphlets/decadence>

13 [http://en.internationalism.org/ir/2008/132/decadence\\_of\\_capitalism](http://en.internationalism.org/ir/2008/132/decadence_of_capitalism). For a more detailed approach, supported by statistics relating to the overall course of the historic crisis, its impact on productive activity, workers’ living standards and so on, see the article in this issue: ‘Is capitalism a decadent mode of production and why?’



depression in capitalism's history. There is no spontaneous revival of production as was the case with the cyclical crises of the early 19<sup>th</sup> century. State capitalist measures are used to re-launch the economy but they are part of a drive towards the Second World War;

- 1945-67: a major development of state spending (Keynesian measures financed essentially through debt and based on unprecedented gains in productivity) create the conditions for a period of growth and prosperity unlike anything before it, although this excludes a large part of the “third world”;
- 1967-2008: 40 years of open crisis, demonstrated in particular by the galloping inflation of the 70s and the mass unemployment of the 80s. However, particularly in the 1990s and early 2000s, the crisis is more “open” in some phases and in some parts of the globe than others. Elimination of restrictions on the movement of capital and on financial speculation; a whole series of industrial relocations to areas where labour power is cheap; development of new technologies and above all the resort to virtually unlimited credit for states, companies and households, create a “growth” bubble in which vast profits are made by small elites, frenzied industrial growth takes off in countries like China, and credit-card consumerism reaches new heights in the central capitalist countries. But the warning signs are discernable throughout this period: booms are regularly followed by busts (for example, the recessions of 1974-75, 1980-82, 1990-93, 2001-2, the stock market crash of 1987...). And after each recession the options open to capital become narrower, in marked contrast to the “busts” of the ascendant period when there was always the possibility of an outward expansion into geographic/economic areas hitherto outside of the capitalist circuit. Lacking this outlet to all intents and purposes, the capitalist class is increasingly forced to “cheat” the law of value which is condemning its system to collapse. This applies equally to the openly state capitalist policies of Keynesianism and Stalinism, which make no secret of their resolve to rein in the market through deficit financing and shoring up unprofitable economic sectors in order to sustain production, and the so-called “neo-liberal” policies which seemed to sweep all before them after the “revolutions” personified by Thatcher and Reagan. In reality, these policies are themselves emanations of the capitalist state, and with their encouragement of unlimited credit and speculation, they are in no way rooted

in a respect for the classical laws of capitalist value production. In this sense, one of the most significant events prior to the current economic debacle is the collapse of the “Tigers” and “Dragons” of the far east in 1997, in which a phase of frenetic growth fuelled by (bad) debt suddenly comes up against a brick wall – the need to start paying it all back. This is a harbinger of what is to come, even if China and India subsequently step in to claim the role of “locomotive” that had been reserved for the other far eastern economies. Neither does the “technological revolution”, particularly in the sphere of computing, that was so hyped in the 90s and the beginning of the 2000s, save capitalism from its inner contradictions: it raises the organic composition of capital and thus lowers the profit rate, and this cannot be compensated by a real extension of the world market. Indeed it tends to aggravate the problem of overproduction by spewing out more and more commodities while simultaneously throwing more workers onto the dole;

- 2008-... World capital's crisis reaches a qualitative new situation in which the “solutions” applied by the capitalist state over the previous four decades, and above all the recourse to credit, explode in the face of the politicians, financiers and bureaucrats who had been practising them so assiduously and with such misplaced confidence in the preceding period. Now the crisis rebounds to the very centres of world capitalism – to the USA and the Eurozone – and all the recipes used to maintain confidence in the possibilities of constant economic expansion are revealed to be worthless. The creation of an artificial market through credit is now displaying its historical limitations, as it threatens to destroy the value of money and generate runaway inflation; at the same time the reining in of credit and attempts by states to slash their spending in order to begin paying back their debts only further restrict the market. The net result is that capitalism is now entering a depression which is in essence deeper and more insoluble than the one in the 1930s. And as depression descends on the west, the great white hope of a country like China carrying the global economy on its shoulders is also proving to be a complete illusion: China's industrial growth is based on its capacity to sell cheap goods to the west, and if this market dries up, China faces economic meltdown.

Conclusion: whereas in its ascendant phase, capitalism went through a cycle of crises which were both the expression of its internal contradictions and an indispensa-

ble moment in its global expansion, in the 20<sup>th</sup> and 21<sup>st</sup> century capitalism's crisis, as Paul Mattick argued from the 30s onwards, is essentially permanent. Capitalism has now reached a stage where the palliatives it has used to keep itself alive have become an added factor in its mortal sickness.

## 2. At the military level

The drive towards imperialist war also expresses the historic impasse of the capitalist world economy:

*“The more the market contracts, the more bitter becomes the struggle for sources of raw materials, and for the mastery of world market. The economic struggle between different capitalist groups concentrates more and more taking on its most finished form in struggles between states. The aggravated economic struggle between states can only be finally resolved by military force. War becomes the sole means, not of resolving the international crisis, but through which each state tries to overcome its problems at the expense of its rivals.*

*“The momentary solutions found by individual imperialisms in economic or military victories have the effect not simply of worsening the situation of opposing imperialisms, but of still further aggravating the world crisis, and of destroying huge quantities of the values built up over decades and centuries of social labour.*

*“Capitalism in the imperialist epoch is like a building where the construction materials for the upper stories are taken from the lower ones and the foundations. The more frenetic the upward building, the weaker becomes the base supporting the whole edifice. The greater the appearance of power at the top, the more shaky the building is in reality. Capitalism, compelled as it is to dig beneath its own foundations, works furiously to undermine the world economy, hurling human society towards catastrophe and the abyss”.*<sup>14</sup>

Imperialist wars, whether local or world-wide, are the purest expression of capitalism's tendency to destroy itself, whether we are talking about the physical destruction of capital, the massacre of entire populations, or the immense sterilisation of value represented by military production, which is no longer restricted to phases of open warfare. The GCF's recognition of the essentially irrational nature of war in the period of decadence was somewhat obscured by the reorganisation and reconstruction of the global economy that followed the Second World War, but the post-war boom was an exceptional phenomenon which can never be repeated. And whatever mode

14. Report on the international situation, Gauche Communiste de France, July 1945.



of international organisation adopted by the capitalist system in this era, war has also been permanent. After 1945, when the world was divided between two huge imperialist blocs, military conflict generally took the form of endless “national liberation” wars as the two superpowers vied for strategic dominance; after 1989, the collapse of the weaker Russian bloc, far from mitigating the drive to war, made direct involvement of the remaining superpower much more frequent, as we saw in the 1991 Gulf war, in the Balkans at the end of the 90s, and Afghanistan and Iraq after 2001. These interventions by the USA were largely – and very unsuccessfully – aimed at stemming the centrifugal trend opened up by the dissolution of the old bloc system, which has seen an aggravation and proliferation of local rivalries, expressed in the horrific conflicts that have ravaged Africa from Rwanda and Congo to Ethiopia to Somalia, exacerbated tensions around the Israel-Palestine problem, and come close to producing a nuclear stand-off between India and Pakistan.

The first and second world wars brought about a major shift in the balance of power between the major capitalist countries, essentially to the benefit of the USA. Indeed the overwhelming domination of the USA after 1945 was a key factor in the post-war prosperity. But contrary to one of the slogans of the 1960s, war is not “the health of the state”. Just as its vastly bloated military sector helped bring about the collapse of the USSR, so the USA’s commitment to remaining the world’s gendarme has also become a factor in its own decline as an empire. The vast sums annihilated in the wars in Afghanistan and Iraq have not been offset by the quick profits nabbed by Halliburton or other crony capitalists; on the contrary they have helped to turn the USA from the world’s creditor into one of its principal debtors.

Some revolutionary organisations, like the Internationalist Communist Tendency, argue that war, and above all world war, is eminently rational as far as capitalism is concerned. They argue that by destroying the swollen mass of constant capital which is the source of the falling rate of profit, war in capitalism’s decadence has the effect of restoring the rate of profit and launching a new cycle of accumulation. This isn’t the moment to enter into this discussion, but even if such an analysis were right, this can no longer be a solution for capital. First because there is little evidence that the conditions for a Third World War – which require, among other things, the formation of stable imperialist blocs – are coming together in a world increasingly following the rule of “every man for himself”. And even if a Third World War was on

the cards, it would certainly not initiate a new cycle of accumulation, but would almost certainly result in the obliteration of capitalism and probably of humanity<sup>15</sup>. That would be the final demonstration of capitalism’s irrationality, but none of us would be here to say “I told you so”.

### 3. At the ecological level

Since the 1970s revolutionaries have been obliged to recognise a new dimension to the diagnosis that capitalism has outlived its usefulness and has become a system bent on destruction: the increasing devastation of the natural environment, which is now threatening disaster on a planetary scale. The pollution and destruction of the natural world has been inherent to capitalist production from the beginning, but over the last century, and particularly since the end of the Second World War, it has been made all the more extensive and deeply rooted thanks to capitalism’s relentless occupation of every last corner of the planet. At the same time, and as a consequence of capitalism’s historic impasse, the spoliation of the atmosphere, the land, the seas, rivers and forests have been exacerbated by increasingly ferocious national competition for natural resources, cheap labour, and new markets. Ecological catastrophe, especially in the shape of global warming, has become a new horseman of capitalism’s apocalypse, and successive international summits have shown the inability of the bourgeoisie to take the most basic measures to stave it off.

A recent illustration: the most recent report from the International Energy Agency, a body not previously noted for making doom-laden predictions, argues that governments around the world have five years to reverse the course of climate change before it’s too late. According to the IEA and a number of other scientific institutions, it is vital to ensure that global temperatures do not rise above 2 degrees. “*To keep emissions below that target, civilization could continue with business as usual for only five more years before the total allowed budget of emissions would be ‘locked in.’ In that case, to meet the targets for warming, all new infrastructure built from 2017 onward would have to be*

15. This does not of course mean that humanity is any safer under an imperialist system that is becoming more and more chaotic. On the contrary. Without the discipline imposed by the old bloc system, devastating local and regional wars have become more likely, and their destructive potential has been greatly increased by the proliferation of nuclear weapons. At the same time, since they could very well break out in areas away from the capitalist heartlands, they are less dependent on another element which has held back the push towards world war since the onset of the crisis in the late 60s: the difficulty of mobilising the working class in the central capitalist countries for a direct imperialist clash.

*completely emissions-free.*”<sup>16</sup> One month after this report came out, in November 2011, came the Durban summit which was heralded as a breakthrough because for the first time at any of these international meetings between states, it was agreed that there should be legally binding limits on carbon emissions. But these would have to be agreed in 2015 and would come into effect in 2020 – far too late according to the predictions of the IEA and many of the environmental bodies associated with the conference. Keith Allott, head of climate change at WWF-UK (World Wide Fund for Nature, Britain), said: “*Governments have salvaged a path forward for negotiations, but we must be under no illusion — the outcome of Durban leaves us with the prospect of being legally bound to a world of 4C warming. This would be catastrophic for people and the natural world. Governments have spent crucial days focused on a handful of specific words in the negotiating text, but have paid little heed to repeated warnings from the scientific community that much stronger, urgent action is needed to cut emissions.*”<sup>17</sup>

The problem for the reformist conceptions of the ecologists is that capitalism is being strangled by its own contradictions and fights ever more desperately for its life. Caught in a crisis, capitalism cannot become less competitive, more cooperative, more rational, but is driven to the extremes of competition at all levels, and above all at the level of national state capitalist gladiators grappling in a barbarian Thunderdome for the least chance of immediate survival. It is forced to seek the most short-term profits, to sacrifice everything else to the idol of “economic growth” – ie, of the accumulation of capital, even if it is to the debt-addled and largely fictitious growth of these last few decades. No national economy can allow itself the least moment of sentiment when it comes to exploiting its national natural “property” to the absolute limit. Neither can there be, under the capitalist world economy, a structure of international law or governance that would be able to subordinate narrow national interests to the overall interests of the planet. Whatever the actual deadline posed by global warming, the ecological question as a whole provides further evidence that the continuing rule of the bourgeoisie, of the capitalist mode of production, has become a danger for the survival of humanity.

Let’s look at an edifying illustration of all this – and one which also elucidates the fact that the ecological danger, just like the

16. <http://news.nationalgeographic.com/news/energy/2011/11/111109-world-energy-outlook-2011>

17. <http://www.guardian.co.uk/environment/2011/dec/11/global-climate-change-treaty-durban>

economic crisis, cannot be separated from the threat of military conflict.

*“In recent months, oil companies have begun lining up for exploration rights to Baffin Bay, a hydrocarbon-rich region on Greenland’s western coast that until recently was too ice-choked for drilling. U.S. and Canadian diplomats have reopened a spat over navigation rights to a sea route through the Canadian Arctic that could cut shipping time and costs for long-haul tankers.*

*“Even ownership of the North Pole has come into dispute, as Russia and Denmark pursue rival claims to the underlying seabed in hopes of locking up access to everything from fisheries to natural gas deposits.*

*“The intense rivalry over Arctic development was highlighted in diplomatic cables released last week by the anti-secrecy Web site Wikileaks. Messages between U.S. diplomats revealed how northern nations, including the United States and Russia, have been manoeuvring to ensure access to shipping lanes as well as undersea oil and gas deposits that are estimated to contain up to 25 percent of the world’s untapped reserves.*

*“In the cables, U.S. officials worried that bickering over resources might even lead to an arming of the Arctic. ‘While in the Arctic there is peace and stability, however, one cannot exclude that in the future there will be a redistribution of power; up to armed intervention,’ a 2009 State Department cable quoted a Russian ambassador as saying.”<sup>18</sup>*

Thus: one of the most serious manifestations of global warming, the melting of the polar ice caps, which contains the possibility of cataclysmic flooding and a “feedback loop” of warming once the ice caps are no longer there to deflect the sun’s heat away from the Earth’s atmosphere, is immediately seen as a huge economic opportunity for a whole queue of nation states – with the ultimate consequence of burning more fossil fuels, further adding to the greenhouse effect. And at the same time, the struggle over dwindling resources – in this case oil and gas, but elsewhere it could be water or fertile land – produces a four or five way mini-imperialist conflict (Britain has also been involved in this dispute as well). This is a feedback loop of capitalism’s growing insanity.

The same article ends with the “good news” of a modest treaty signed between some of the contenders at the Arctic Council

meeting in Nuuk, Greenland. And we know how reliable are diplomatic treaties when it comes to forestalling capital’s inbuilt drive towards imperialist conflict.

The global disaster that capitalism is preparing can only be averted by a global revolution.

#### 4. At the social level

What is the balance sheet of capitalism’s decline at the social level, and in particular for the main producer of capitalism’s wealth, the working class?

When the Communist International proclaimed, in 1919, that capitalism had entered its epoch of inner disintegration, it was also drawing a line under the period of social democracy, in which the struggle for durable reforms had been necessary and feasible. Revolution was necessary because henceforward capitalism could only make deeper and deeper attacks on working class living standards. As we have shown in previous articles in this series, this analysis was repeatedly confirmed over the next two decades, which saw the greatest depression in capitalism’s history and the horrors of the Second World War. But it came into question, even among revolutionaries, during the boom years of the 50s and 60s, when the working class of the central capitalist countries experienced unprecedented rises in wages, an impressive reduction in unemployment, and a series of state-backed welfare benefits: sickness pay, paid holidays, access to education and healthcare, and so on.

But do these advances really invalidate the claim, maintained by revolutionaries who adhere to the thesis that capitalism is in overall decline, that long-lasting reforms are no longer possible?

The issue here is not whether these gains were “real” or significant. They were and they do need to be explained. This is one of the reasons that the ICC, for example, opened up a debate about the causes of the post-war prosperity, internally and then in public. But what needs to be understood above all is the historic context in which these gains took place, because it can then be shown that they bear little resemblance to the steady improvement of working class living standards during the 19<sup>th</sup> century, the majority of them won through the organisation and struggle of the worker’s movement:

– while it’s true that many of the post-war “reforms” were brought in to make sure that the war did not give rise to a wave of proletarian struggles on the model of 1917-19, the initiative for measures like the health service or full employment came directly from the capitalist state

apparatus, particularly its left wing. They had the effect of increasing the working class’s confidence in the state and decreasing confidence in its own struggle;

- even during the boom years, economic prosperity was severely limited. Large swathes of the working class, particularly in the third world but also in significant pockets of the central countries (example: the black workers and poor whites of the USA), were excluded from these gains. Throughout the “third world”, capital’s inability to integrate millions from the ruined peasantry and other strata into productive labour created the basis for today’s mega-slums, for world-wide malnutrition and poverty. And these masses were also the first victims of the inter-bloc rivalries which resulted in bloody proxy battles in a host of “underdeveloped” countries from Korea and Vietnam to the Middle East and the southern and eastern Africa;
- further evidence of capitalism’s inability to really improve the quality of working class life can be seen at the level of the working day. One of the signs of “progress” in the 19<sup>th</sup> century was the continued lessening of the working day, from up to 18 hours in the early part of the century to the 8-hour day which was one of the main demands of the workers’ movement at the end of the century and which was formally granted in many countries between the 1900s and the 1930s. But since that time – and this includes the post-war boom – the working day has remained more or less stagnant, while technological development, far from freeing workers from drudgery, has led to de-skilling, widespread unemployment with more intensive exploitation of those that remain at work, longer journeys to work, and the boon of working non-stop away from the workplace thanks to mobile phones, lap-tops, and the internet;
- whatever the gains made during the boom, they have been under more or less continuous assault for the past four decades and with the impending depression they are now being subject to even more massive attacks, with no prospect of any respite. Throughout the last four decades of crisis, capitalism has been relatively cautious in directly cutting wages imposing mass unemployment and dismantling the welfare state. The savage austerity measures now being foisted on countries like Greece are a harbinger of what is to come for workers everywhere.

On the broader social level, the decay of capitalism over such a long period carries

18. [http://www.washingtonpost.com/national/environment/warming-arctic-opens-way-to-competition-for-resources/2011/05/15/AF2W2Q4G\\_story.html](http://www.washingtonpost.com/national/environment/warming-arctic-opens-way-to-competition-for-resources/2011/05/15/AF2W2Q4G_story.html)



a tremendous threat to the proletariat's ability to become a class "for itself". When the working class revived its struggles at the end of the 1960s, its capacity to develop a revolutionary consciousness was greatly hampered by the trauma of the counter-revolution it had been through – a counter-revolution which to a large extent had presented itself in the "proletarian" garb of Stalinism, making generations of workers deeply suspicious of their own political traditions and organisations. The fraudulent equation between Stalinism and communism was even pushed to the maximum when the Stalinist regimes collapsed at the end of the 80s, further eroding the self-confidence of the working class, its ability to evolve a political alternative to capitalism. Thus a product of capitalist decadence – Stalinist state capitalism – has been used by all factions of the bourgeoisie to stultify class consciousness.

During the 80s and 90s, the evolution of the economic crisis demanded the break-up of industrial concentrations and working class communities in the central countries, transferring much of industry to regions of the world where working class political traditions are not so strong. The creation of urban wastelands across much of the "developed" world brought with it a weakening of class identity and a more general wearing away of social ties, with their counterpart in the search for a variety of false communities, which are not neutral but have terribly destructive effects. We can point to the attraction of a sector of disenfranchised white youth to extreme right wing gangs like the English Defence League in Britain; of Muslim youth, facing the same material situation, to fundamentalist Islam and jihadi politics. More generally we can point to the corrosive effects of gang culture in nearly all the urban centres of the industrialised countries, even if these have had their most spectacular impact on peripheral countries like Mexico where the country is gripped by an almost permanent civil war between unbelievably murderous drug gangs, some of them directly linked to a no less corrupt central state.

These phenomena – the frightening loss of any perspective for the future, the rise in nihilistic violence – are a slow ideological poison in the veins of the world's exploited, making it increasingly difficult to see themselves as a unified class, a class whose essence is international solidarity.

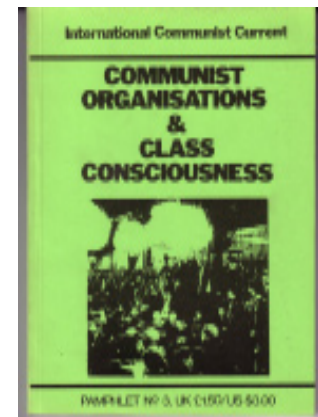
At the end of the 80s there was a tendency in the ICC to see the waves of struggle of the 70s and 80s as more or less linear in their advance towards a revolutionary consciousness. This was criticised very sharply by Marc Chirik who, on the basis of interpreting terrorist bombings in France and

the sudden implosion of the eastern bloc, was the first to put forward the idea that we were entering a new phase in the decadence of capitalism, which he described as a phase of decomposition. This new phase was determined fundamentally by a kind of social stalemate, where both the ruling class and the exploited class were unable to put forward their respective alternatives for the future of society: world war for the bourgeoisie, world revolution for the working class. But since capitalism can never stand still and its long-drawn out economic crisis was fated to plumb new depths, in the absence of any perspective society was doomed to rot on its feet, in turn bringing increasing obstacles to the development of working class consciousness.

Whether or not the theoretical parameters of the ICC's concept of decomposition are accepted, essential to this analysis is its affirmation that this is the **final** phase of capitalism's decay. The evidence that we are witnessing the last stages of the system's decline, its actual death agony, has surely mounted considerably over the last few decades, to the point where "apocalyptic moods", a recognition that we are on the edge of the abyss, have become more and more commonplace<sup>19</sup>. And yet, within the proletarian political movement, the theory of decadence is far from being unanimous. We will look at some of the arguments against the theory in the next article in this series.

Gerrard

## ICC publications



How does class consciousness develop and what is the role of communist organisations in this process?

Why is the consciousness of the class that will make the communist revolution different from that of other revolutionary classes in history?

What are the implications for the revolutionary process?

[www.internationalism.org](http://www.internationalism.org)

<sup>19</sup> See for example <http://www.guardian.co.uk/culture/2011/dec/18/news-terrible-world-really-doomed?INTCMP=SRCH>

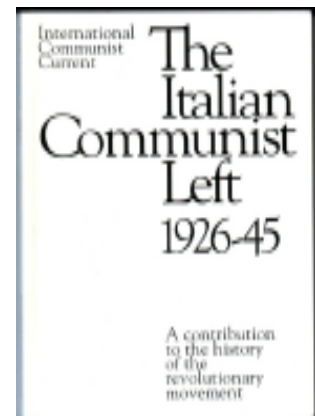


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This history of the Italian Left is not neutral, looking down on the social battlefield. In today's world of decomposing capitalism, the alternative posed more than sixty years ago by the Communist Left is more valid than ever: "communist revolution or the destruction of humanity".

Of course, according to the ruling classes everywhere today, communism, the revolutionary perspective of the working class, has died with the collapse of Stalinism. But this is a monstrous lie. Stalinism was the gravedigger of the 1917 October Revolution, and therefore the deadliest enemy of the communist perspective. Stalinism was the main vehicle for the greatest counter-revolution in history.

In the midst of this defeat the Italian Communist Left remained faithful to the internationalist principles of the working class, and tried to draw the lessons of a counter-revolution which terminally infected even the Trotskyist Opposition.

The aim of this brief history of the struggle of the Italian Communist Left is to help all those who have thrown in their lot with the revolutionary working class to bridge the gap between their past and their present.

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The decadence of capitalism (xi)

**The post-war boom did not reverse the decline of capitalism**

# BASIC POSITIONS OF THE ICC

The **International Communist Current** defends the following political positions:

\* Since the first world war, capitalism has been a decadent social system. It has twice plunged humanity into a barbaric cycle of crisis, world war, reconstruction and new crisis. In the 1980s, it entered into the final phase of this decadence, the phase of decomposition. There is only one alternative offered by this irreversible historical decline: socialism or barbarism, world communist revolution or the destruction of humanity.

\* The Paris Commune of 1871 was the first attempt by the proletariat to carry out this revolution, in a period when the conditions for it were not yet ripe. Once these conditions had been provided by the onset of capitalist decadence, the October revolution of 1917 in Russia was the first step towards an authentic world communist revolution in an international revolutionary wave which put an end to the imperialist war and went on for several years after that. The failure of this revolutionary wave, particularly in Germany in 1919-23, condemned the revolution in Russia to isolation and to a rapid degeneration. Stalinism was not the product of the Russian revolution, but its gravedigger.

\* The satiated regimes which arose in the USSR, eastern Europe, China, Cuba etc and were called 'socialist' or 'communist' were just a particularly brutal form of the universal tendency towards state capitalism, itself a major characteristic of the period of decadence.

\* Since the beginning of the 20th century, all wars are imperialist wars, part of the deadly struggle between states large and small to conquer or retain a place in the international arena. These wars bring nothing to humanity but death and destruction on an ever-increasing scale. The working class can only respond to them through its international solidarity and by struggling against the bourgeoisie in all countries.

\* All the nationalist ideologies - 'national independence', 'the right of nations to self-determination' etc - whatever their pretext, ethnic, historical or religious, are a real poison for the workers. By calling on them to take the side of one or another faction of the bourgeoisie, they divide workers and lead them to massacre each other in the interests and wars of their exploiters.

\* In decadent capitalism, parliament and elections are nothing but a masquerade. Any call to participate in the parliamentary circus can only reinforce the lie that presents these elections as a real choice for the exploited. 'Democracy', a particularly hypocritical form of the domination of the bourgeoisie, does not differ at root from other forms of capitalist dictatorship, such as Stalinism and fascism.

\* All factions of the bourgeoisie are equally reactionary. All the so-called 'workers', 'Socialist' and 'Communist' parties (now ex-'Communists'), the leftist organisations (Trotskyists, Maoists and ex-Maoists, official anarchists) constitute the left of capitalism's political apparatus. All the tactics of 'popular fronts', 'anti-fascist fronts' and 'united fronts', which mix up the interests of the proletariat with those of a faction of the bourgeoisie, serve only to smother and derail the struggle of the

proletariat.

\* With the decadence of capitalism, the unions everywhere have been transformed into organs of capitalist order within the proletariat. The various forms of union organisation, whether 'official' or 'rank and file', serve only to discipline the working class and sabotage its struggles.

\* In order to advance its combat, the working class has to unify its struggles, taking charge of their extension and organisation through sovereign general assemblies and committees of delegates elected and revocable at any time by these assemblies.

\* Terrorism is in no way a method of struggle for the working class. The expression of social strata with no historic future and of the decomposition of the petty bourgeoisie, when it's not the direct expression of the permanent war between capitalist states, terrorism has always been a fertile soil for manipulation by the bourgeoisie. Advocating secret action by small minorities, it is in complete opposition to class violence, which derives from conscious and organised mass action by the proletariat.

\* The working class is the only class which can carry out the communist revolution. Its revolutionary struggle will inevitably lead the working class towards a confrontation with the capitalist state. In order to destroy capitalism, the working class will have to overthrow all existing states and establish the dictatorship of the proletariat on a world scale: the international power of the workers' councils, regrouping the entire proletariat.

\* The communist transformation of society by the workers' councils does not mean 'self-management' or the nationalisation of the economy. Communism requires the conscious abolition by the working class of capitalist social relations: wage labour, commodity production, national frontiers. It means the creation of a world community in which all activity is oriented towards the full satisfaction of human needs.

\* The revolutionary political organisation constitutes the vanguard of the working class and is an active factor in the generalisation of class consciousness within the proletariat. Its role is neither to 'organise the working class' nor to 'take power' in its name, but to participate actively in the movement towards the unification of struggles, towards workers taking control of them for themselves, and at the same time to draw out the revolutionary political goals of the proletariat's combat.

## OUR ACTIVITY

Political and theoretical clarification of the goals and methods of the proletarian struggle, of its historic and its immediate conditions.

Organised intervention, united and centralised on an international scale, in order to contribute to the process which leads to the revolutionary action of the proletariat.

The regroupment of revolutionaries with the aim of constituting a real world communist party, which is indispensable to the working class for the overthrow of capitalism and the creation of a communist society.

## OUR ORIGINS

The positions and activity of revolutionary organisations are the product of the past experiences of the working class and of the lessons that its political organisations have drawn throughout its history. The ICC thus traces its origins to the successive contributions of the *Communist League* of Marx and Engels (1847-52), the three Internationals (the *International Workingmen's Association*, 1864-72, the *Socialist International*, 1889-1914, the *Communist International*, 1919-28), the left fractions which detached themselves from the degenerating Third International in the years 1920-30, in particular the *German, Dutch and Italian Lefts*.

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