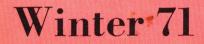
THE CAMPAIGNER Published by the National Caucus of Labor Committees

First English Translation

ROSA LUXEMBURG ANTI-KRITIK

The Accumulation of Capital or What the Epigones Have Done to Marxian Theory



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Nixon, McGovern... ...then Von Papen?

There are three interconnected developments afoot today, developments which absolutely determine the course of present world history in each national sector and even each local neighborhood. These are, firstly, the thrust toward a new general economic breakdown parallelling that of the 1930's, secondly, the emergence of what may be called "Phase II" anti-labor policies throughout the advanced capitalist sector, thirdly, the breakdown of established parliamentary systems and parties.

Basic points to be made on those subjects have already been outlined in the pages of New Solidarity and the recent pamphlet, Socialism or Fascism? We sum up and refresh New Solidarity reports on these topics: The purpose of this reprise is to situate the further subject to be explored in this editorial: the immediate problems of U.S. socialist response to the effort to sharply cut back the income of the working class.

1. - DEPRESSION THREAT

The statements of most responsible European governmental and financial officials, fully supported by the facts at hand, ought to be sufficient to demonstrate that no responsible, informed expert, either capitalist or socialist, Socialist Workers Party and International Socialists.

The points we examine in this connection are those commonly raised by spokesmen for various university economics departments in the course of ongoing debates and other exchanges between these professors and Labor Committee spokesmen during the Fall, 1971 period. The sampling includes Paul Samuelson, John Kenneth Galbraith, Solomon Fabricant, Oskar Morgenstern, Abba Lerner, Lawrence R. Klein, and an assortment of lesser figures. Comparing the arguments used against the Labor Committee by these bourgeois economists with those professors' textbooks, professional papers and other literary remains, over the period of the 1960's, it is fair to say that these points exemplify the economists' theoretical differences with reality itself.

We first consider the less important of two anti-Labor Committee arguments. It is typical of the professors to attempt to ridicule the Labor Committee's emphasis on the fact that the entire capitalist system has an aggregate deficit in its balance of payments. The professors usually retort unctuously: "How is it possible for one nation to have a balance of payments deficit which is not made up by a balance of payments surplus of some other national sector?" On such premises a number of them join the neo-Ricardian economist, Ernest Mandel, in arguing that the present situation is merely a matter of "interimperialist rivalries," rather than a general problem of the capitalist economy taken as a whole.

would argue against the immediate threat of world depression. Yet, there are several varieties of prestigious persons who even now argue that there is no serious depression--threat. It is appropriate and necessary to dispense with the kinds of arguments used by the Doctor Panglosses of the university economics departments and by their self-styled "socialist" sycophants, such as the Such arguments are astonishing! — As if it were not the essence of capital, whether as stocks, debt instruments, or property titles to land and buildings, to depend upon expected future earnings in the form of profits, debt-service, and rental payments. If one merely asked: "Is it possible that the total commodity-profit of tomorrow's production might fall short of the total required payments for profit, debt-service, and rent on account of capitalists' aggregate holdings?" This is not only a possibility, but represents the present state of world affairs.

It is a striking indictment of "Brand X" economics that these educated fellows should conceive of balance of payments problems in terms of John paying back James for something James previously advanced! Or, to employ modern economists' jargon, that they should indulge in the fantasy that world-economy is a mere "zero-sum game!" The essence of the capitalist system, as even these same fellows otherwise instruct their students, is to secure what is euphemistically termed "a fair return on investment," or, in plainer words, to tax tomorrow's wealth on the basis of today's expectations. If there is a shortage of commodities available to settle claims by aggregate profit, debt service and rent tomorrow, capital can not obtain its "fair return on investment," and the entire capitalist system must be ultimately accordingly (recession or general devalued depression).

This is the background for Secretary Connally's "non-negotiable demands" for \$13 billions rise in annual payments to the U.S. sector from the rest of the advanced capitalist sector. It happens, as the Europeans and Japanese officials emphatically instruct Mr. Connally, that these sectors do not possess the \$13 billions demanded. It is conceded that they might conjure up such amounts in the short term, by catastrophically depressing wages, employment levels and production in the non-U.S. sector. The effect of that would be to reduce U.S. sales to these depressed sectors, to sharply depress earnings of U.S. investments in these sectors, and to cause a deeper U.S. balance of payments deficit than ever before. Connally's cure would be worse than the disease.

As the Europeans and Japanese properly advise the bumbling Messers Nixon and Connally, "To meet your demands means pulling the plug out of the entire capitalist system, which means that the U.S. economy goes into a depression the instant we do."

Now we consider the primary argument of the professors generally: If only the world financial markets can be stabilized again, normal rates of monetary expansion would produce a recovery. On this account, they are arguing in effect that death can be prevented by injecting the dying patient with a more massive dose of the illness which laid him low.

This argument of some of the professors should be divided into two aspects. Firstly, we should consider the possibilities for an effects of a restabilization of monetary and trade relations in the advanced capitalist sector. It is already growing late, especially under Secretary extremely Connally's reckless administration, to conceive of rescuing the world monetary system in any way, but up to the verge of the actual depression, a temporary stabilization can not be ruled impossible. Second, as a further question, we shall consider whether such a temporary stabilization could lead to a general recovery.

To the extent that the capitalist world economy enjoys a stable basic world currency, an orderly market in trade, investment and extension of credit would automatically tend to persist up to the point of general collapse. Since, for reasons to be considered, the U.S. dollar can no longer function as THE basic world reserve and trade currency, the only temporary solution would be to institute a special kind of reserve currency, a gold-pegged Special Drawing Rights of the International Monetary Fund. Because of the U.S. dollar's large role in world trade and investment, and massive payments against and to the account of the dollar, the S.D.R.'s can not be pegged to gold unless the dollar itself is first temporarily stabilized by a significant devaluation in terms of gold. By careful control of issuance of credit by the IMF - afterthe dollar had been devalued in respect to gold an orderly world market might be maintained for months, provided that the general provisions of GATT were not atrociously violated by any significant part of the capitalist system.

What amateur economist Connally refuses to understand is that the entire capitalist world is currently suffering a balance of payments deficit.

This temporary stability could occur precisely because the IMF would replace the U.S. Federal Reserve System as the principal engine of world credit. This would involve the issuance of IMF credit at sufficient rates to prevent collapse from occurring in any national-capitalist sector. There's the rub — which brings us to the second aspect of this point.

Why Keynesian Economics Is Foolish

down to absolute monetary Getting fundamentals, the money paid to capitalists on account of profit, debt-service, and rent is worth no more than the mass of plant, equipment, materials and productive labor available (at prevailing prices) for purchase with these sums of money. The ability of the capitalist system to reinvest new capital gained through profit, debt-service and rental payments, and still obtain a profit on expanded masses of capital, depends upon the investment of plant, equipment, materials productive labor as expanded and added productive capacity. In short, unless the growth of the production of tangible wealth occurs at at least the same rate as the growth of paper capital (stocks, bonds, mortgages, realty titles, etc.), either the rate of profit on capital must gradually fall, or there must be a build-up toward a general collapse in values of existing capital.

Because of the credit-system, this collapse does not occur in short-run periods. In place of tangible, productive surplus values, capitalists accept part of their payment as profit, debt-service and rent in the form of promissory notes.

This process resembles that by which some work their way into personal consumers bankruptcy on the time-payments plan. A worker's family whose current debts exceed the allocable portion of family income may temporarily postpone bankruptcy by taking out a longer-term loan (from "your friendly local loan shark") to pay off current debts - to exchange short-term large debts for longer-term still-larger debts, but with lower monthly payments.

to grow at such rates, then the effect of the long-term "refinancing" loan is to "refinance" the family into inevitable bankruptcy. If the ratio of family debt to family income is persistently growing, as long as the family can continue to repeatedly refinance this indebtedness, into "smaller monthly payments," bankruptcy is postponed. Yet, the very mechanism by which personal bankruptcy is being postponed is causing the ultimate bankruptcy to be more certain and more disastrous.

How does this apply? Since part of the current debt is made up of interest payments on the original obligation, refinancing the debt means paying interest on interest, and re-financing means paying interest on interest on interest. In short, the ratio of debt-service to current income is being cancerously compounded. It is the same for a world economy.

When this sort of operation is conducted on the scale of national or international economy, the result is termed a general rise in "illiquidity," or, later on, as bankruptcy (depression) begins to loom, an "illiquidity crisis."

The effect of such growth of fictitious wealth is to create a deceptive kind of prosperity called an "inflationary boom." Prices of all commodities are driven up by the growing debt-service ratios, and gross capital payments requirements (profit, debt-service and rent)increase more rapidly than profits from real production. Still, since the day of reckoning is being postponed, the plants continue to operate at about the same levels of employment as before, and administrative and service activities expand . . . since these latter activities are tied to administrative operations of government and capitalist firms.

As the ratio of fictitious capitals (including debt-service) to productive employment increases, the rate of inflation tends to increase. Eventually, this drives up interest rates and also tends to dry up the market for long-term financing. For, if the rate of inflation is high, lending institutions must attempt to protect their capital, by raising interest rates to cover inflationary losses and by offering more "liquid" short-term financing in place of risky long-term financing. This reduction in the average maturities of new loans and rising interest rates has the effect of converting refinanced long-term obligations into short-term debt – just

This mechanism is permissible for the worker's family provided that the cause of the first debt has been a one-time heavy expenditure, such as a housing purchase or a major medical problem, which is not likely to persist in the future monthly purchases. However, if the first debt-crisis is the result of a consistent tendency for the family debt

the reverse of refinancing one's way out of an unpayable short-term debt!

This, in general terms, is the rise and fall of an inflationary boom.

Without considering here the detailed problems of expanded development of the productive forces in Europe and Japan after 1964-66, it is sufficient for our present purposes to recognize that from 1968 to August 15, 1971 we saw a general world-wide rise in interest rates and abrupt shortening of the maturities of new and refinanced indebtedness. We have thus seen the classic symptoms of exhaustion of a general period of expansion. inflationary It was these very conditions which set off the chain reaction leading to the collapse of the dollar during the week just before Aug. 15, 1971.

The formal devaluation of the U.S. dollar by between ten and twenty per cent (in respect to gold-backed S.D.R.s) would have the temporary stabilizing effect — if it is carried out in time — of devaluing obligations to U.S. inflated capital by up to 20%! In short, the U.S. capital would be reorganized at eighty cents on yesterday's pegged dollar, a partial bankruptcy settlement.

This, in itself, would make possible a small further expansion in world credit and trade — if the conditions throughout the advanced sector were not already too close to those for a general depression. Yet, even to the extent that an official 20% gold devaluation of the U.S. dollar would delay a world depression, any return to credit-expansion — which must follow — would return the entire capitalist world to the tight money crises which precipitated the August, 1971 crisis.

What the Doctor Panglosses of the economics departments obviously refuse to face is the fact

2. – – TWO FACES FOR "PHASE II"

Since world credit-expansion can no longer sufficiently and safely cover the balance of payments deficits on the accounts of profit, debt-service and rent, the deficit must be made up by major realignments of capital flows within a relatively fixed or even declining volume of existing trade and money-payments. Profits, debt-service, and rent can be increased substantially only by drastic reductions in real wages. However, in none of the major advanced national sections - the U.S.A., Canada, Britain, France, West Germany, Japan - is it yet politically feasible for the capitalists to attempt a head-on attack on the real wage levels of organized labor. Therefore, in all advanced sectors we witness assorted versions of what the Nixon administration calls "Phase II."

It would be most naive to treat the announced Nixon goals for "Phase II" seriously. The proposed 5.5% wage increase and 2.5% price-increase rates adopted by the wage and price boards respectively are wishful-thinking figures, taken out of the air and publicized in press releases for the deception of credulous children. The real object of Nixon's "Phase II" is quite different than has been reported.

The purpose of "Phase II" is not to keep either wages or prices within definite lines — certainly not prices. The aim is to corrode away the ability of the trade union movement to become an organizational nucleus for resisting Nixon's general assault on the family incomes of all working people: organized, unorganized, unemployed, and oppressed minorities. There are three features of "Phase II" in Nixon's favor for this purpose. These features succeed quite as well whether the "Phase II" operation succeeds or fails in its 5.5% and 2.5% goals.

Nixon's three "Phase II" secret weapons against labor are as follows. Firstly, by using the Roosevelt's "Hillman formula" of the World War II period, Nixon and his Democratic successor might succeed in tying the trade-union leadership so closely to governmental wage control machinery that the rank and file of labor will lose confidence in the ability of the unions to resist attacks on real wages. Secondly, to the extent that labor responds to this situation with wildcat strikes along narrow trade-union lines, these wildcats will be generally defeated, and thus cumulatively deepen the most

that the credit-expansion methods of the 1950's and especially the post-1958 period led not only to the U.S. expansion of 1961-66, but also to the collapse of the U.S. dollar during the March-August, 1971 period. Only foolish people wishfully propose to enjoy the one effect without the other, to have the drunken monetary orgy without the ensuing hangover. militant workers' lack of confidence in any form of trade-union resistance to wage-gouging. Thirdly, under conditions of spiralling unemployment rates and actual or imminent depression, the demoralization of large sectors of the trade-union membership will lead to an "every man for himself," "dog-eat-dog," anarchistic swinishness among working people generally.

Those three conditions would be sufficient to assure the Nixon administration's Democratic successors that they could go ahead with "Phase III": Direct police control of wages and prices especially wages, using armies of low-paid government snoopers recruited from the ranks of white-collar unemployed and hippies.

The secret of all sorts of dictatorship is to prevent the ruled from maintaining or creating broad-scale institutions through which they can mobilize their forces to resist oppression. By attempting to demoralize, the organized labor movement through "Phase II", capitalist government attempts to neutralize the one existing form of mass organization which exists, and around which still broader forces could be mobilized in a short time.

It does not follow however, that the existing arrangements of the Nixon administration are the form in which "Phase II" will be carried through.

It is most probable that the Democratic Party machine will intervene "on behalf" of its labor "ally" in an attempt to force a bi-partisan reorganization of "Phase II" machinery and procedures. The recent impetus of Meany toward a tighter affiliation with the Democratic Party reflects the fact that an effective "Phase II" would have to occur as either a product of a straight-forward Labor-Democratic Party alliance, or under bi-partisan sponsorship and endorsement of the committees, the committee members, and necessity the forms and procedures under which this phase will be continued.

At the moment, it appears that Meany and a coalition of Democratic Party forces are forming battalions to attack Nixon on this matter. There is little reason for doubt, on the basis of objective trends in process **now**, that the Democratic Party must be favored to carry the presidential election next Fall. Not merely because of hard organized labor support and disaffection of oppressed minorities, unemployed and youth generally, but because the Democratic Party is the only capitalist party in the U.S.A. which can successfully do the sort of hatchet job on labor which Rockefeller and his ilk require at this particular turn. Even so, their problem is now, and can not wait for the elections.

Consider the alternative. Suppose for a moment that there is a walk-out of Meany et al. from the "Tri-Partite" board, and that \mathbf{the} Nixon administration attempts to force a 5.5% policy down labor's throat under such circumstances. The result would be massive strikes - even massive strikes in defiance of injunctions and law, and a growing general mood of labor for independent class political action. The advisors to government know the risk of this alternative far better than most U.S. socialist leaders, and know that this would be a foolish thing for the government to provoke at this time. Witness the explanation of David Rockefeller's tame economist on why the Rockefeller family was opposed to wage-price controls: fear that they would be defeated by massive labor resistance, demonstrating to labor its power to resist anti-labor decrees of government. The men behind the U.S. capitalist class are by no means as simple-minded as the leaders of the Communist Party.

What can happen between now and next January, 1973 to change the organization and policies of "Phase II" machinery? For one alternative, the Congress might pass a law forcing a major reorganization of "Phase II" upon the President. Or, Tricky Dicky, attempting to save face, might concede the Democrats' demands before such a reorganization could be publicly forced upon him by the Congress.

the policies and procedures used.

It is most useful to study the process of successive forms of control machinery by which the bipartisan regulative machinery of the World War II period evolved, through a succession of Roosevelt's manipulations of his labor puppet, Sidney Hillman. The organizational forms and procedures of Phase II at this moment are by no

Such and similar possibilities are hardly matters of wild conjecture. On several issues, including the explosive issue of Secretary Connally's most undiplomatic "negotiations" with Canada, Western Europe, and Japan, the Nixon administration has put a political time-bomb under its waning general credibility. Already, important sections of the Republican wing of the "Eastern Establishment" have joined the Democratic wing in denouncing Nixon's reckless approach to the present international monetary and trade crisis. A major blow to Nixon's credibility — because of a disaster embarrassing his administration on any of several issues — would create the opportune panic conditions to move a "Phase II" reorganization bill through the Congress.

It is not impossible that "Phase II" could blow up entirely, and that the organized labor movement might move into the streets to (in effect) bring down the Nixon administration. However, only a fool would count upon his enemy's following the worst possible tactical policy. Those who base their work exclusively on expectations of a massive AFL-CIO-led "general strikes" and ensuing "Labor Party" formations now are dangerous fools who see socialism only in terms of the possibility that the capitalist class will virtually force state power into our hands.

If such things were to develop during the next several months, so much the better, but they are most unlikely. We must be prepared for the worst possible variant (from our standpoint), which happens to be the far more probable course of events. In any case, any major crisis confronting the Nixon administration will lead to the Democratic Party's rescuing the credibility of the U.S. government itself by forcing upon Nixon terms and conditions of de facto "bi-partisan" government.

3 – "Bonapartism"

Nixon is a 40% President. New York State recently elected a 40% Mayor and more recently a 30% Senator. The same tendency has existed throughout the U.S.A. since about 1966. The decreasing capacity of the capitalist machinery to deliver concessions to many "constituencies" simultaneously, especially since 1968-69, is breaking up the so-called "Two-Party System." It is possible that a "Hooverized" Nixon might be swept aside by a Democratic majority landslide in the Fall of 1972, but the general tendency will be toward election victories on the basis of forty to thirty percent of the vote cast among a variety of contending candidates. As the crisis sharpens, there will be no party representing a majority of the electorate, of factional splits within existing electoral parties which amount to the same thing as a multi-party parliamentary stew. The result will be a tendency toward short-term virtual dictatorships of the bonapartist sort, conceived as Gaullist regimes, but actually analogous to the short-lived Bruning and Von Papen regimes in pre-Hitler Germany.

This tendency is also manifest in the wave of protectionism sweeping the entire advanced capitalist sector (to omit reference, for the moment, to the sector below the Tropic of Cancer.) In general, in no advanced capitalist country, from the U.S.A. on down the list, do we have a government in power or in the wings which is capable of ruling in what is euphemistically described as the "national interest." With the entire world capitalist economy in jeopardy, every regime in power or within reach of power tomorrow is absolutely determined to carry out policies which can, on balance, do nothing so much as to hasten the collapse of the entire capitalist economy, including their own. This incapacity is associated with a general fear of parliamentary "protectionist" oppositional blocs, and a concern for the narrow special "protectionist" interests of a bloc within each parliamentary party's own constituency.

For example, Nixon's shocking tactics on the Japanese textile-import matter. If the U.S. is to delay an immediate world-wide depression, it is urgent that the government in Washington form a political bloc with the major exporting nations (of which Japan and West Germany are leading) to establish a new, relatively stable international monetary system. Any feasible arrangement would already be a hardship for both Japan and West Germany, so that from a pragmatic capitalist it would be considered urgently standpoint sensible of Washington to suppress any secondary issue with either the Japanese or the Brandt government. Instead, Nixon, proceeding from the most insipid notions of Republican Party interests virtually brought down the Japanese Sato government, and created conditions in Japan over the textile question - under which any successor to Sato must be visibly "independent" of U.S. hegemony.

It must be emphasized in this connection that Nixon's maneuvers on textiles ironically did less than nothing to improve his 1972 re-election chances. For, his actions against Japan — and similar actions respecting other capitalist nations are those steps best calculated to make Mr. Nixon the new "Hoover" come election-time. It is no credit to Mr. Nixon's "cleverness" to argue that he out-smarted himself with that piece of chicanery.

It is this trend in government throughout the capitalist sector, a combination of increasing viciousness and increasing inability to rule effectively, which leads toward the critical social-political juncture of the 1970s, the moment in which neither the working class nor the capitalists will tolerate parliamentary capitalist democracy any longer, the point at which the only choice is between socialism and fascism.

4 - THE ALTERNATIVE

The inherent weakness of narrowly trade-union forms of struggle is that the trade union per se represents neither the majority of working people nor the programmatic interests of working people as a whole. While it is necessary to defend trade-union struggles, as struggles of the strongest organized fighting units of the working class as a whole, it is also necessary to subordinate trade-union organization and demands to a form of class-wide organization which represents the persons and broader class interests of unorganized, unemployed, and oppressed minorities as well as trade unionists.

Provided such a superior organization is created, and provided it develops a clear and competent programmatic conception of how to govern society without the capitalists, the majority of white-collar, petit-bourgeois wage-earners will also rally in a crisis to the support of such an organization. The creation of such an organization with such support is the necessary condition for establishing socialism in the U.S.A. — or, in any advanced capitalist country. Thus, this form of class organization is the only effective alternative to the otherwise inevitable defeats of trade-unions and all other working people under "Phase II" and "Phase III." We must begin to win workers to this alternative during 1972, as the only means to prevent widespread demoralization of the labor movement and other working class groups following "rear guard" wildcats and labor leadership betrayals under "Phase II." After workers have lost confidence in elected union leaderships, and have lost confidence in the most militant mass wildcats of union members, the only thing to save them from total demoralization is their knowledge of still a third alternative:

This alternative will not be strange to the U.S. labor movement's history.

At the birth of that movement in the great strike wave of the 1877-86 period, U.S. working people formed "soviets," the "Central Labor Councils" of the Knights of Labor, in which all sections of the working class in a region were organized into "One Big Union" for a common struggle. This lesson of the 1877-86 period was revived during the 1890s and again by the founders of the I.W.W. in 1905, in which class-wide organization (the organized, unorganized, unemployed, and oppressed minorities in "One Big Union") was counterposed to the treacherous, scabby tendencies inherent in Gompers' AFL.

It was out of mass political struggles, such as those celebrated in memory of "Peterloo," that the British labor movement was founded. The same history was repeated, with local amendments in particular features in the labor history of the European continent.

This does not mean that one does not work with unions, defend union struggles. It means that one defends unions as secondary fighting units of an imminent, super working-class political organization, the "united class front," which represents the class interests of not only the

It also happens to be the case, that this is the only form of working class organization which can defeat both "Phase II" and "Phase III." The working people of the U.S.A. have no choice but to either give up their standard of living, and ultimately even their unions, or to create the kind of defensive organization which leads toward socialism. organized, but also the unorganized, the unemployed, and the oppressed minorities.

It is not a simple matter to create unity of trade-unionists with unemployed Black and Puerto Rican workers. Each, trade-unionists, Blacks, Puerto Ricans, and other fragments of the class, tends to regard every other section of the working class as "outsiders." To create a class alliance it is necessary, among other things, to transform unions into organizations which fight for employment for the unemployed, housing for the oppressed slum-victim, income standards for the against family welfare, working-class on of working-class This tenants. rent-gouging transformation can occur only as unions become part of an ad hoc organization (a "united class front") in which unorganized and unemployed have an equal voice in determining the program of common struggle.

The decisive role of the socialist in 1972 (and beyond) is that of advancing the program which represents the actual class interests of both organized and unorganized, and of working through this program to bring the most conscious representatives of the organized and unorganized into embryonic "united class fronts" which, in turn, concentrate on organizing the broader forces of the class.

At the start, we cannot expect to play a major role in the present strike wave as a whole. There are approximately 7,000 "registered socialists" in the U.S.A., with the majority of those socialists and their immediate peripheries organized around the growing Communist Party and the Socialist Workers Party. Even if all these socialists were agreed on the "Third Alternative," it would not be possible for socialists to play an immediately decisive role in the entire strike wave.

Matters are much worse than that. While some sections of the SWP and larger proportions of the CP/YWLL membership are attracted to active support of labor struggles, the CP leadership and the Barnes faction of the SWP/YSA have opposed serious strike-support work, and have even attempted to justify scabbing on certain strikes. The several Schachtmanite groups (International Socialists, Spartacists, and Workers League) are continue Third the Camp pro-labor but "anti-collectivist" tradition of opposition to programmatic united fronts. There remains a minority of the socialist movement, consisting of and Labor Committees some other the organizations, which is available now to help isolated strikes in trouble.

Alternative" could be made known among the most militant working people throughout the nation simply by an accumulation of Labor Committee work in defending some strikes by "united class front" methods. It is absolutely imperative that the Labor Committee conduct the most extensive propaganda campaign, largely by means of its newspaper, to reach tens of thousands of key militants among trade-unionists, unorganized workers and oppressed minorities across the nation.

Our strike-support organizing work and our propaganda work thus intersect in indispensable fashion. We can not immediately organize "Third Alternative" forms of struggle across the nation now, but we can circulate the idea of such an alternative to the tens of thousands of key militants who will organize such alternative forms of struggle tomorrow. Our work in the special instances where we can create meaningful "united class front" organizations in a few centers will thus serve to make our proposals clear and concrete to those who learn of our proposals only through our propaganda work.

This is no noble exercise in futility.

The Labor Committees are already established as competitor the principal socialist of the Communist and Socialist Workers parties in this country. This was accomplished partly by our role in the PCPJ, beginning at Milwaukee this past June, and in NPAC, since the July conference. Furthermore, since we had been widely derided for our allegedly foolish emphasis on an impending monetary crisis, Aug. 15 and its aftermath made us the socialist organization whose ideas had to be reckoned with by both all socialist organizations as well as the leading economics professors situated around various major campuses.

The current efforts of the Communist Party to "destroy the Labor Committees," spreading the lie that we are "Federally financed" and "C.I.A.

If we take account of the rapid rate of developments in the U.S.A. during the next two years, only a fool would imagine that a "Third agents" throughout the labor, Black, Puerto Rican and Welfare Rights organizations, demonstrate that the Labor Committees are not only influential in the socialist movement, but that we are now emerging as one of the leading socialist organizations in the eyes of thousands of militants being attracted to socialist ideas across the nation today. During the next few months, thousands of workers will be listening to what the Labor Committee proposes, if merely for the reason that we are the only socialist organization to publicly expose the leading "liberal" Democratic and "conservative" economists who are the designers of current wage-freeze schemes.

We can not wait until our current rate of membership growth makes us unquestionably the Number One U.S. socialist organization. While we are still in the process of reaching that position, we must begin to assume the responsibilities that go with it. Already, some of the best cadres from the Communist Party, Socialist Workers Party, as well as Progressive Labor Party are joining us. We may seem at times like a small voice crying in a vast land; it is rapidly becoming certain that that is byno means our destiny. We can reach the tens of of potential mass labor leaders thousands throughout the U.S.A. if only our organization has the ruthless determination to do just that.

We must and shall work from now forward to make the "Third Alternative" clear to these labor cadres — and that will lead to the establishment of socialism in the U.S.A. during the 1970s.

5 – THE WRECKERS – THE CPUSA LEADERS

The major danger to the U.S. labor movement within the movement is represented by the majority of the present trade-union leadership and the leadership of the Communist Party. No matter how much George Meany persists in his famous red-baiting rhetoric and persecutions of Communist workers, Meany and the Communist Party have the same general policy for the coming period. To demonstrate this point we need only analyze the pre-convention discussion materials of the CPUSA published in the October and November, 1971 issues of the party organ, Political Affairs.

To the trained "Kremlinologist," the articles in **Political Affairs** add up to three issues between the

President David "Sweetheart" Livingston. What is interesting in this debate is that the CP has to publish elaborate justifications for the "Browderite" Democratic Party "mainstream" electoral policy it has followed since the aftermath of the McCarthyite witchunt.

The second issue is named the "Left-Center Coalition" policy of "industrial concentration." This CP doubletalk should be translated as a determination not only to "colonize" YWLL members into trade unions, but to force restive YWLLers into the posture of kissing the rump of labor fakers such as David Livingston.

The third issue is one which might seem obscure to persons unfamiliar with the history of socialist parties; it is the question whether the Young Workers Liberation League ought to be permitted to continue to enjoy some semblance of independence from "iron" control by the CP leadership.

The fact of these discussions adds up to an important factional ferment going on within the CP and especially its YWLL affiliate. Significant numbers of YWLLers and young working-class party members are seething over the Party's attempt to subordinate all work to Democratic politicians like Lindsay and McGovern, and the labor fakers. The factional heat reached the point that some young CPers sharply attacked CP policy in a public regional meeting of TUAD in New York City this past November. Already, the CP leadership is taking routine bureaucratic measures to stamp out pockets of factional opposition, before a YWLL-based revolt can reach the point that various now-isolated factions coalesce to the point of a potential split-fight.

Candidly, the CP's slanders and occasional goon tactics against the Labor Committees flow more immediately from this internal struggle within the CP than from the modest real effect the NCLC has had on the Party's organization and work to date.

CPUSA leadership and oppositional tendencies largely based in the Party's youth organization, the Young Workers Liberation League. The first issue involves an elaborate rationale by the CP leadership for attempting to lead the anti-war, rank-and-file labor, and oppressed-minority forces into the Democratic Party behind George Meany and a host of left labor fakers such as District 65

In times past, any internal opposition within the CP was beaten into submission by the charge of "Trotskyite-wrecker agents" or some such nonsense. For temporary technical reasons, the CP leadership can not resurrect that particular charge against the various oppositional groupings within the CP and YWLL at this juncture. It happens that the CP is currently attempting to coopt the NPAC organization into a pro-liberal candidate "anti-war" campaign platform together with the PCPJ and TUAD. An open attack on "Trotskyism" in general would force the SWP to fight back and break up the CP's presently-successful effort to assimilate the NPAC organization into this sceme.

Therefore, the CP leadership has elected to improvise a new bogeyman for use against internal oppositionists. They have selected the Labor Committees, as the most credible socialist opponent organization apart from the SWP, and have slandered the Labor Committees in the filthiest fashion, in an effort to make the charge of "Labor Committee agents" the most crushing bureaucratic argument against internal opposition within the YWLL.

Now, some citations from the **Political Affairs** articles to document our analysis of the current policies of the CP leaders and their literally counterrevolutionary implications for the period just ahead.

Gus Hall As A Judas

During the July, 1971 NPAC Conference, the National Caucus of Labor Committees warned that the Communist Party planned to convert the Peoples Coalition for Peace and Justice and National Peace Action Coalition into campaign platforms for labor-busting, wage-freezing liberal "anti-war" politicians. We also charged that the CP would probably field a slate of "joke-candidates" to lend flavor to the fact that the CP was putting all its efforts into building support for such anti-labor Democratic Party candidates in 1972.

What does CP slander specialist George Morris represent as the official electoral policy of the CP for 1972? The following short paragraph is absolutely choice!

"The Communist Party also decided to field its own ticket, with Gus Hall and Jarvis Tyner as candidates for president and vice-president. But the Party's campaign is not to be isolated from activities for political independence." (emphasis added)
Pure "doublespeak;" "political independence" means subordonating all anti-capitalist ferment into support for one of the two parties (the Democratic Party) of the capitalist class, of
directed against the fact that Gib at the Chicago Such a position necessity to buil the trade unionis

"opposing" the wage-freeze by supporting those Democrats who designed and voted for the wage-freeze law.

It also means going as far as scabbing on union struggles to avoid offense to anti-labor liberal politicians. Read the following ripe bits from the Oct., 1971 issue of **Political Affairs**, this by no less than the "National Labor Commission" of the CPUSA: Speaking of the strike of the Newark teachers' union this past Spring, 1971, they write:

"...In an advanced stage of the strike...the State AFL-CIO and other labor organizations called a three-hour general work stoppage which could only have served to inflame the situation further. Fortunately it was cancelled." (Emphasis added)

After conceding earlier that Mayor Gibson was acting on orders from business interests to break the Newark Teachers Union, the CP's "National Labor Commission" considers it "fortunate" that the "State AFL-CIO and other labor organizations" did not act to ensure the immediate victory of the union against a union-busting effort!

Wait, there is more. It gets curiouser and curiouser.

"Among the early errors was the publication of a statement in the Daily World which, while correctly supporting the union, failed to stress the need for struggle against racism within its ranks."

This was indeed a most imperative struggle to introduce to a union solidly supporting its militant Black leadership! The paragraph continues, now giving the show away:

"Later some white comrades in the shops gave full support to the proposed general strike, directed against Mayor Gibson. This, despite the fact that Gibson had spoken out for labor at the Chicago Rank and File conference. Such a position was in contradiction to the necessity to build support for Gibson among the trade unionists." (Emphasis added).

What is behind all this is developed in the George Morris article in the Nov., 1971 Political Affairs: While there is a Harris poll of May, 1971 indicating a growing trend toward independence

from the two old parties, the Communist Party is determined to fight against these tendencies, in favor of the Democratic Party (along with the Yippies and Mayday Tribe). It is determined to pull rank-and-file movements within the labor movement in directions symptomized by "active and successful rank-and-file support of candidates like Bella Abzug of New York."

Morris rants against YWLLers who oppose this sell-out to anti-labor politicians such as Mayor Lindsay, concluding with the less acerbic "explanation:"

"They ignore the costly past experience with 'hothouse' third parties and the hard-won basic lesson that a new party cannot possibly have a durable future without a substantial base among the organized workers."

In short, if you can't have a large party of our class, support the party of the enemy class.

Beside such counterrevolutionary criminality and outright proposal, for scabbing, George Meany's complicity in the "Tri-Partite" chimera must seem the epitome of class virtue. As Malcolm X once stated, "You can't expect a chicken to lay a duck egg." George Meany's political class treachery is an honest part of Meany's "chicken" nature. The Communist Party, which pretends to be communist, proves to be fowler than Meany. It proposes to destroy labor's ability to resist wage-freeze measures by shackling the most militant sections of the labor movement within the political party of the architects of wage-freeze, and, as the **Political Affairs** discussion of the Newark strike bears out, the Communist Party leadership is even prepared to order sabotage of a strike in order to maintain "good relations" with the "liberal" politician who is conducting the campaign to break that union!

The CP On "Labor History

The tactic of the "united class front," adopted

like today's Gus Hall and the "phrasemongering and clowning" sectarianism of groups like today's silly Workers League.

Luxemburg's conception of the united front was developed in 1918 as a special case of her previously-advanced "Political Mass Strike" tactical perspective. On the basis of the experience of the Polish and Russian workers movement culminating in the 1905 revolution, she posited the dynamical interrelationship among trade unions, socialist party, and mass strike as a general policy for the international socialist movement. Her views were an explicit empirical application of Marx's fundamental conceptions of the working-class struggle as first presented in the polemic against Proudhon and in the Communist Manifesto, or Marx's conception of the **political class for itself**.

She demonstrated that the centrist theory of socialism was not only misinformed but viciously counterrevolutionary. This was the centrist theory of the Bebel-Kautsky leadership of the German Social-Democracy, in effect, that unorganized workers were organized into a trade-union stage of development, and later into a socialist stage of development. Luxemburg demonstrated, leaning heavily on the Polish and Russian lessons, that trade-unions themselves were made possible by political mass strikes. These strikes tended to produce "soviet" forms of organization, organizations of every section of the political class, rather than trade-union organizations representing a narrow section of working people. Trade unions forms of less political workers were the organization left on the beach, so to speak, as the tide of mass struggles ebbed.

On this basis she proposed that international be based on the tactical socialist policy perspectives which Lenin later proposed and used for the Russian Bolshevik Revolution, that the vanguard party orient itself chiefly to recurring periods of actual and potential political mass strikes, and "soviet-type" organization above the trade-unions, drawing the organized, unorganized, unemployed and oppressed strata of the class into a common fighting organization with a common program. The party must struggle to assist the building of "soviet" forms as superior to trade-union forms, and must work within the "soviet" form to advance that organization's programmatic self-consciousness of its historic class role.

and developed by the Second, Third, and Fourth Congresses of the old Communist International, was originally developed by Rosa Luxemburg and by the fledging German Communist Party under the leadership of Paul Levi. Lenin was the first Bolshevik leader to recognize the correctness of Luxemburg's and Levi's policy, and advanced it in opposition to both the opportunism of creatures

Emerging from prison late in 1918, she opposed the ultra-left tendencies of the Spartakusbund toward an immediate revolutionary adventure. The ultra-lefts ignored, she warned, the fact that the majority of the German working-class was still tied to the Social-Democratic Party and trade-union leadership, and to a lesser extent the centrists of the USPD (the "Independent Social-Democracy"). The precondition for \cdot socialist revolution, she insisted, was the fusion of the workers aligned with these various socialist parties and other layers of the working class (especially the unorganized and the agricultural proletarians) in common mass struggles. Therefore, the immediate tactic of the Spartakusbund should be to forsee "united fronts," among socialist organizations, imminent political mass-strike alliances, as the means of bringing all sections of the German working-class around a common struggle perspective and program, a development which would win the vanguard of the entire class to the revolutionary leadership embryonically represented by the Spartakusbund leaders. In short, the conception of the "united front" was a direct application of the Political Mass Strike policy – and Marx's class for itself policy - to the circumstances under which there were several contending socialist parties.

Lenin and Trotsky were easily won to this policy after the lessons of Paul Levi's success in applying it during the first years of the German Communist Party. It corresponded to the lessons of the Bolshevik experience with the "soviet" form of mass political struggle and organization, and exposed the common underlying quality connecting the different specific qualities of the Russian and Western European situations.

Let us now see what the CP "labor historians" make of this "united workers front" concept.

The subject is introduced for factional attacks on the YWLL oppositionists in a Book Review by James West in the Oct., 1971 Political Affairs. Apart from a sore-thumb allusion to "neo-Trotskyite" influences within the YWLL itself, this account is unintelligible gibberish. The "explanations" appear in the following month's issue, where West and others write on the same subject with greater clarity. denounce various "class collaborationist and reformist labor leaders" who, in his view, exhibit such qualities as "they shrink from taking those measures which could dump the Nixon program in the garbage can." In tracing West's comrades' development of the proposals he vaguely outlines, we discover that the "class collaborationist and reformist labor leaders" are those who refuse to collaborate with Gus Hall in building support for the liberal Democrats who designed and voted for the wage-freeze legislation which Nixon merely implemented!

After passing through a ritual kissing of Gus Hall's foot, West proceeds to identify and "explain" the "united workers front" to the party faithful. He soon makes it seem that the "united workers front" developed by Lenin is for West nothing else but the old saw of "building a base" within "rank-and-file" caucuses within one's shop! The "united workers front," conceived by Luxemburg, Lenin, and Trotsky as a process of subordinating entire union movements to class-struggle alliances under common program with non-union working-class forces, is degraded by West into a matter of building a tiny rank-and-file shop caucus among members of the same union who have certain ideological differences!

Indeed, read what it is that, according to West, transforms any old existing "rank-and-file caucus" in any old union into the miracle of a "united workers front":

"They become united fronts of class action when Communists participate on the basis of the given rank-and-file program." (emphasis added).

But, wait, he has urgent auxiliary specifications to add:

"If one needs a ratio as a guide, then it might be said that for every Communist there should be no less than from 3 to 5

Speaking for the same CP leadership which attacks all opponents of the Democratic Party as "CIA agents," West has the plain-spoken gall to non-Communists."

Lenin did have a term for this sort of infantile recipe of West's: "economism." It is most difficult to distinguish between the trade-union colonization policy of the CP/YWLL and the "tailist" opportunists within the Third-Camp International Socialist group. Communists operating within an existing shop rank-and-file committee, limiting their concern to "shop and indisutry issues," and simply tailing the "given rank-and-file program," is indeed a "united workers front"?

Such monstrous drivelling is not limited to West. In the same issue, we consider Daniel Rubin on "The Party and the Trade Unions." Under a section entitled "Policies of the Communist Party," we again encounter the preliminary advice that the Communist Party is opposed to:

"Class collaborationist policies such as participating in a stacked Pay Board whose purpose is to keep down wages. .."

The Communist Party continues to be for "class collaborationist policies" of "participating in a stacked" Democratic Party whose "anti-war" politicians are also determined to "keep down wages." How wonderfully subtle is the CP leadership to make such fine distinctions!

Now, proceeding to trade-union policy, Rubin explains:

"...the present rank-and-file upsurge of struggle must be given greater stability and cohesion with the building of all kinds of local and national organizations around shop issues." (emphasis added)

It is necessary to cite another point from Rubin: that Rubin and the Communist Party are for a struggle against "racism." In this connection, let us consider the fact that in practice the CP's cited trade-union policy is objectively racist, as was pointed out by a black YWLL member at the Labor Workshop session of the July, 1971 NPAC conference. The CP trade-union hacks attending proposed to limit the Workshop to trade-union members who would merely discuss "shop issues," thus excluding black unorganized and unemployed workers from the working class — on the basis proposed by Rubin. In short, the CP takes the mere name of the revolutionary tactic developed by Luxemburg, Levi, Lenin and Trotsky, the "united workers front," and interprets Lenin's rejection of narrow trade-unionist orientations as an apology for the vilest trade-union opportunism!

Beating the YWLL Into Line

Under the title of "Communications," the Nov., 1971 issue becomes most clear in connecting the entire debate to political troubles within the YWLL. This occurs as an exchange between James West (again) and Joseph Harris.

In reply to Harris's complaint that an earlier West article "leaves out the building of the YWLL as one of our major tasks of industrial concentration," West admits a certain fuzziness in his conception of the future fate of the CP's youth affiliate. West writes:

"It is clear that many areas of unclarity remain with respect to both YWLL's role as well as the specifics of the Party's responsibility for youth work in general and among young workers in particular. . . the pre-convention discussion period affords still more avenues for developing a good, productive exchange of views which can result in clarity. . . "

Translating from CP "doublespeak," a "good productive exchange of views" invariably means a ranting session in which the CP leadership instructs the "erring member" to get in line "or else."

According to reports from some CP and YWLL members, the "productive exchange of views" has already begun in the form of national CP leaders assigned to straighten and clean out certain YWLL clubs which have lately been hotbeds of criticism of CP tailing of Democrats and labor fakers. Other measures of "productive exchange of views" include charging critics of the CP leadership of being "neo-Trotskyite" "Labor Committee agents," and, therefore, part of a "Federally-financed effort at Communist Party wrecking." All excellent, objective political "discussion."

Rubin then proceeds to restate West's definition of the "united workers front" as the infamous old "Left-Center Coalition" previously resurrected for public circulation by PLP's Milton Rosen. The "united workers front" again appears, as with West, as a coalition between the "Left" and "Center" workers within a particular union in a single shop rank-and-file caucus!

The general phenomenon represented is not new in the history of socialist party youth affiliates. In parties attributing their traditions to Leninist origins especially, every new youth organization is formed as what is technically described as an "independent Leninist youth organization." This formulation is intended to signify that while loyal Party members must be in firm control of key posts within the youth group, the youth organization should be permitted to develop policies which may deviate significantly from the adult Party's line.

The argument for such a policy of "youth group independence" is that young potential Party recruits need broader latitude to make errors, to explore policies prohibited to Party members, and to generally come to the Party through a process of experience in the youth organization.

Invariably, as was the case with the SWP's Young Socialist Alliance in the first years of the 1960's, and in PLP's liquidation of M2M, the independence of the youth affiliate provides the organizational base within which certain party members and others can begin to attack the established policies of the adult Party itself. In such circumstances, it is the organizational instinct of the adult Party to apply heavy muscle to the youth affiliate, to put it under the "iron" organizational and political discipline of the adult group.

This is obviously what is about to be repeated with the Young Workers Liberation League. All the "sour apples," "unassimilable types," and other dissidents are about to be weeded out, and all factions critical of adult CP Democratic Party and labor-faker support policies broken up by whichever organizational measures prove attractive. For good measure, some CP leaders plainly intend, the members of the YWLL are about to be subjected to a policy of "industrial concentration," colonized into shops where all their activities will come under the "iron-handed" supervision of aging CP trade-union hacks. significant factor in the movement as a whole. It is the CPUSA, by virtue of its size and resources, which still represents the main obstacle to establishing an effective policy for the socialist movement as a whole.

To the extent that the CP attracts significant numbers of newly-radicalized workers — simply because it has the name of being "The Communist Party," which will be the case, a significant fraction of potential revolutionary cadres will not only have their potential development aborted, but these forces will be turned into the most active saboteurs of efforts to build genuine "united workers fronts" in the coming period. To that extent, and in that sense, the CP, with its present policies, is a vicious counterrevolutionary force in the U.S. socialist movement today.

Fortunately, matters are not that simple.

The effort to put the YWLL under "iron" discipline will sharply reduce the YWLL's ability to recruit for a significant short period of time and will impel some of the best YWLLers toward the Labor Committees. To the extent that the Labor Committees continue to effectively expose the class collaborationist and occasional fink practices of the CP leadership — as in the Newark Teachers Strike or November Temple Maintenance Workers Strike, the ability of the CP and YWLL to recruit and corrupt valuable newly-radicalized young workers and students will be seriously impaired.

In general, it is clear that the CP leadership is presently engaged in the attempt to make a sharp turn toward concentration on the labor movement at the same time that it is following Meany into the Democratic Party camp of the main enemies of all U.S. working people. Therefore, during the immediate months ahead, the CP/YWLL will be most vulnerable to our meddling in its internal affairs. We do not intend to overlook that valuable opportunity to eliminate the last, main "socialist" obstacle to assembling the entire U.S. socialist movement behind the work necessary to establish

socialism in this country during the 1970s.

6 – IMPLICATIONS

1

The present rate of growth and expanding left-influence of the Labor Committees predetermine that all socialist groups but the Communist Party will either enter into alliances with the Labor Committees or rapidly cease to be a – Nov. 30, 1971

Local Control vs Socialism

Exchanges With The Fourth International

This is the second part of an exchange between the Labor Committee tendency and the Unified Secretariat (the "Fourth International" supported by the U.S. Socialist Workers Party). A spokesman for the Unified Secretariat, Serge Neimetz, proposed such a public discussion in a letter to Leonidas Karipis which was published in the last issue of the Campaigner, along with the first part of Karipis' reply, which dealt primarily with historical questions respecting the Fourth International which were raised by Neimetz. Following is the conclusion of the Karipis letter to Neimetz and the Unified Secretariat.

Our treatment of the three capital topics of debate (strategy, program, organization) here will be limited for mechanical reasons to certain highlights we deem most essential to merely define the basis for further systematic discussion of these topics. Once the implied agenda presented in this summary presentation has been established, it will be possible to proceed to the next step in discussion, and with a certain efficiency in time and effort, examining each included point in phasal abstraction from the interpenetrating contiguous topics.

Meanwhile, for purposes of reference, there are several publications either already in circulation or which can be placed at your disposal, in which some of the essential theoretical development is already accomplished to the extent that we need not repeat it here. These include several writings of the U.S. Marxist, L. Marcus, which have either played an explicit part in the educational life of our group or which reflect other systematic educational activities which have provided a considerable part of the basis for formulation of our strategy, program, organizing perspectives and related features of our organization.

Of special importance to you, since you are justly concerned with our views on the problem of Stalinism, as you call it, is Marcus' "Centrism As A Social Phenomenon," in which the germinal approach presented by Trotsky's autobiography has been examined and resolved with the aid of theoretical apparatus which had not yet been developed in Trotsky's lifetime. This publication, of pamphlet-length, occupies the approximate entirety of the Jan., 1970 issue of The Campaigner in which medium the thesis has been circulated among a number of groups in Germany, France, Italy, Great Britain, in the Greek movement, as well as in the U.S.A. itself. This thesis provides the basis for the historiographic method employed to interpret the documented developments as represented by Karipis' "Trotskyism Today." This you would wish to review even on the basis of the controversy over the "Centrism . . . " article itself.

By the same author, the pamphlet, The Philosophy of Socialist Education (Oct., 1969), while overlapping the theoretical summaries presented in "Centrism ..." presents this in a different topical context. Although the treatment of philosophy is somewhat elliptical, out of respect for the dimensions of a pamphlet, you can adduce some useful suggestions for your further study of essential background sources from that. We have a copy of six chapters and the introduction to the same author's forthcoming book, Dialectical Economics, from which copies could be produced for you by some means or other. Although the material is not yet in finished manuscript draft

form, the need for final editing would not impair the source for your present purposes.

Finally, two more items. The Winter, 1971 issue of **The Campaigner**, contains a critique by L. Marcus of the British I.S. Sept., 1970 Draft Resolution, which has direct bearing on our present discussion-topics. The same issue also contains the Jan., 1971 Draft Resolution on Principles of the National Caucus of Labor Committees, a summary in theses-form of the Marxian dialectical method.

* * * * * *

Your discussion of strategy and program appears to us as a bit of a scholastic muddle. No doubt, your tendency has developed some private canons on the usages of these terms, and you have perhaps become sufficiently accustomed to those usages that you falsely imagine that Marxists outside your organization ought to be decently constrained by the same literary habits. The hierarchical arrangement of strategy and program, in particular, makes absolutely no sense to us from the standpoint of our knowledge of the history of program up through the adoption of the 1938 4th International Draft.

You must, therefore, permit us to specify our own usages. If you will consent to take our presentation according to our own specified usages, you will at least understand what we are presenting in this connection.

Notably, your own discussion of strategy occurs in your effort to criticize our usage of "program." The canonical point employed to justify your criticism is that a program remains fixed for an entire historic epoch - e.g., the "epoch of imperialist decay." That is, of course, an absolutely different usage of the term, "program," that Marx proposes in his (and in Engels') observations on the occasion of the republication of the Communist Manifesto. Following Marx's practice, we are more concerned not to go on reciting the same old slogans and tactical prescriptions with the passage of decades, and do not consider ourselves obliged to certify an entire new "stage of capitalism" as a precondition for issuance of a program to supercede any existing program which is plainly out-of-date on the most obvious premises.

We frankly suspect that this new interpretation of the doctrinal metaphysics of programs which you have offered may actually be an elaborate way of covering up the fact that you have been dragged for the duration of several decades into a radically-altered capitalist world without yet discovering anything particularly new to say that is not being said by even non-Marxian radicals of several shadings and phases of rotation ... e.g. "structural reforms," etc. Or, to recognize the more sophisticated problems of holding a political organization together, of not seeming to repudiate past principles, the formal adherence to a totally-outdated old program may be a neat expedient for concealing the fact that in practice one's organization has no program at all.

Our point may be clearer to you if we cite an amusing exchange between representatives of the National Caucus of Labor Committees and spokesmen for the YSA.

This incident, which we understand has been replicated in a significant number of debates between the two organizations, occurred in July, 1970 at a New York City meeting of the Student Mobilization Committee. The remarks relevant to the matter of your program were made by an SWP-YSA spokesmen in attempted rebuttal of a proposal by Labor Committee SMC members. The details of the proposal are not relevant here except to note that they involved a programmatic orientation of the SMC toward labor struggles—the constant issue between these two organizations. The SWP-YSA spokesman to be cited had reached a state of evident acerbic frustration, according to the report, and elected to attempt to cut through the on-going debate about program by the proposal that the SMC should simply consider no program at all. To make a rhetorical plea for this proposal of his, he advised the body that he was indeed an SWP-YSA spokesman, and thus a member of an organization which had a specific program, the 1938 Transitional Program. He also pointed out that YSA hegemony within the SMC was such that the SWP's 1938 program could be successfully imposed upon the SMC as a whole. He concluded: since the SWP-YSA didn't try to bring its program into anti-war work, why should the Labor Committee try to push in a program, either.

The point is this. The SWP-YSA is almost totally engaged in either anti-war activities, its principal allocation of efforts outside internal shopkeeping expenditures, or in the periphery of various such "black ferments "communalist" as "Chicano liberation," liberation," the Stalinist-chartered MPI organization (chartered for all Puerto Rico by Gus Hall of the CPUSA), "women's liberation," "gay liberation," etc. In none of these activities is the 1938 program's tactical perspective implemented in any specific fashion, nor is such implemented either proposed or even considered by the party. The SWP-YSA "supports" the 1938 program - by hanging it on

the wall, so to speak ... to "paper over" the party's absolute lack of any applicable program of any sort at all.

If one means by program, transitional program -apractical connection of the day-to-day class struggle in a direct fashion to the programmatic form of an imminent struggle for socialist power at the next approaching conjunctural crisis, then neither the SWP-YSA nor the Unified Secretariat could have any program at all, since these organizations, according to the public strategical explicit conjunctural statements, have no perspective at all.

Healy, of course, always has an explicit conjunctural perspective - for the following Tuesday fortnight, every week. This opposite extreme to your position also has rather devastating effects on the effort at coherent programmatic analysis. Healy expects the second coming of the Messiah at any instant; the Unified Secretariat seems to adopt a more dispassionate, unitarian view of all "other worldliness."

We do not absolutely insist at this moment on any strict explanation of why your organization in fact lacks any working program at all - except of the hand-to-mouth variety. - The only clear and indisputable explanation we will insist upon is that you lack the essential conjunctural perspective on which the development and application of a working transitional program depends. The other reasons for your practice in this matter we leave upon pending fuller clinical studies. We are satisfied to characterize the situation, that you support the 1938 Draft as one cares for an unused heirloom, as a museum-piece.

It is obvious from just that set of observations that that central immediate question concerning your program and lack thereof is your inability to develop a competent and explicit, systematic conjunctural perspective.

development in a systematic way has been virtually destroyed by your obligations to the "Leninist" respecting canons Accumulation of Capital.

Marcus in several locations refers to the general backgrounds reasons for this problem among pre-1917 Marxian or pseudo-Marxian economists.

Rosa

Luxemburg's

Marx's pedagogy in sections of Capital makes use of a fiction otherwise employed by all classical economists. In order to introduce notions of the interconnection of the monetary-property title and the real social-productive processes in terms of categories, Marx employs the fiction of a "closed economic model" in which there is a virtual or convergent correspondence between capitalist accumulation and real expanded reproduction of the productive forces.

In Volume III, especially in the concluding sections on the falling-rate tendency and also in key sections of Theories of Surplus Value, Marx dumps the assumption of the "closed economic model." In Volume III, in particular, this development in the text explodes into the student's face after an extended, thorough critical analysis of Ricardo's representation of the problem. At least a brief summary of the issue is essential in addressing persons influenced by comrade Mandel's Treatise ... or related writings. In common with most professed "Marxian" economists, Mandel has gotten the entirety of Capital all wrong, this critical section of Volume III most notably.

Just because Ricardo assumes some form of static or dynamic equilibrium in a "closed economic model," he is mystified that a rising organic composition of capital, which can be caused only by investments which produce a constant or increased rate of profit should apparently lead to a falling rate of profit. Out of Ricardo's mystification comes the empiricist nonsense, that a rising organic composition of capitals causes a tendency for a fall in the rate of profit.

The

Lenin's Economic Errors

We could be most explicit as to why you are in that particular predicament. We prefer, for the present, to single out the principal formal source of your difficulties on this matter. Formally, you suffer from the pervasive affliction of all professed "Marxist-Leninist" economists: your capacity to study half-century's capitalist the past

In a fashion typical of Marx's thoroughness on critical issues, Marx occupies extensive sections of both Theories... and of several chapters of Volume III in critical analysis of the problem in the form in which Ricardo presents it. Then, having come to the end of his criticism of the mere phenomenal form of the problem, Marx dumps Ricardo's exploration of why the rising organic

composition causes the tendency. In both Vols. III and IV, he announces that the rising organic composition does not cause it at all. Rather, it is caused by the rising productivity of labor, which devalues Fixed Capital and constant capital generally in current terms of reproduction. Thus, the greater the organic composition of capitals, the greater the tendency of the devaluation of old capital to offset the increased surplus value obtained by the rising productivity of labor-power.

In which setting Marx reaches his principled conclusion respecting capital-in-general. Where Ricardo, by mystifying the problem, imagines he is discussing a falling-rate tendency as such, the fact that phenomenon is merely this a is possibly-manifest symptom of a general tendency for conjunctural crises. The real source of the problem is that under capitalism there is actually no necessary simple correspondence between the monetary process, and capitalist accumulation of capitalists' capitals, on the one hand, and the production of real self-expanding value, on the other hand. It is the inherent, vicious discrepancy between the process of capitalists' accumulation, as such, and the development of the real productive forces which is the dialectic of capital-in-general. Capitalism is absolutely not a closed economic model, BUT RATHER, capitalists' accumulation involves large and usually-growing masses of purely-fictitious capitals and the real productive forces include natural and other non-capitalist form of real wealth beyond the domain of capitalists' accumulation through capitalist production as such.

The cause of capitalist crises is the inherent tendency, exacerbated by rising productivity of labor, for the mass of combined real and fictitious capitalists's capitals to expand much more rapidly than the value of the productive forces. Since capitalists' accumulation thus tends to expand more rapidly than the expansion of the production of net surplus value (after capitalists' consumption) from more-slowly expanding production, the following conditions for general monetary if the total payments for profit, debt-service and rent grow more slowly than the growth of the instruments of capitalist ownership which those payments maintain, then there must be some permutation of a general collapse of the negotiable value of capitalist instruments, a general balance of payments (on current account) crisis, a galloping credit-inflation, or various combinations of these.

The expansion of credit buffers the growing discrepancy between the ultimate means of commodity-realization on account of aggregate payments for profit, debt-service and rent, thus delaying the crisis to the extent that capitalists continue to accept payments in credit. This remedy for immediate liquidity crisis increases accumulations (through capitalist retained earnings) more rapidly than the rate of growth of the ultimate means of payment (real surplus value). At the point that the magnitude of the ratio of available real payments against current account for profit, debt-service and rent becomes smaller and smaller, the use of credit to continue to buffer the gap with IOUs causes the expansion of fictitious monetary flows to accelerate, causing a general inflation in commodity-prices, etc. Once this process of accelerating credit-crisis is established, the whole capitalist monetary system involved must either blow up in a general inflationary explosion or collapse in the form of a general discounting of instruments to the value determined by real aggregate means for payment in actual commodity-equivalents.

Once this process is actually comprehended, as Marx partially elaborates his views on the general monetary crisis of the late 1870's in passages of Volume III, all the mystification and sotto voce meaningless allusions employed by would-be expert Marxian economists becomes quite unnecessary.

Because Lenin suffered the influence of "orthodox Marxist" economic traditions, otherwise manifest in Hilferding, he made the fatal blunder of attempting to explain imperialism in

or liquidity crises emerge.

The capitalists' valuation of property-titles (equity titles, debt-instruments other than mortgages and landownings, and mortgages) depends upon a price-earnings multiple which is determined by a general tendency for a prevailing rate of combined real and fictitious profits. Thus,

terms of the false assumption of a closed economic model. Thus, to make short of his empirical export of blunder, he assumed that the international loans in essentially was value-relationship correspondence to some corresponding magnitude of productive capital. He overlooked the actual value-content of those loans, those fabulously pre-discounted loans; if he had

remedied that oversight he would have been subsequently compelled to recognize the large discrepancy between the total debt exported and the capital exported. Then, he would have been compelled to recognize that imperialism "solved" the crisis of capitalism only to the extent that use-values of the form of means of self-expanding production and consumption were looted as unpaid costs to nature and non-capitalist production: or, the equivalent of unpaid masses of constant and variable capital costs, realized as real capital.

Once these points are recognized, the essential correctness, as well as the sweeping historical confirmation, of Luxemburg's Accumulation is established. We then understand the uneven process of general break down crisis over the 1919-31 period as the predicted (1913) imminent collapse of the entire "old imperialism." We then understand the simultaneous emergence of "statist military economy" in Roosevelt's NRA and Schacht's Nazi economy, in 1933, not as the product of some Satanic private international conspiracy, but as the course of action imposed upon both parliamentary and fascist forms of imperialism, alike, by the inexorable circumstances of the world-process. We then understand the half-conscious process by which the financiers have bungled their way into modern "military economic" forms confirmation as a of Luxemburg's strategic perspective in Accumulation: that if the working-class were not conjuncturally, programmatically oriented to the establishment of socialism throughout the capitalist sector in the immediate period ahead. then the continued existence of capitalism would necessarily occur in the form of "military economy."

From this same standpoint, going beyond the specific issues explored in Rosa's writings in Accumulation, we can also understand the dialectical reality of the conception of all post-1945 capitalism as a system of interlocking satrapies within a single, U.S.A., imperialism, and based on a single reserve currency and monetary system, that of the dollar. From this standpoint, we regard the inevitable political and social contradictions within such a single imperialism not as evidence that the imperialist form does not exist, but rather a necessary reflection of contradictory tendencies which otherwise exist within individual capitalist nation's internal economy and regionalized socio-political tendencies.

[Is it not idiotic to speak of a BRD "economy" today!? An economy whose 1947-49 industrial development base was the embodiment of the bones and blood of millions of 1941-45 slave laborers ("gastarbeiter"!). An economy which, from 1923-33, and from 1947-71, exists mainly as a U.S. direct investment satrapy, a discount branch of U.S. financiers' production for the world An economy which developed its market. "productivity" out of the Nazi laws and ingrained customs respecting the discipline and intensity of labor. An economy whose initial "recovery" was principally based on a vast supply of bargain-priced semi-skilled labor-power from skilled and German-speaking populations (principally) of the Eastbloc. Ten million such immigrants initially supplied a virtually free source of primitive accumulation for German industry, by augmenting the countryside, an augmentation realized at such low wages that the gain occurred virtually at the expense of the "internal agricultural economy" and at the expense of those regions of Eastern Europe whose variable capital and other realized material product had created the real wealth donated itself to the (labor-power) which industrialists and financiers resident in the British and U.S. occupation zones. As this "internal" supply of proletarian-izable potential labor-power was exhausted, from 1961-62, the expansion of the German industrial sub-sector has been based on 1.5 million Turks, Italians, Greeks, et al., invited to reenact the "gastarbeiter" performances of 1941-45. A German "independent" competitor of the U.S.A. which would totally collapse at the first major contraction of the dollar on the world market!]

(The essential thing to remember about the BRD is that not only was Germany conquered by the U.S.A. in 1945, but that it is still a total satrapy of the U.S. dollar today, exceeded in this respect only by bankrupt Great Britain. The production of "Pinto" -model Ford automobiles by Turkish workers in Henry Ford II's plant at Koln — for the purpose of permitting Henry Ford II to pocket the difference in costs — to him — of his regular and his German "runaway" shop. That is the essence of the BRD economy today.)

Thus, the vantage-point of dialectical analysis we have identified in Marx's Capital liberates the student from further attachment to such phenomenalist phrasemongering as Mandel's Die EWG und die Konkurrenz Europe-Amerika.

It also follows from this that the evidence that leading spokesmen of democratic-centralist organizations are permitted to regurgitate the old Comintern factional filth respecting Luxemburg's Accumulation and Anti-Kritik is itself absolutely conclusive evidence of a vicious intellectual dishonesty respecting the past half-century's history. It is also "sufficient and necessary" demonstration that Luxemburg's critic has not the slightest comprehension of Marx's economic theory.

It was one matter for Lenin to write such miserable rubbish in 1916, or even to continue to defend that aspect of his "immature" writings as late as 1922. Since Lenin's last remarks on this subject, a half-century has elapsed, an entire epoch of capitalist development has been succeeded by almost forty years of development of "statist military economy" into a single world imperialism. Lenin may indeed have experienced acute conceptual difficulties in his reading of Capital, but it is an insufferable slander to imagine that a living Lenin would not have repudiated the "economic theory" of Imperialism long before the present date. Lenin may have had certain limitations, been distinctly stubborn – but, unlike Sweezy, Mandel, and most CP "economists," Lenin was absolutely not stupid!

The very fact that a democratic-centralist organization today permits its leading spokesmen to recite the old Comintern rubbish against Luxemburg's economic writings is thus sufficient evidence of vicious tendentiousness — and absolute intellectual bankruptcy.

That point alone would be sufficient evidence of the present state of bankruptcy of the Unified Secretariat!

[We take no delight in your bankruptcy. We propose merely to recognize that fact as an obvious precondition for restoring you to a condition of political solvency.] economic theory are sufficiently implicit in one, determinate feature of the controversy: "primitive accumulation."

"Primitive Accumulation"

All those who presentlyproceed from the bourgeois, mechanistic notion of a "closed economic model" [Official CP "economists," Paul Sweezy, Mandel, et al., as well as ordinary academic scribblers] unite in publicly tickling themselves almost to death in merry observations on "poor Rosa's illiteracy" in raising the matter of "primitive accumulation" in her The Accumulation of Capital.

It should be necessary today to examine the canonical authority of recitations from Bukharin on this subject. The labile fellow's alternative defense and denunciations of Accumulation reflect a certain spinelessness, a habit of shifting attachments to "surrogate parents" and, more generally, the factional expediences to the extended Comintern faction. One refers, of course, to the extended Comintern factional issues arising from the Zinoviev-Levi disputes over the German "March Action" adventure and the odious "Hungarian" problem. Those who resurrect Bukharin's trash fifty years later do so entirely on their own personal responsibility.

Since certain "Trotskyists" are inclined to borrow with a certain display of indiscretion from selected writings of quondam Trotsky supporters, the case of Karl Radek must also be mentioned. It is, of course, notorious that the brilliant Parvus suffered from a lack of regard for the integrity of the organizational till. It is less generally known that Radek tended to emulate Parvus, not with respect to the cash, but the organization's stock of political principles. After Luxemburg had caught Radek's fingers in the political inventory once more than could be endured, she sold the witty Radek to Lenin at the greatest possible discount. Radek, who had his own sharp differences with Zinoviev's German capers, did not permit principled issues to prevent him from jumping headlong to Zinoviev's assistance, setting the pattern for the later Trotsky-baiting with his own extripate campaign to the "virus of Luxemburgism" from the KPD leadership and ranks.

Respecting the specific, delimited tasks which we have adopted for this phase of the discussion, it will be sufficient to restrict critical examination of the issue of economic theory to this one additional point. We propose that all of the issues of Both Lenin and Trotsky, who agreed absolutely with Paul Levi on the political issues of the Zinoviev-Levi dispute, supported the Zinoviev faction's demand for Levi's expulsion (!) by adding (subsequently) such miserable bits of factional expediency as Lenin's "eagle-chicken" memo. The reason: Lenin made an **unprincipled** political bloc with Zinoviev against Luxemburg's politics because Lenin was concerned, above all, to maintain Bolshevik dictatorial authority over the Comintern as a whole.

Thus, Radek's suggested campaign to extirpate the "virus of Luxemburgism" from the leadership and ranks of the KPD was carried out with even such desperate means as those employed by the wretched Ruth Fischer. The campaign succeeded, with the consequences visible in the 1933 victory of Adolf Hitler.

To quote Bolshevik and other Comintern authorities on the Luxemburg question from the period 1920 onward is morally indefensible for these stated reasons. It was not until Trotsky's exile, and defense of Luxemburg against Stalin's slanders, that the truth is again spoken on this subject by a Bolshevik leader.

We turn our attention to contemporary figures.

Sweezy absolutely lost his senses on the subject of Accumulation when he wrote his Theory of Capitalist Development. He explained Rosa's schoolgirlish shallowness in failing to get beyond the pedagogical fictions of the economist's kindergarten, charging that she could not see beyond the assumptions of "simple reproduction." There is an element of moral cowardice as well as blind factional hysteria in Sweezy's "explanation." Only an individual who wished to be publicly discredited and drummed out of the socialist movement would have dared to print such rubbish if Rosa had been alive. After Rosa's brief and sufficient reply to such idiotic "explanations," no self-respecting socialist intellectual would have touched Sweezy's writings with the end of a Luxemburg's "errors" is the reckless and foolish ranting of a factional hysteric.

In a recent Monthly Review editorial, Sweezy resurrects the whole issue of "primitive accumulation" all over again — in the guise of a footnote. Perhaps reflecting on his previous lack of success in defeating Rosa in the domain of economics, he elects to shift the "proof" to the domain of linguistics.

Unless a word or two of explanation of that footnote is supplied here, Sweezy's argument would seem much more fantastic than it actually is. The only possible source of Sweezy's concern to expose the fallacy of "primitive accumulation," excepting Luxemburg, is the modest but growing influence of L. Marcus's courses, lectures and writings and the interconnected influence of the Labor Committees' challenges to the hegemony of the CPUSA and SWP-YSA. He certainly could not have had Luxemburg in mind when he wrote that footnote; he could only have intended to "expose" Marcus.

Sweezy's footnote warns that some persons have permitted themselves to indulge in wild surmises about Marx's views on the concurrence of "primitive accumulation," because of a poor choice of English translation of Marx's original German. He "clears the air" on this point at once: a better translation, by far, would have been "original accumulation." "See!" one hears him coldly insisting as he writes, "Marx meant only during the earliest phase of capitalist development!"

Surely, if Rosa Luxemburg had troubled herself to read Marx in the original German, we should have been spared The Accumulation of Capital!?

Since we do not wish to totally destroy comrade Mandel's last vestige of personal respect within the socialist movement, we shall spare you a detailing of the obvious extractions on this subject from his **Treatise...**

twenty-foot pole.

As for the "explanation" itself, it is Sweezy who made a blunder no schoolgirl would be so stupid as to commit. It is impossible to read beyond the first page of Accumulation, even from the standpoint of minimum norms of simple literacy, and not conclude that Sweezy's "explanation" of We have previously stated that the issue of "primitive accumulation" is a determinate feature of the entire economic-theoretical problem at issue. Since none of your spokesmen have much actual knowledge of dialectical method, we shall roughly explain the point and its significance.

The entire methodological basis for your version of Marxian economics was finally revealed by the late John von Neumann in 1953, in the postulational sections of his (and Morgenstern's) The Theory of Games & Economic Behavior. These assumptions would empiricist be equally appropriate to the classical Darwinian version of evolutionary Neumann's reproduction. Von postulates should be obvious enough; they are now generally-accepted principles for securing of consistency mathematical descriptive formulation for any "closed equilibrium model" constituted of elementary-discrete particles or sense-phenomena.

Your spokesmen, proceeding along the same lines with a certain obvious amateurism in methodology, attempt to construct such a "model." Your model is constructed out of discrete magnitudes of labor-time and objects, each labor-time which. included, has of the epiphenomenal associated quality of "utility." The objects are objects of production by propertied labor-time (labor-power in your sense of the term), and a certain proportion of these objects is considered substitutable (in the equilibrium-sense) for a discrete magnitude of time of labor-power. With the further specification that the mass of objects produced by all such labor times exceeds the mass of objects paid for such labor/times, you attempt to construct an for the condition of equilibrium model reinvestment of such surplus objects in new production. By attaching a price to labor-power's time, you attempt to show that prices of objects as commodities, and the prices for categories of consumption of these aggregations of objects, must tend to converge on equilibrium values.

Consequently, during comrade Mandel's visit to the U.S., an alert non-Marxian radical economics student was able to explain Mandel's use of the term, "contradiction," to several of his professors. "Where Mandel says 'contradiction,' " this student explained, "substitute the term 'trade-off,' and you will understand exactly what he means."

way might be to examine the Another implications for this same problem of Mandel's "trade-off" theory of crises, from the standpoint recommended by Engels in his cited 1890-93 correspondence. As Paul Barth had charged the German "Marxists," Mandel adduces from Marx's necessary emphasis on the material side of the question a mechanistic schema in which objective relations in the basis by themselves determine the convergent values of prices in the superstructure, in roughly the same way that Marshall or Keynes have previously viewed monetary processes as variables within bounding lower and upper limits defined by an underlying objective process independent of the monetary process.

For quite related Mandel reasons, has reached essentially the consistently same conjunctural economic perspectives on neo-capitalism and "built-in stabilizers" offered by any common garden variety of bourgeois economist. He applies a thoroughly bourgeois Marx's terminology from a reification of pro-socialist bias. Remove Mandel's intent to turn up some finding which might have some sort of propagandistic usefulness for socialist shopkeepers, and the residue would be pure bourgeois economics distinguished by Marxian-sounding terms.

His failure does not arise, in our view, from a lack of intent to understand Marx. Mandel's predicament is analogous to that of a member of a paleolithic culture which has been suddenly visited for the first time by a modern geologist. The geologist picks up a certain rock and points to it, attempting to convey the concept, "ore." The native nods, because he is sincerely hospitable, but the whole effort to say that a rock is not simply a rock makes no sense to him.

Mandel is also hospitable in the sense of a willingness to politely read and listen to passages from Marx's writings. Esteeming Marx an estimable fellow, whose writings ought to be more widely circulated and understood, Mandel attempts to make Marx comprehensible to paleolithic fellows such as himself. . .and we have the result analogous to the hypothetical paleolithic native, later attempting to report his conversation with the geologist to other members of his tribe.

"Aha!" responded one grateful economics professor, "Now I understand Mandel." He was absolutely correct!

One way of putting the **psychological** problem of Mandel's economic theory: **fetishism** of commodities.

Mandel's problem is that he suffers from a type of consciousness-in-general appropriate to a

"paleolithic" — that is, bourgeois — culture. The native's failure to understand the geologist reflects a lack of metal-usage and ore-reduction in his society's practice; therefore, his culture has synthesized no concept for "ore." Only a dictionary-nominalist, of the sort who imagines everything can be explained, made comprehensible, by mere glosses would fail to recognize the insuperable problem of the paleolithic tribesman. The paleolithic tribesman has a distinct paleolithic consciousness-in-general, which permits gifted paleolithic peoples to synthesize new conceptions within the historically-specific framework of that cultural practice. Mandel's problem is not simply a learning-problem, any more than Herbert Marcuse's interpretation incompetent of Hegel and Feuerbach is a learning-problem. He simply lacks the dialectical consciousness-in-general which is indispensable for understanding dialectical conceptions. He can imagine himself to have understood Marx only to the extent he has succeeded in convincing himself that Marx's formulations can be used as labels to be attached to some schema agreeable to an empiricist.

The problem of pedagogy thus posed for us, in our attempts to educate the Unified Secretariat in the fundamentals of Marx's method and economic theory, is considerably simplified by the fact that varying degrees of Kantian and Feuerbachian dialectical development exist outside professedly Marxian circles. Gestalt psychology, Kurt Godel's hypotheses are instances of the best 1931 contributions of the Kantian dialectic - from the standpoint of anti-mechanistic insight in general. Georg Cantor and Felix Klein are great nineteenth century mathematicians who have progressed to about the Hegelian dialectic. Freud's psychophysical parallelism and Emile Durkheim's notion of social-determined consciousness-in-general are, respectively, degrees of excellent mastery and application of the Feuerbachian dialectic.

It may be generally said that the greatest scientific progress of the past century and more has

century, the distinctive feature and relative advantage of so-called physical science is that it has concentrated on those aspects of the order of nature which could be abstracted in the most mechanistic fashion without significant damage to the correspondence between theoretical and experimental results. To accomplish this, physical science had to exclude from its purview those aspects of the universe which could not be explored by so crude and primitive a methodology, notably questions pertaining to living organisms. Thus, despite the great achievements in the transformation of both formal mathematics and physics, initiated by the notion of "functions" arising from early thermodynamics, taking a side-route of development through Riemann et al, despite those incontestable fundamental achievements, mathematical physics, by its implicit axiomatic structure, is inherently limited in the scope of its fundamental discoveries, until its present implicit ontological postulational structure is successfully superceded by a new set of fundamental working-assumptions which would open up entire new domains of inquiry. Consequently, fundamental scientific the achievements of man depend upon enlarging the conceptual apparatus of human inquiry, to competently subsume deliberation on the higher classes of phenomena implied by the concept "life."

For reasons which ought to be apparent to a person who has mastered Marx's actual dialectical method, the fundamental achievements to be made in physical science must weigh upon preceding sweeping conceptual "breakthroughs" respecting conceptualization of "life" itself. the Consequently, the greatest contributions toward a future leap in so-called mathematical physics will probably prove later to have been those typified by the discovery of psychophysical parallelism by and Durkheim (bringing Feuerbach's Freud abstraction into the domain of experimental practice) and the holistic tendency in twentieth century biology, ecology.

This is absolutely no digression from the points

occurred not in the so-called mathematical sciences, but — as Feuerbach insisted and Marx agreed — in the field of anthropology in general. This might seem outrageous to the layman at first glance, but most of the great mathematical scientists have insisted on the principles involved at one point or another. As Clark Maxwell emphasized during the latter part of the last

more immediately at hand. Chapter 5 of Marcus's book-manuscript demonstrates that all of Marx's dialectical method, including the methodological grounding of Capital, his social-economic categories, etc., can be best empirically demonstrated by adducing from Marx's and Engels' application of the dialectic to Malthus and Darwin a complete alternative to a refutation of the profound elementary blunder permeating the Darwinian school. Marcus compares the exposition of Darwinian models of natural selection for population reproduction taken from R. A. Fisher with the contrary general evolutionary law of population self-reproduction established by Marx in 1845-46 and significantly developed in Theories of Surplus Value.

To make short, now, of the material we wish to bring into opposition to the "closed economic model" nonsense.

The Darwinian school locates the evolutionary and natural-selective process in the discrete biological individual member of the species. Beginning in approximately the 1920s, the holistic-ecology current in biology began to attack and reject Darwinian natural selection in favor of what is sometimes termed the "organismic" view of entire ecologies.

Treating the earth as an eco-system in terms of energy "flows" — however energy may be initially defined from an ontological standpoint — and defining the earth as a "biosphere," the following approach is first advanced as an hypothesis. Keeping this presentation on the simplest possible level of description, the definition of life can be heuristically described in terms of the model suggested by Marx's "rate of profit," S'/(C+V) by a method which Marcus has developed. The condition of life is implied by assigning values to exponential functions of that appropriated expression. ...leading to a device for holistically described life as a "negentropic process" in a definite sense.

This, which offers a way of interpretating what has been accomplished by some holistic evolutionary biologists, locates the significance of variation in the quality of individual members of species in the significance of that variation for the entire ecology: does it increase or decrease the negentropic "value" of the entire ecology.

If one proceeds as Marx specifies, first in his

the crude paradigm of Feuerbach's Item 32 must be analyzed in a new way, opening up an entire new world outlook on the nature of both man himself and the universe as a whole. Some efforts are being undertaken by young specialists to elaborate the implications of that from the standpoint of more conventional forms of scientific knowledge, but it is already obvious that no formal-consistent method of representation of "elements," "facts," etc. can succeed in simply quantifying this conceptualization.

The point which can be immediately stressed, without proceeding further to a complete discursive treatment of the Marxian dialectic as a whole, is twofold. Firstly, that what Mandel and others regard as a reasonable interpretation of Marxian economics corresponds to the general notion of a crude mechanistic prevailing equilibrium-model of a closed system. At best, it could lead to notions of the nature of man corresponding to those of the Darwinian schema. Secondly, the notion of society thus presented by this same "reasonable explanation" approach, absolutely does not correspond even to the level of development of ecologies of the simplest kinds of plants and animals, which imply a wholly different quality of insights and procedures than Mandel's (for example) method would permit. It happens that these distinctions are exactly the distinctions between the empiricist and dialectical methods and world-views.

To pin the point down, our charge on the implied nature of man is no factional exaggeration. It is not accidental that the 4th International has endorsed the educational merit of a piece by George Novack in which it is asserted that Marx's "materialist theory of history" is predicated upon the individual man's epiphenomenal quality of individual greed: Hobbes' principle, and also the essentially postulational assumption of human nature of The Theory of Games and Human Behavior: mechanistic metaphysics of exactly the form Marx denounced so often and so explicitly.

In any case, since, as we have indicated before, the capitalist society is absolutely not closed, the

1844 Manuscripts, and then in his "Theses on Feuerbach" and the first section of The German Ideology, to correct Feuerbach's Item 32 of the Principles... from the standpoint of redefining the particular object as expressing a potential for extended reproduction rates — treating the entire society as a self-subsisting positive process — then Mandel schema does not even correspond to a competent crude report on the obvious phenomena. Capitalists' accumulation — in terms of the monetary process and valuations of instruments which include property titles — involves a monstrous discrepancy between those monetary flows, M-C-M[•], involving capitalist

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production, and total capitalists' accumulation of such instruments. On the other side of the process, the material side of human production of its means of existence as a whole, is by no means restricted to the use-values produced by capitalist means. The looting of entire sections of the potential productive population — looted of its potential labor-power — and of nature itself accompanies survivals of forms of non-capitalist production.

interpenetration the Thus, in the of and social-reproductive capitalist-accumulation processes in the C-M-C' and M-C-M', there is a contradiction between the growing two interpenetrating process - from the standpoint of assumed value-correspondence. One any determinate expression of this contradiction is fictitious value. When capitalists appropriate profit, debt-service, rent, on the account of instruments representing fictitious capital, either from existing capitalist means of production, but especially from nature and non-capitalist populations, this form of appropriation is primitive accumulation. Real use-values are obtained as surplus value but not from surplus value.

Once we treat these concepts not as fictitious value in itself or primitive accumulation in itself, but as fictitious value for capitalist accumulation as a whole and primitive accumulation for capitalist accumulation as a whole, we have defined capitalist accumulation for itself, or capital-in-general.

It has been demonstrated that ordinary Greek peasants can quickly understand "primitive accumulation" most clearly — as in their conceptualization of the experience of the Greek equivalent of the Mansholdt-plan process. Sweezy, Mandel, and others are obviously not so gifted.

Specific Strategy

In the approach of a general breakdown crisis, which has been in the process of development since the 1964-65 recessions, the capitalist class has two general, interconnected courses of action to take. The immediate best means for delaying a liquidity crisis is to increase the flow to the accounts of profit, debt-service and rent at the expense of variable and constant capital. This produces an inevitable class confrontation with the working class over real wages and social services, etc., while accelerating tendencies for unemployment — even under galloping inflationary conditions! Since the main cadres of the working class in itself are now organized on a scale as never before, in trade-union and other forms of economic struggle, the capitalist policy compels it to exact real-wage-gouging demands which exceed even the capacity for sell-outs by the more complaisant trade-union leaderships. Thus, there is a growing tendency for the economic struggle to go over to a mass political struggle, as the intensification of the economic class struggle brings the very institutional survival of class-in-itself organizations into direct conflict with not only the employers but the capitalist state power as such.

The capitalists, lacking the yet-established mass fascist movement to break the entire labor movement and establish fascism, must reckon with the tactical problems posed by non-fascist forms of police-state rule. While the labor movement still has organizations, a police state in the advanced capitalist sector is most unstable — without the subjective conditions of popular wars, etc., to lever masses of workers into temporary toleration of regimentation. To attempt to break the labor organizations head on forces the open political class struggle when the bourgeoisie have no mass forces capable of defeating a well-led head-on assault by the entire political working class.

This compels the capitalist class in the advanced sector to temporize for a while, trying to minimize mass upsurge potentials by setting one section of the class-in-itself forms of organization into fratricidal competitive struggles against others. The danger is minimized for the capitalists by taking on only one minority of the organized class forces at a time, etc. However, as the monetary crisis-process accelerates, the urgency of the situation does not permit the rulers the time-span over which to spread out one-at-a-time struggles of that sort.

Thus, despite the desperate economic situation of the financiers, they dare not initiate a crushing attack on organized labor. Also, despite the policy of localizing the head-on collisions by fragmenting the scale of direct assaults on workers' bargaining powers, the acceleration of the crisis forces them toward massive direct class struggles despite their policy resolutions to the contrary.

This converges on a period of extreme lability, symptomized by the situation in Italy since 1969, in which the capitalists can not rule nor can they yet turn over the program of regimentation to fascists — who do not yet exist in sufficient numbers. However, that interval can not persist indefinitely. If the role of the socialist parties of Italy (large and smaller) is re-enacted on a European scale, a short period of such left-idiocy, lack of resolution on seizure of power, would quickly produce enormous fascist movements, and the result would be a disaster for the entire human race for an extended period — perhaps even the nuclear holocaust which is **otherwise** unlikely.

That is the nub of the general conjunctural problem confronting us. The bankruptcy of the CP's and the "Trotskyist" organizations alike is expressed in the fact that this strategical conjuncture is not even seriously examined, not to speak of the development and implementation of appropriate preparatory measures.

This rapidly-approaching interval of sharp discontinuity in the capitalist empire confronts the world's working class with a connected, but otherwise quite different problem, the problem of massive underproduction. The means of existence required to transform the entire world potential working-class's labor-power into actual modern labor-power by no means exists. The means of production required to productively employ expanded labor-power also does not generally exist.

This poses the strategic-programmatic task of socialist expanded reproduction on a world scale as the absolutely urgent practical question of next year — it is not a remote ideal accomplishment for our children or theirs. It must be initiated within this decade. Without such a program we can not actually competently propose to solve any of the problems of life of working people: the quantity and quality of necessary means of existence simply neither exist now nor could they be obtained within the general order of magnitude of existing productive capacities.

This is to emphasize that a focus on anarcho-syndicalist issues of sharing-out local revenues, or even the once-useful proposal to solve unemployment by reducing productive hours, are not only far removed from the central questions immediately and practically facing the class, but are actually counterrevolutionary digressions from what must be made clear and undertaken. that they would indeed have local control of working conditions, etc. From whence will you obtain the wealth necessary to deliver on these promises!? From Jesus Christ, perhaps?

Your problem, the reason you can not understand any of the essentials of revolutionary strategy in a practical sense up to this time, is that you assume the "closed economic model," and other conceptions of a social nature, which seem sensible enough providing one thinks only in mechanistic terms.

The essential positive feature of our strategy is socialist expanded reproduction on a world scale, based on the transforming of international fragments of the working class forces into an international political class for itself vanguard leadership.

Our programmatic approach, which should be clear enough from a view of our publications as a whole, is simply an expression of our view of the interpenetration of the process of creating a class-for-itself vanguard and a transitional application of our revolutionary policy (socialist industrialization) into its appropriate, coherent forms for the immediate, agitational aspects of the class struggle.

Procedures

The most eminently commendable feature of your letter of March 20th is its proposal for a public discussion of the important issues. That is the expression of an actually revolutionary approach to the serious differences between our tendencies. Nothing but good for the movement can come from such a process.

For our part, we are taking immediate steps to carry out your correct insistence on a public discussion. We have already requested that our fraternal organizations publish your documents for

It is very fine to assure Renault workers that their wages would indeed be raised under socialism, public circulation or in their regular magazine publications. This will be done in whatever countries we have fraternal relations with groups of sufficient strength to carry out such publishing work. Where fraternal groups have fewer means we shall attempt to provide them with sufficient copies in appropriate languages to carry out this task in that locality. No doubt, we could agree on other helpful procedures for the sort of extremely-sharp, comradely, and practically-oriented discussion which the entire socialist movement urgently requires at this juncture.

In conclusion, brief comments on a few points where you request information or are obviously grossly misinformed respecting our tendency.

On the degeneration of the KKE, we have already corrected your views on the interpretation of our analysis, and have recommended your attention to both Trotsky's autobiography and Marcus's "Centrism...," where you will find the analysis of Stalinism and similar phenomena explained.

On Eastern Europe. On this our position has a certain resemblance to Sweezy's. We (1) recognize that the 'liberal' faction within the government and bureaucracy generally did represent a very serious and immediate rather source of counterrevolutionary danger, of the sort against which Trotsky warned in his Revolution Betrayed, but that this aspect of the liberalization was also mixed with potential political class-struggle tendencies against Stalinism; (2) That the Soviet remedy was only slightly a less counter-revolutionary "remedy" than the worst dangers of counter-revolution among the 'liberals.' (3) The central issue of Czechoslovakia is the absence of a revolutionary mass-based party of the working-class to replace the wretched Siks et al. in the first place. Unlike Sweezy, we have a strategic view of Eastern Europe, subsumed by our strategic views on Western Europe. The practical question confronting us is: at this moment, what can be done about it except howl!?

As for 50 Years of CP Idiocy - it is hardly strange, no stranger than the degeneration of the centrist SPD, the political decay of Trotsky's epigonoi, the general moral rot which permeated the working class and its organizations throughout the past half-century. Under capitalist hegemony, there is nothing strange about all sorts of moral disorders' domination of all organizations, including Communist parties. It is you who are idealistic on this matter, not us. Idiocy, that is, class-in-itself ideology, is very much a "decisive factor" in historical developments of the capitalist era. If the majority of the working-class were not at the moment "idiots," in a certain sense, as they

have been for most of the past half-century in particular, we should not be obliged to sit up nights and scamper about from one task to another during the days, trying so desperately to effect what a generally non-idiotic working-class would do without any suggestion from us.

If I Mami has not covered every conceivable important topic in detail — unfortunately we have been up to this point only a 4-6 page monthly aimed at establishing the spark of socialist self-organization within a totally-shattered Greek working-class as a whole — members of our tendency have not only published considerable coverage of the Palestine struggle, but have taken energetic measures on this problem. On Soviet and other economic assistence to the Junta, this has been covered often enough, if I Mami were read.

Finally, your misunderstanding of the proof of theory and method in organization. If you have personally been in the leadership of any actual mass strikes (we are not informed on this), then you should know that during such developments there is a qualitative transformation of some at least modest degree in the world-outlook of vanguard strata of the movement. This transformation produces a general agreement between the Marxian programmatic and strategical view appropriate to that period and the way of thinking of such worker-strata.

You absolutely misunderstood Karipis' point. His point is that in the process of approximation of political class formations, the same workers who rejected the Marxian philosophical world-outlook yesterday (where they were, for example, only militant trade-unionists), today, under the impact of the "social chemistry" of energized forms of mass, "soviet" forms of class organization - even small vanguard expressions of this - suddenly find the Marxian programmatic outlook "natural" to themselves. Karipis' point, predicated by Marx's conception of the class-for-itself process is that the appropriateness of the specific programmatic approaches are tested in the social process of class-for-itself forms of struggle, the reproducing of vanguard revolutionary cadres on the basis of these during programs the course of class-for-itself-approximating forms of organized struggle. Workers under those special circumstances develop for the first time the beginning of class consciousness and a capacity for modest degrees of dialectical thinking. That is what the mysterious point was all about.

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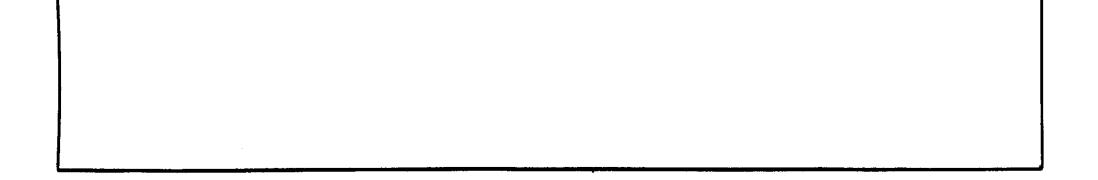


ROSA LUXEMBURG

The Accumulation of Capital,

or

What The Epigones Have Done to Marxian Theory (Anti-Kritik)



Preface

The general breakdown crisis of 1929-33 and the subsequent emergence of "military economy" in Nazi Germany and Roosevelt's U.S.A. represented sweeping factual refutation of all the leading pro-capitalist, social-democratic, and Bolshevik critics of Rosa Luxemburg's chief economic-theoretical writings. Even from the standpoint of those miserable academic philistines who recognize only the hindside of the crude accomplished fact, by the early 1950s there remained not a shred of evidence against the judgment that Luxemburg has been the only celebrated Twentieth Century economist to successfully assess the main internal dynamic of modern capitalism.

It is therefore prima facie proof of the moral flaws leading English-speaking socialist of organizations that we have had to wait until the present moment for a published translation of the celebrated "Anti-Kritik," in which she develops more fully the arguments introduced in her The Accumulation of Capital. Not only is this present pamphlet a principal victim of ritual Communist and "Trotskyist" slanders against Luxemburg's economic-theoretical views, but the mere reading of this work against the background of fifty-five years subsequent historical developments instantly demolishes the claims to Marxian scholarship of such influential self-interested and socialist opponents of Luxemburg as Paul M. Sweezy, Ernest Mandel and assorted Communist spokesmen. To such critics, it is most advantageous that the "Anti-Kritik" remain suppressed.

The suppression can hardly be excused on the presumption that Luxemburg's prose is so esoteric as to be unsuited to general socialist audiences. For powers of immediate clarity for the broadest possible audiences, Luxemburg can be compared among socialists only to L. Trotsky as platform orator and publicist. This was the orator and publicist who, as a "mere slip of a girl" from the obscurity of the Polish revolutionary movement, hoary, established successfully bearded the leadership of the Second International, and subsequently kicked the reluctant Karl Kautsky, Wilhelm Liebknecht, and even August Bebel into a struggle against Eduard Bernstein's "revisionism." This was the woman whose polemical powers were so much feared by the "proletarian kernel" bureaucracy and trade-union leadership of the German Social-Democracy, the woman who led a power-struggle against Bebel-Kautsky (in opposition to Lenin) in the pre-1914 period, and who almost single-handedly initiated the campaign for the Communist International. Hers is the gift of the mass-leader.

It is instructive for the reader to compare the "Anti-Kritik" with its earlier, companion work, The Accumulation of Capital. In the earlier work, the attack on the leadership of the German and Russian movements (in particular) is implicit, but in the almost Aesopian "objectivity" of a formal-theoretical dissertation. In the "Anti-Kritik," her accustomed polemical platform style is unleashed, ripping such mandarins as Rudolf Hilferding and Otto Bauer to gibbering shreds before the reader's eyes. It is the Rosa of the attack on Bernstein afresh, but stalking the page in all her mature intellectual powers. The empyreal didacticism with which she lashes her opponents is entirely that of the working-class revolutionary leader, the Promethean, who brings the gift of the most advanced socialist theory to the comprehension of the working masses.

Luxemburg on CAPITAL

Like her two near-peers, Lenin and Trotsky, Luxemburg used her pen chiefly for political pamphlets and tracts, and even her few specifically economic-theoretical writings represent political factional efforts. So, her explicit views on Marx's **Capital** and **Theories of Surplus Value** must be adduced from the handful of following works.

Her first major economic writing is Die Industrielle Entwicklung Polens (The Industrial Development of Poland) (Leipzig, 1898), in which she introduced and applied the conception later known as "the theory of combined and uneven development." On the heels of the publication of this doctoral dissertation appeared the famous Social-Reform or Revolution (1899, 1908). The next surviving economic-theoretical souvenir is the publication of part of her lectures in Marxian economic theory in a 1907 edition of Vorwaerts. Then, her 1912 manuscript, The Accumulation of Capital, and finally her two major prison writings on the subject, the "Anti-Kritik" and the Einfuehrung In Die National Oekonomie (Introduction To Economics). Of the latter only a

substantial fragment survives in the Paul Levi edition, Berlin, 1925.

Nettl's bibliography also attributes to Luxemburg the authorship of the middle section of Chapter 12 of Franz Mehring's Karl Marx, The Story of His Life, the section subtitled "3. The Second and Third Volumes" (of Capital). Indeed, the style and content of this section are unquestionably Luxemburg's, to the degree that one concludes that Mehring made an absolute minimal number of editings of the manuscript.

Of these writings, only the following selections have been previously published in English: Social **Reform or Revolution?**, The Accumulation of **Capital**, and, in addition to the inclusion of "the Second and Third Volumes" in Mehring, the first chapter of **Einfuehrung** as "What is Economics?"

The publishing history of the last item is itself instructive. The translation of this chapter was accomplished as a project of Socialist Workers Party member, T. Edwards, a product of his sabbatical assignment to the "Trotsky School" of the early 1950s. For a decade, this translation existed in a soon out-of-print mimeographed edition of Pioneer Publishers, but has been republished as a 1968 Ceylonese printed pamphlet by Sydney Wanasinghe. Part of this chapter was recently republished in the collection, Luxemburg Speaks (1970), omitting a major section of the chapter. The means to which the collection's editor (also Militant editor, Mary-Alice Waters) resorted to justify the suppression is exemplary of the slanders tradition against of Luxemburg inaugurated by Karl Radek and later adopted by the Stalin regime.

Waters scribbles: "The abridged version of the first chapter omits several sections which constitute a side polemic on the nature of economy today as an international rather than strictly 'national' entity." What is omitted, sections II-IV, not only constitutes approximately half of the entire chapter, but is absolutely no "side polemic." It is a statement of Luxemburg's most fundamental views on the development and nature of capitalist economy. The contrary view, expressed by Werner Sombard especially during the of Luxemburg's writing, period has been resurrected by both the Western Communist parties and Ernest Mandel as the "theory of inter-imperialist rivalries" today. It is only necessary to compare the suppressed section of the chapter with Mandel's Europe versus America?, or the current "inter-imperialist rivalry" theses of the Militant, Daily World, International Socialist Review, and Political Affairs, to discover Waters' motives.

Luxemburg's view of Marx's Capital is summed up in the cited chapter from Mehring's Karl Marx. This account coincides exactly with that which must be adduced by any scholar who has mastered the work as a whole, especially as he resorts to the most instructive comparison between Capital and the first portion of Hegel's The Phenomenology of Mind.

In Volume I, Marx starts from the simplest facts of "sense-certainty," to be isolated for treatment in a dialectical fashion. The simple facts of **exchange-value-in-itself** and **use-value-in-itself** are dialectically resituated as momentary aspects of a continuous, organic process of social reproduction. After this standpoint has been introduced in the key, first chapter of that volume, Marx proceeds, through Volume I exploring the phenomena of capitalist reproduction from more or less the limited standpoint of the individual capitalist firm.

The more superficial socialist reader comes away from Volume I falsely assuming that Marx's "Law of Value" is essentially a matter of relationships determined at the localized point of caplitalist production. It is such a shallow viewpoint, projected upon Volumes II and III, which Luxemburg assails in her economic-theoretical polemics.

In Volume II, Marx shifts the focus away from the local point of production to the process of general capitalist circulation of commodities and money, however, limiting the analysis of the process of circulation to the standpoint of simple reproduction.

In Volume III, Marx makes a second major shift of the subject matter, as follows. Firstly, he introduces the "general rate of profit," which shifts the theoretical focus of the study from that of the relationships among individual capitalist firms and national capitalist economies into a lawful process of world capitalist economy as a whole. On this basis he proceeds to an examination of the fallacious Ricardian conception of a "falling rate of profit" tendency, showing that capitalist crises do not arise from the mechanistic-mathematical conceptions of Ricardo et al., but from the fact that the capitalist economy involves two antagonistic processes, in which the process of capitalists' accumulation of capitals interpenetrates but also ultimately opposes the lawful development of the social-productive forces, on whose expansion the possibility of realizing larger masses of surplus value depends.

This latter feature of Volume III, which has never been acknowledged or understood by any social-democratic or "Trotskyist" writer, is the kernel of Luxemburg's differences with her pro-capitalist and socialist critics alike.

The leading irony of capitalist economy for Marx and Luxemburg is that capitalist crises and ultimate capitalist collapse are caused by the very means which enables capitalism to develop as a form superior to every antecedent society: the rising social productivity of labor power. The expansion of the capitalist economy, the sine qua non of sustainable capitalist accumulation, results in and depends upon a rising social-productivity as well as expansion of the employed working class as a whole. Because of capitalism's attempt to maintain the current value of "Fixed Capital," while the mass of "Fixed Capital" is rising relative to current production, even in an economy in which all capitalist investments and payments were limited to useful agricultural and industrial production, capitalism would be subject to periodic boom-bust crises.

For, the rising productivity of labor power, by cheapening all commodity production in terms of socially-necessary labor power, depreciates the current replacement value of the mass of Fixed Capitals valued on the basis of yesterday's less-efficient production in general. To the extent that capitalism struggles to maintain the current value of Fixed Capital, the effect of rising productivity of labor power is to depreciate capital to the ultimate point that the capitalists abort productive investment generally, and thus create more than 10% (because of a depreciation of the cost of materials through higher productivity), if the ratio of Fixed Capital to total wages paid rises to that of ten-to-one, the calculated rate of capitalists' "return on investment" in production would tend to fall catastrophically, in one example to something in the order of 10% of the previous rate of profit!

From the standpoint of the productive forces themselves, the depreciation of Fixed Capital is meaningless, since workers' economies, unlike capitalism, are not concerned with building time-machines with which to deliver payments to the dead past. From the standpoint of capitalist accumulation respecting extant means of production, this rising productivity of expanded employed labor power, which is the greatest potential boon to humanity, is a disaster.

In the later sections of Volume III, Marx proceeds to situate the preceding theoretical development respecting the productive side of capitalist accumulation within the monetary-credit processes. Capitalism does not experience simple production-trade crises on account of the "falling-rate tendency." Rather, through the credit system, capitalism covers the losses to "Fixed during boom periods by issuing Capital" promissory notes to itself. To the extent that current surplus values are inadequate to maintain the rate of profit, on account of the demand for payments offsetting depreciated Fixed Capitals, the capitalists pay themselves collectively with promissory notes against future surplus values. Thus, capitalist crises, arising from the contradictory relationship of Fixed to Circulating Capitals, nonetheless do not occur as simple "over-production" crises, but as monetary crises, as the consequences of an apparent over-expansion of credit. Since the credit was advanced principally to cover the depreciation of Fixed Capital through rising productivity, the credit-monetary crisis is the form in which the actual crisis born in capitalist productive relations accumulates to а breaking-point within the credit-monetary realm

capitalist crises.

Obviously, as the mass of Fixed Capital increases in respect to current production, the effects of this depreciation become increasing deductions from current profits. While a 10% increase in the general productivity of labor, for example, must tend to increase the rate of profit on current investment by itself.

Taking these features of Volume III fully into account, Luxemburg turns to another aspect of **Capital** and **Theories of Surplus Value**, Marx's analysis of "primitive accumulation," to locate a capitalist solution to a problem which Marx seems to leave undeveloped.

Luxemburg's Up point, to that writings entirely economic-theoretical are "orthodox Marxism" from the standpoint of the literal content of Capital and Theories of Surplus Value. Admitting that she has added something to Marxian economic theory in her interpretation of the on-going role of primitive accumulation, she argues in the "Anti-Kritik" that the objections to her The Accumulation of Capital are all premised on an agreement among explicitly pro-capitalist (Sombart et al.) and pseudo-Marxian economists (Hilferding, Bauer), which is itself a sweeping rejection of the entirety of Marx's world-outlook. She points out that all these critics premise their vicious misinterpretation of Capital on the mechanistic philosophical standpoint which regards the individual capitalist firm as a thing-in-itself.

"Primitive Accumulation"

Although Luxemburg's view of "primitive accumulation" might seem to be an addition to Marx's synoptic view of capitalist development, her amendment has the most powerful basis in the very foundations of Marx's dialectical method itself.

All European development of the dialectical method, from its beginnings in Descartes' two famous hypotheses, involves a double act of abstraction. Firstly, since all material reality occurs for man as knowledge in the form of "I think that...," if the material universe, which is the subject of real knowledge, is itself real, then the subject implied by such an implicit universality of predicates is as real as the material universe I ergo sum. Secondly, in this know: cogito knowledge itself, I experience progress from poorer to better knowledge, from limited to larger knowledge, from which "dynamic" predicates I adduce the implied existence of "Perfection" in knowledge of reality. (It is not accidental that this rescuing of the ancient dialectic from its imminence in Aristotle's Organon should have occurred in the person which also synthesized geometry and algebra.)

Unfortunately or not, it is essential to comprehend Kant to then understand Hegel's revolution in the Kantian dialectic, which in turn establishes the ground for comprehending the second major revolution in dialectical method accomplished by Marx during the 1843-45 period, and the mediating relationship of Ludwig Feuerbach to Marx's discoveries.

Kant's system, which reaches its furthest point of advance in the Critique of Practical Reason, develops along two interconnected lines. Starting from the rationalist standpoint, in which all sound Understanding of universal human experience and practice is implicitly reducible to a mathematical form, Kant confronts the fallacies of mathematical formalism in two ways. To a considerable extent, his work emphasizes the classical paradoxes of formal logic and formal mathematical reasoning an aspect of Kant which Luxemburg's critics are ignorant, their arguments obviously since respecting the proper interpretation of the "Law of Value" depend upon a replication of the pre-Kantian (almost pre-Hume) viewpoint of ignorant, mechanistic spokesmen for the French Enlightenment. This includes the fundamental paradoxes of "discreteness/continuity" and the impossibility of establishing true "completeness" of knowledge within any formal-logical framework. This has significant bearing on the philosophical illiteracy of those critics she cites in this "Anti-Kritik" as well as connection in the Bukharin and those who still crib the relevant points from Bukharin today.

Kant's second major attack on the fallacy of mathematical reasoning is a coherent point: the impossibility of explicitly reconciling the notion of "free will" in human behavior with the mechanistic inherent in necessity of causal notions mathematical formalisms of any sort.

Thus, Kant presents his famous "Fundamental Antinomy." On the one hand, he assumes that the form of practical knowledge of the world by men is limited to an at-best mathematical analysis of actuality in the corpus of what Kant terms the "Understanding." Yet, as he introduces the point briefly in the Critique of Pure Reason and develops it as the theme of the Critique of Practical Reason, the ordering of reality in practice is determined by the intervention of "free will" into the domain of experience through the acts of the human individual acting according to his will. Since the realm of experience is efficiently subject to this

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This seminal contribution to dialectics by Descartes then proceeds toward Hegel by two channels. In respect to its mechanistic aspect, we have Leibniz and the classical French rationalist school of Lagrange and LaPlace leading into Kant. In respect to its emphatically dialectical side, we have the line of development from Spinoza through Schelling into Hegel.

causal expression of "free will," ultimate reality is not actually comprehensible from the standpoint of formal logic or the practical "Understanding," for the real nature of the universe including "free will" as a cause can not be that implied by the notions of mechanistic "necessity" implicit in mathematical formalism.

Having situated this problem, Kant attempts to solve the problem of "Perfection" in human knowledge by developing a superior version of the notion which Sigmund Freud later introduced as the "superego": Kant's discovery of what is called "the negation of the negation."

Kant poses this as the problem of society: How is it possible that the will of the individual could include knowledge of what is good in practice for humanity as a whole? Resorting to examples ironically but not unsuitably drawn from capitalist social relations, he regards the individual from the standpoint of the philosophical anarchist, as an individual or heteronomic will, whose "instinctual" individual conception of self-interest is embittered conflict with the collective self-interest of humanity at large. The "categorical imperative" expressing the general practical good — the universal (for society) practical good - occurs, according to Kant, as the collective action of many individuals negates the anti-universalist notions of self-interest of the heteronomic will. As the individual, in turn, negates what has been collectively negated, and thus implicitly wills that which society has not negated, (negation of the negation), the individual heteronomic will acquires the form of a "superego," which knows and wills for the universal good with increasing "perfection."

Hegel, at the outset of his **Phenomenology**, ridicules Kant's "negation of the negation," charging that Kant has offered a pseudo-solution to the social problem by merely exchanging the "chains of external authority" for the "chains of internal conviction," — this point Marx resurrects against the later Hegel; the chains of oppression being internalized as the chains of illusion.

Hegel, combining the lessons of both Spinoza ("extended being") and Heraclitus, attempts to replace Kant's "negation of the negation" by a notion of "self-subsisting positive" being. To replace man who merely acquires approximate truth by external force, by man who acquires truth by his inherent nature. Hegel's starting-point is to eliminate the notion of the "given individual," the "thing in itself," which he properly identifies as the fundamental fallacy of Kant's aborted dialectical method. Hegel accomplishes this by resituating Descartes' second hypothesis ("perfection") through equating the "acorn" and "oak."

The "acorn" does not become the "oak" by "negation of the negation" — does not achieve its immanent species-universality by "negation of the negation." Rather, the reality of the oak, acorn, is that they are moments of a species-process, in which the acorn is determined by its act of reproduction to become a new oak tree. The individual is not a simple individual plunked into the midst of society as a heteronomic, instinctual individual, but each individual comes into existence as a product of a society, just as acorn-nature is positively determined for the individual acorn by the reproductive process which determines the acorn itself.

Although Hegel's involuted attempt to deal with the problem of the "Force" of "Understanding" in the **Phenomonology** anticipates the profound error into which he ultimately lapses, that work otherwise moves upward in astonishing conceptual break-throughs until Hegel's floundering efforts to situate the "inorganic" aspect of nature as a universality. Positively, Hegel expresses the Kantian notion of "Praxis" as his own initial discovery of the notion of "labor." The reality of human knowledge is that man's universal practice (labor) produces the conditions for the reproduction of the knowers as a species.

It is at the point of the "inorganic" that Hegel's dialectic (like that of his successor, Feuerbach) breaks down entirely. Hegel, unable to free himself entirely from the notions of necessity expressed by Lagrange, Kant, et al., attributes only "circular" development to "inorganic nature," denying positive evolutionary development of "inorganic nature" itself, denying the existence of a true, evolutionary hylozoic monism. By denying that human Praxis realizes evolutionary changes in "inorganic nature" for man, Hegel is unable to distinguish systematically between productive and non-productive labor. This defect we see most nakedly represented in his The Philosophy of Right, where every parasite of the Prussian state is rationalized as a necessary part of the development of society.

For the same reason, Hegel's effort to actually premise human existence upon a self-subsisting positive basis fails and he soon reverts, via the idealistic notion of the "Absolute," to the Kantian "negation of the negation," and coherent embrace of Lutheranism.

Feuerbach attempted to rescue the Hegel of the Phenomenology's earlier chapters on two counts. Firstly, by making the practical relationship of man-to-man the basis of reality: i.e., individual man's practical actions on nature for another as the momentary reflection of individual man's universal species-being. Secondly, by attributing the creation of the individual will to social acts (practical being for another), thus freeing the conception of man of the notion of heteronomic instinctual will, and of the need for further "negations of the negations." Feuerbach situated the immanent species-nature of even individual man as an expression of a self-subsisting positive: like the individual "acorn" whose individual species-nature is for the species-universality of the continued existence of the oak species.

The chief flaw in Feuerbach is summed up by Marx in the first of the "Theses On Feuerbach." Feuerbach, by continuing Hegel's error of regarding "inorganic" nature itself as fixed, can not conceive of classes in a dialectical way, and is compelled to reduce the notion of humanity to a vague, "dumb species generality." Therefore, for related vicious reasons, although Feuerbach wishes to establish the reality of material nature and the materiality of human existence, he is compelled to revert toward the old vulgar materialism, in which the material object is degraded into a self-evident discrete object, a mere "thing in itself."

Marx's revolutionary achievement, which is first developed in his "A Contribution to the Critique of Hegel's 'Philosophy of Right' " (1843) (in explicit response to Feuerbach's "Provisional Theses For the Reform of Philosophy"), is to establish the dialectical integrity of universal nature, and to bring philosophy itself to a conclusion, by finally solving the Fundamental Antinomy of Kant. It is this conception which provides the basis for Marx's conception of working class and also situates Luxemburg's notion of "primitive accumulation" within the very core of Marx's method. practice in terms of positive evolution of "inorganic nature," and such positive evolution of "inorganic nature" as the absolute basis for continued human existence and development, the moral question is ultimately reduced to that of distinguishing among various human alterations of nature itself, to distinguish between those collective human activities which do and those which do not advance the material evolution of "inorganic nature" for the purpose of expanding and developing the material existence of mankind as the dominant species within the material universe. This is the key to all Marxian economic theory, and to Marx's systematic notion of the emerging working-class as the only potential true species-form of human existence in the modern era.

Beginning with the cited 1843 writings, Marx situates the question of modern and future history in terms of that aspect of all social activity (universality, collective Praxis) through which man accomplishes positive material changes in the evolutionary order of "inorganic nature" for perpetuating and extending human rule of the material universe. The working class emerges not as a vulgar "socio-economic" category, as it is defined by various pro-capitalist and self-styled "radical" empiricists today, but as the class whose characteristic collective productive activity effects those changes in "inorganic nature" upon which the material existence of the society as a whole singularly depends.

What distinguishes the working class, notably from the peasantry, is the dialectical process of its **reproduction** as a class: that its form of labor is collective, implicitly world-wide, rather than individual-to-soil, and that the class as a whole is reproduced as an aspect of the collective productive process in which it performs the only materially-productive role.

Only professional ignoramuses, who are accustomed to picking up their ideas and affiliations as droppings found about the streets, could propose that Marx's conception of the working class arose from his romantic attachment to working-class struggles of the 1840s. Indeed, Marx discovered the working class before it had begun to discover itself, and from a rigorous scientific standpoint, as just outlined, rather than as a vulgar empiricist construct. It is, nonetheless, characteristic of small, befuddled minds that they

The central point of Marx's discovery is as follows. Once we see the universality of human

should attempt to account for the discoveries of geniuses in terms comprehensible to their own feeble mental processes.

The definition of "primitive accumulation" is immediately subsumed from the outline just given.

If the working class as a whole subsumes the entirety of man's positive, evolutionary alterations of "inorganic nature," then the productive labor force produced by the entire working-class population determines the extent of the absolute wealth new produced. Thus, our proper determination of the creation of existing new, absolute wealth begins by analyzing the proportions of useful output corresponding to the employed productive labor force as a whole.

We can therefore divide the entire productive labor force into three principal proportions. Firstly, the proportion of all material production (tangible output) which must be realized to maintain the entire working-class population, at the level of material culture necessary to produce a labor force of the quantity and quality required for tomorrow's production: in capitalist economy, this is Variable Capital. Next, since production involves depletion of man-improved nature, a the perpetuation of production for tomorrow demands repairs to man-improved nature to overcome depletion by today's production: in capitalist economy, Constant Capital. The residue is Surplus Value. Out of Surplus Value comes capitalists' consumption, the means of material existence and material activities of all other classes but the working class and peasantry, leaving a Net Surplus Value after deductions for such capitalists' consumption.

The notion of "primitive accumulation" identifies the several ways in which a capitalist economy can cheat on the proportionalities just outlined, to thereby increase Net Surplus Value. Firstly, capitalists can loot natural resources and either non-capitalist or other capitalist economies of their man-improved and natural wealth, without paying out the Constant Capital expenditures necessary to maintain the equi-potential of man-improved nature for future wealth-taking of the same sort. Secondly, by recruiting new workers through looting of other classes, especially proletarianized farmers, or reducing conquered populations to actual or virtual slavery, the capitalists can cheat on the otherwise necessary material costs of reproducing the working-class

population as a whole. The first typifies primitive accumulation at the expense of constant capital; the second, primitive accumulation at the expense of variable capital.

Marx's usage of the term "primal," "primitive," or "original" capitalist accumulation emphasized the historical fact that the early capitalists' working class had been chiefly recruited by looting the peasant populations. The agricultural sector, with its self-contained non-market economy of the individual farm or commune, produced new individuals, representing a certain embodied wealth of the non-capitalist agricultural sector in the very physical existence of living adult individuals. To the extent that the capitalist could employ such adult, proletarianized ex-peasants, without paying wages sufficient to reproduce new individuals of the same quality, the "subsistence wage" (or, for a modern term, a Krupp "gastarbeiter" or slave wage) represented an underpayment of variable capital with the difference pocketed by the capitalists.

The same principle applies to the simple looting of natural resources. By depleting the resources of the earth, the capitalist makes a **one-time** addition to the Net Surplus Value taken, at the same time bringing the entire human race toward the point at which the exhaustion of natural resources implies an early breakdown of the possibility of continued material productive existence of the human race as a whole. Or, in contemporary terms, the so-called "ecology crisis."

Luxemburg makes a point in this connection which is already implicit in Volume III and Theories of Surplus Value. That is, that the contradictions inherent in capitalism are such that the system could not survive a single year without such primitive accumulation. For this reason, the capitalist system's historic contradiction is that it simultaneously accomplishes massive а development of technology and productive forces necessary for socialist society, but as world capitalism persists beyond a certain point of this development, it becomes essentially a one-way ticket to Hell for the entire human race.

What is not so obviously implicit in Marx's writings is Luxemburg's further treatment of this phenomenon. Capitalism attempts to resolve the "falling-rate tendency," or the increasing use of promissory notes to overcome monetary deficiencies in Net Surplus Value payments, by issuing those promissory notes against "primitive accumulation." The payment for this fictitious capital is obtained from primitive accumulation, or wealth taken **outside** the "reproductive schema" of expanded reproduction: looting of natural wealth, non-capitalist economies, peasant sectors, other capitalist economies, scrapping of entire sections of the working class through primitive accumulation against variable capital. The greater the "organic composition" of dead capital in respect to circulating capital costs of current production, the more intensively and viciously the capitalist system must resort to this sort of primitive accumulation.

Today, no honest observer of the conditions of the under-developed sector of imperialism, the growth of a massive reserve army of pauperized persons within the capitalist sector, both below the Tropic of Cancer and in the form of dumping almost half the U.S. working-class itself on a virtual human scrapheap, would attempt to deny that Luxemburg's analysis uniquely corresponds to the empirical actualities of the past century, and especially the history of the past half-century. The most shocking feature of Luxemburg's The Accumulation of Capital and "Anti-kritik" is that any serious socialist should lack the intelligence and honesty to embrace these views as his own.

"The Virus of Luxemburgism"

Despite this and other evidence to demonstrate that Luxemburg stood above such peers as Lenin and Trotsky in her intellectual powers, it is the commonplace view of most of the world's socialist movement that "Egress Rosa" was distinguished by the nobility of her womanly sentiments, but, being a mere woman, could not possibly be the equal of male leaders in intellectual matters.

This male-chauvinist view - for that is, indeed, the latent appeal of the widespread acceptance of the slanders against Luxemburg's intellect — is ironically but endorsed appropriately by "feminist" Militant editor Mary-Alice Waters, reflecting the fact that the most "radical" contemporary merely feminists have institutionalized the worst features of male chauvinism as the fundamental premises of their "feminism."

woman's **identity** within capitalist society. "Thinking is for men."

"So be it," the petit-bourgeois "radical" feminists degrade the struggle for woman's identity into a bedroom and kitchen brawl, in behalf of the continued degradation of woman as capitalist society defines the petit-bourgeois woman for them.

Rosa Luxemburg as such a fighter for woman's liberation? Rosa would box the feminist's ears: "You silly goose," she would employ a phrase common to her in such matters, "I already stand above the men of my time as a revolutionary leader. That does more for the liberation of women than ten thousand years of your 'feminist' struggles."

Characteristically enough, Luxemburg's socialist opponents preferred to advance their criticisms of her theory behind her back, once her assassination had saved them from the danger of her devastating replies to their slanders. The Comintern attack on her reputation, opened up after her death, involves the ugliest pages of the early history of the Communist International, and those tactical expediencies of both Lenin and Trotsky which contributed collaterally to the later Stalinist degeneration of the world Communist movement.

Contrary to the popular account given in the Communist and "Trotskyist" organizations, the attacks on Luxemburg's economic-theoretical work did not originate with Lenin, nor did Lenin promote the practice of counterposing her The Accumulation of Capital to his Imperialism. The prevailing myth of Luxemburgism is the later outgrowth of Lenin's and Trotsky's decision to bloc, for expedient factional reasons, with Luxemburg's most vicious Bolshevik factional opponent, Karl Radek, and more significantly, with Radek's factional ally of the moment, the bumbling Gregory Zinoviev.

Radek's hostility toward Luxemburg dated to the 1912 period, when she booted him out of the Polish revolutionary movement and attempted to boot him out of the German movement as well. The issue was Radek's repeated dabblings in ventures which threatened to compromise the movement, as well as a general instability which made him more readily expendable on account of his specific offenses. Luxemburg spared no pains to make clear that, in the main, she was opposed to

"Intellectuality," these unfortunate "feminists" insist, "is a quality of maleness from which woman must be liberated." So they justify as the acme of women's "liberation" that which embodies the worst feature of the systematic oppression of Radek because of his defects of personal character, a judgment justified by Radek's later history in the Bolshevik organization.

Radek secured a position of some influence in the Communist International, partly because he was on the scene in Germany in the post-war upsurge, and partly because Lenin had picked him up as a tool of the Bolshevik apparatus for intervention in the Polish and German movements at the point that Luxemburg had ejected Radek. This was essentially a factional play of Lenin's, arising out of Luxemburg's and Jogiches' near-success in Jogiches' effort to seize the leadership of both a unified Polish-Russian revolutionary movement.

It is instructive to reflect that Lenin later conceded that he had been politically wrong in his German factional alignments against Luxemburg during that period (1912-14). When Luxemburg had been engaged in a struggle against the Bebel-Kautsky centrist faction in the SPD, Lenin, in his sole pre-1917 intervention into the German movement, had aligned in support of the centrists against Luxemburg! After the SPD vote for Kaiser war-credits in 1914, the astonished Lenin boldly conceded that Luxemburg had been entirely correct on this issue. Shortly after that, Lenin began to develop the political prespective for the Russian revolution expressed in his Imperialism. which represented a political break with Lenin's previous "theory of stages" view in the direction of Luxemburg's perspectives.

It should also be emphasized that Lenin's Imperialism was drafted and issued as an "Aesopian" political attack on the "theory of stages," and not as an original work in the field of economics. As far as Lenin was willing to go, it represented a considerable step forward from his previous theoretical views toward the "combined and uneven development" view of Luxemburg's doctoral dissertation and subsequent writings. The argument that Lenin's Imperialism represented an intended counterstatement to Luxemburg's Accumulation is strictly an invention appearing preceding the Social-Democrat's (Noske's) orders for the assassinations of Luxemburg, Liebknecht, Jogiches, et al. After Jogiches' assassination, Radek was "cheated" of his wish to be given the leadership of the German Communist movement by the German leadership's forcing the position on Paul Levi, Lúxemburg's closest surviving political collaborator. Immediately, Radek took the standing position of spokesmen for the German ultra-lefts against Levi, using the Comintern apparatus to the full extent up to and past the point that Levi was expelled on Comintern orders from the VKPD which he had founded and built from tens to hundreds of thousands of members.

The immediate developments leading to Levi's expulsion from the KPD and Comintern occurred as the Radek-Levi factional struggle became a struggle between Levi and Zinoviev, the Russian head of the Communist International. Zinoviev, a centrist who vacillated from ultra-left to opportunist positions throughout his adult life within the Bolshevik organization, appropriated the expatriated Hungarian ultra-left petit-bourgeois of the crushed 1919 Hungarian revolution and sent them into orbit around Communist the International bearing letters of plenipotentiary powers from Zinoviev himself.

petit-bourgeois Comintern These ultra-left functionaries proceeded to wreck or nearly wreck one nascent Communist party after another. One such, Dr. Bettelheim, wrecked the Austrian Communist Party; another, the famous Pogany-Pepper, made a shambles of the nascent CPUSA, disorienting and virtually destroying its organic leadership around Ruthenberg and opening the way for the rise of the trade-union opportunist Foster-Cannon faction. In a similar fashion. Zinoviev made a shambles of the KPD itself.

In the ensuing crises, as Zinoviev and Radek entered into an uneasy factional coalition to make a shambles of the KPD, Levi elected to fight the Comintern machine of Zinoviev and was thrown out of first the KPD and then the Comintern itself.

The fight between Luxemburg and Radek broke out afresh the instant she was released from prison, with Radek fishing among Luxemburg's ultra-left opponents in the **Spartakusbund** Thus Radek and the Comintern contributed substantially to the occurrence of the disastrous 1919 adventure Lenin, in his exchanges with Klara Zetkin on this issue, conceded that not only was Levi politically right on all the factional issues, but that the forthcoming World Congress would declare for those positions. Yet, Lenin insisted, he would bloc with Zinoviev and Radek to support Levi's expulsion! The issue, for Lenin, was Russian

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hegemony over the Communist International; to be governed by political principles and to align with Levi against Zinoviev and Radek, would be to call that Russian hegemony into question in a period when the existence of the young Soviet state was in jeopardy.

To this development, Radek virtually giggled in indecent euphoria. Now was the time, he announced, to rid the German movement once and for all of the "virus of Luxemburgism." Levi's expulsion, and Levi's public attacks on the KPD and Comintern over the issues were treated by the Comintern and KPD as an attack on the movement by an "enemy of the party." Levi replied by situating his policy within Luxemburg's theoretical and political works, so the Comintern expediently responded by denouncing Luxemburg as an heroic but intellectually incompetent woman.

The filthy, lying attacks on Luxemburg in Germany by such Zinoviev stooges as Fischer and Maslow were soon augmented by the effects of a struggle breaking out within the U.S.S.R. itself, Crisis." The "Scissors the over economic-theoretical spokesman for the Left Opposition, Evgenii Preobrazhensky, had raised the spectre of "primitive accumulation" in the course of an attack on the policies of Stalin, Zinoviev and Bukharin. Under these circumstances, Bukharin, temporarily Stalin's chief economic-theoretical **Opposition**, the Left spokesman against complemented his slanders against Preobrazhensky and Trotsky in the form of a vile but uneasy polemic against Luxemburg's The Accumulation of Capital and "Anti-Kritik." Bukharin's lying attacks on "Luxemburgism" were serialized in the KPD publication, Unter dem Banner des Marxismus, during 1925-26, establishing the sources from which Sweezy, Mandel and others plagiarize their "criticisms" of Luxemburg's economic-theoretical works to the present day.

Lenin and the Levi Affair

The reader might mistakenly adduce that we regard the widespread socialist hostility to Luxemburg as simply a reflection of deep opposition to her world-outlook. On the contrary, these socialists' differences with Luxemburg are no less profound than with Karl Marx himself. The socialist movement long ago developed a convenient method for suppressing the theoretical influence of **deceased** revolutionary leaders — by

canonizing them, and making the party "priesthood" the only "legitimate interpreter" of their writings - to the credulous. Considering the and Luxemburg's fact circumstances of assassination, profound opposition to her world-outlook fails to explain the tradition of hostile slanders against her theoretical work.

A useful illustration of the relevant point is obtained by comparing certain Communist and "Trotskyist" groups today, in cases where the practical political difference of the contending groups is less than even the differences existing among various "Stalinist" or "Trotskvist" organizations respectively. What keeps these groups apart is not their practical differences in actual theory and perspectives, but "traditions." The longpast bitter organizational differences between the fathers or grandfathers of the present-day groups, persisting as an active feature of each group's sense of identity, its sense of apostolic legitimacy. Similarly, the practice of slandering Luxemburg — of reciting the litany of Bukharin's 1925-26 lies against Luxemburg, practiced by former CP "fellow travellers" like Sweezy, by "official Communist" spokesmen, and by most spokesmen, is an ecclesiastical "Trotskyist" incumbrance laid upon the living by their attempts to locate the apostolic legitimacy of their present organization in the infallibility of Lenin, Trotsky, et al.

None of these factions can concede the now-obvious fact that Lenin's politically-unprincipled conduct in the Paul Levi affair virtually guaranteed the moral and political degeneration of the young German Communist Party and the prolonged imperialist encirclement of the Soviet Union. As Levi himself pointed out in his later "Introduction to 'Lessons of the October Revolution' ": in only one point did Trotsky err in his estimation of the revolutionary situation in Germany of Oct., 1923. Trotsky correctly estimated the general situation, but overlooked both the quality to which CI bungling had degraded the German Communist Party and the fact that Gregory Zinoviev directed the Communist International. It is that particular "can of worms" which no Communist or "Trotskyist" spokesman has had the capacities to confront.

Nonetheless, the field has been left wide open for all sorts of other scholars to make what they will of the Levi case. Two points should be identified here, so that no illicit construction can be attributed to our views of this matter.

Lenin's and Trotsky's conduct toward Levi is excused by reference to Levi's frequently subsequent migration back to the German Social-Democracy. The fact of the matter is that it was a Comintern resolution, introduced by Lenin, to force Levi away from the Communist movement by every means which the Comintern had, which hounded Levi into the SPD. Granted, under those same circumstances, a Luxemburg or a Lenin or even a Trotsky might have preserved political independence, and adopted the course of building a new Communist group from scratch. The fact remains if Levi was no Luxemburg nor Lenin in this respect, he was the only Communist leader of political stature outside Russia, and it was the CI which systematically destroyed Levi in an unprincipled organizational ploy -a ploy which also destroyed the moral fibre of the entire KPD leadership.

The second point is much more subtle and important than the problem of indecent, self-serving Bolshevik references to Levi's later SPD affiliations. The more contemptible features of Lenin's conduct in the Levi affair have scarcely been overlooked by either the "Third Campers" or the Stalin apologists. Both have exploited this scandal to the fullest, in the effort to thereby demonstrate a straight line of development of Leninism into Stalinism.

Two things are customarily suppressed in such rationalizations. Firstly, the "analyst" overlooks mitigating circumstances the extraordinary the Lenin's crime, desperate surrounding circumstances of the young Soviet republic which impelled Lenin and his immediate collaborators to make all sorts of extreme measures and awful accomodations within and outside the Soviet Union, as the seeming conditions for the very survival of the October Revolution itself. Secondly, the "analyst" overlooks the actual relationship

Stalinism within both the Soviet Union and Comintern — but not as "Leninism."

Even Trotsky, who understood this quite clearly in later years, essentially evaded such issues. Partly to avoid complicating a defense of Leninism against the Stalin faction, the Left Opposition was almost Byzantine in its worship of every phrase and action of Lenin's; both the Trotsky and Stalin factions attempted to outdo one another in associating themselves peculiarly with the widest assortment of exegeses from Lenin's writings. Trotsky, in later years, did sadly moot the proposition that he should have pushed Zinoviev aside to assume Comintern direction of the KPD in 1923, as he also mused over his softness in refusing to launch an open fight in the Comintern against Stalin at Lenin's instruction. Further he never went in these important historic matters.

The problem of exposing the errors of the early years was also enormously complicated for Trotsky by the later twenties developments of the Left Opposition, as Zinoviev and Kamenev broke with Stalin to align with Trotsky, and the wretched fate of Zinoviev and Radek in the Great Purge. The fact of the matter is that Zinoviev was the founder of the later Stalin faction, and only drew back in horror on discovering what a monstrosity he, Zinoviev, had spawned in promoting Stalin's career. Radek deserves a less favorable treatment than even Zinoviev. Radek was a schlemihl of the revolutionary movement who could be "this" today and "that" tomorrow with almost equal facility in working for opposite sides of the same question. He was still running errands as Stalin's emissary almost up to the day that he, too, joined Zinoviev and almost the entire rest of Lenin's original Central Committee in Stalin's extermination cells - hardly the circumstances under which Trotsky or any other revolutionary could easily undertake the cruel job of dissecting Zinoviev's and Radek's contemptible role in the destruction of the early Comintern.

between Lenin and the emerging Stalinist tendency within the Soviet Union and Communist International, which is to say Lenin's bloc with the centrist faction of Gregory Zinoviev. In blocking to support Zinoviev's past rule over the Communist International, the basis for Lenin's unprincipled conduct in the Levi Affair, Lenin was indeed unwittingly contributing to the emergence of

No such excuses for refusing to unravel that history exist for the revolutionary movement today. It is long past time that the truth respecting Luxemburg and the Levi Affair were told — if the present-day revolutionary movement is to have any better outcome than the early Comintern.

The "Anti-Kritik" Today

At first glance at the list of Rosa Luxemburg's immediate opponents within its pages, the "Anti-Kritik" might be mistaken for an historical curiosity. Only the antiquarian consults Rudolf Hilferding's Finanz-Kapital today, and Otto Bauer's economic-theoretical writings are happily long out of circulation. However further glance at the content of the arguments which Luxemburg demolishes in her critiques of Eckstein, Hilferding and Bauer, demonstrates that the presently leading organizations of the U.S. and Western European socialist movement base their pretensions to economic theory on the scribblings of such a lumpen-Bauer as Ernest Mandel. The "Anti-Kritik" is therefore quite up to date.

Otherwise, if for no other reason, this pamphlet eminently deserves to be read as a major theoretical writing by the Twentieth Century's

finest economic-theoretical and political thinker. Here, the reader encounters Rosa at her best in all respects. Here is the magnificent oratorical power which startled the entire Second International and terrified so accomplished a factionalist as August Bebel, a polemical skill here reflected at the very height of her powers. Here is her pedagogy, which electrified the classes at the SPD party school, put to paper at its best for present generations to know. Here we meet extraordinary intellectual power to see through a clutter of mere aspects of a problem to its very kernel. Since Karl Marx himself, the world has not seen a human being of such stature. What revolutionary socialist can read these pages and not say, "How extraordinarily alive she is." Rosa Luxemburg's theoretical work can not die so long as man's struggle for humanity persists.

L. Marcus
 New York City
 Dec. 1, 1971

Unabridged English translation by Tessa De Carlo, Joseph Griffin, and Louise McAllen of Die Akkumulation des Kapitals, oder Was die Epigonen aus der Marxchen Theorie gamacht haben — Eine Anti-Kritik in the Verlag Neue Kritik reprint (Frankfurt-am-Main, 1966) of the Vereinigung International Verlagsanstalten GmbH edition of De Akkumulation des Kapitals (Berlin, 1923).

The second part of this translation will appear in a future issue of the Campaigner.

EINE ANTI-KRITIK

PART I

Habent sua fata libelli – books have their destinies. As I was writing my Accumulation, I was depressed from time to time by the thought that all proponents of Marxian doctrine interested in theoretical matters would declare that what I was attempting to present and substantiate so thoroughly was self-evident. Perhaps no one had actually ever thought of the matter any differently; perhaps this solution to the problem was generally the only possible and conceivable one. What happened was quite different: a succession of critics in the Social Democratic press have pronounced the book totally mistaken in its basic plan, because, according to them, a problem in need of solution doesn't exist in this area. I have allegedly become the unfortunate victim of a misunderstanding. Indeed, the appearance of my book was the occasion for events which must be described as unusual. The "review" published in Vorwaerts on February 16, 1913 is striking both in tone and content even to readers having little familiarity with this material - all the more striking since the book under consideration is of purely theoretical character, contains no polemic against a living Marxist, and maintains the most rigorous objectivity. This is not all. A sort of official action was initiated and carried out with remarkable zeal by the party's central organ against those who had published favorable reviews of the book. It was an unheard of and in itself somewhat comical event: in regard to a purely theoretical work concerning an intricate, abstract-scientific problem, the entire editorial staff of a political daily newspaper - of which at most two members might have been able to read the book - in order to render a collective judgment, denied any competence in questions of political economy to men like Franz Mehring and J. Karski, while designating as "experts" only those who had torn my book apart.

must be familiar with the relevant material, at least in its general outlines.

What is the subject of this book that has been so vehemently attacked? To the reading public the book's topic appears quite intimidating because of an external and in itself accessory apparatus: the that are frequently mathematical formulas employed. These formulas constitute in fact the central point in the critiques of my book, and several of my austere critics, in order to instruct me in the fundamentals have even undertaken the task of creating new and even more complex mathematical formulas, the mere sight of which would give a mild shudder to an ordinary mortal. We'll see later on that "my experts" predilection for mathematical schemata is no coincidence, but is tied most closely to their vantage point on the subject. The problem of accumulation is in itself purely of economic and social nature. It has nothing to do with mathematical formulas and can be presented and understood without them. When Marx constructed mathematical schemata in the section of Capital concerning the reproduction of total social capital, just as Quesnay, creator of the Physiocrat school and founder of political economy as an exact science, had done one hundred years previously, both used these schemata merely to make their arguments easier and clearer. They were useful to Marx as to Quesnay for illustrating the fact that in the process of economic life of bourgeois society, despite its chaotic surface and apparent reign of arbitrariness, there exist lawful relations just as strict as those that rule the phenomena of physical nature. Since my statements concerning accumulation were based on Marx's presentation, although they approached his work critically - for Marx, specifically in the problem of accumulation, never got beyond the construction of schemata and the beginnings of analyzing them, all of which represented only the starting point of my critique - I obviously had to deal in detail with Marx's schemata. First because I could not arbitrarily cut them out of Marx's explanation, but also in order to clarify precisely what was unsatisfactory in his

A similar fate has as far as I can remember never befallen any new publication of party literature and for decades the Social Democratic publishing houses have not exactly been coming out with pure gold and pearls. The peculiar quality of this operation plainly reveals that passions very different from those of "pure science" have been somehow touched by my book. In order to evaluate these matters correctly, however, one

argumentation.

Let us now attempt to grasp the problem in its form, leaving aside the simplified most mathematical formulas.

The capitalist mode of production is dominated by the profit motive. For each capitalist,

production has meaning and purpose only if it allows him to fill his pockets year in and year out with "net income" — that is, with profit which remains over and above all of his capital outlays. But the basic law of capitalist production in distinction from every other economic system built on exploitation is not just profit in coin of the realm but constantly increasing profit. Towards this end the capitalist, again in sharp contrast with other historical types of exploiters, utilizes the fruit of his exploitation not exclusively nor even primarily for personal luxury but rather in increasing measure for intensifying exploitation itself. The greatest part of the profit obtained is turned into new capital, and used to enlarge production. Capital is amassed in this way; it is, according to Marx's expression, "accumulated." As a precondition as well as a consequence of accumulation, capitalist production is expanded more and more.

The desires of the capitalists are not enough to bring this about. The process is tied to objective social conditions, which can be summarized as follows:

Above all, labor power in sufficient quantity must be present to make exploitation possible. Capital guarantees that this will be the case once the capitalist mode of production has been historically inaugurated and to some extent consolidated by the very mechanism of this production. 1) Capital makes it possible for the wage workers it employs to maintain themselves as well as they may for the purpose of further exploitation and to multiply through natural procreation - although it makes possible nothing beyond this. 2) Capital creates a permanently available reserve army of the industrial proletariat through the incessant proletarianization of the middle classes, as well as through the competition it offers with the machines of heavy industry.

Once this condition has been fulfilled — that is, once a permanently available material for exploitation in the form of a proletariat of wage workers has been assured and the mechanism of

must have contrived to sell his commodities, and to reconvert into capital the greater part of the money so received."(1) If accumulation is to take place as a continuous process, capital requires constantly growing possibilities of marketing goods. Capital fulfills the primary condition for exploitation by itself, as we have seen. The first volume of Marx's Capital exhaustively analyzes and describes this process. What about the chances for realizing the fruits of this exploitation - what about the chances of finding markets? On what do these chances depend? Does it lie perhaps within the power of capital or in the essence of its mechanism of production itself to expand its markets according to its needs, as it adapts the size of the work force to its needs? Absolutely not. Here capital's dependence on social conditions finds expression. Capitalist production, despite all its essential differences from other historic forms of production, shares this with all of them: that although capitalist production subjectively regards only the profit motive as its controlling purpose, it must also satisfy the material needs of society and in the last analysis can attain this subjective purpose only to the extent that it fulfills its objective task. Capitalist commodities can only be sold, and the profit contained in them turned into money, if these commodities correspond to a social The steady enlargement of capitalist need. production - that is, the steady accumulation of capital - is thus bound up with an equally constant expansion of social need.

But what is social need? Can it be comprehended more exactly? Can it be measured in some way, or must we be content with this vague concept?

The question remains indeed incomprehensible if it is considered as it manifests itself immediately on the surface of economic life, in everyday practice, that is, from the standpoint of the individual capitalist. A capitalist produces and sells machines. His customers are other capitalists, who buy his machines from him in order to produce – capitalistically — other commodities. The more the other capitalists expand their production, the more the first can dispose of his products; the faster the others accumulate in their branches of production, the more quickly he can accumulate. Here "the social need" to which the capitalist is bound would be the requirements of the other capitalists, and the precondition for the expansion of his production, the augmenting of theirs. Another

exploitation has been adjusted by the wage system itself — a new basic pre-condition of capitalism enters into consideration: the possibility of continually selling the commodities produced by the workers, in order to recover in money the outlays made by the capitalist as well as the surplus value extorted from the workers. "The first condition of accumulation is that the capitalist

capitalist produces and sells provisions for workers. He can sell more and thus accumulate more capital as more workers are employed by other capitalists (and also by himself), or in other words, as the other capitalists produce and accumulate more. But what determines whether the "others" can enlarge their plants? At first glance it seems again to be whether "these" capitalists - for example, the producers of machines and provisions – purchase their commodities at an increasing rate. The "social need" upon which accumulation depends thus appears on closer view to be the accumulation of capital itself. The more capital accumulates, the greater the accumulation of capital - closer examination seems to terminate in this empty tautology, or rather in this deceptive circle. The point from which all this starts cannot be discovered. We are obviously going around in circles, while the problem trickles through our fingers. And this is in fact what happens but only as long as we try to investigate the matter on the surface of the market, from the vantage-point of individual capital, that favorite observation post of vulgar economists.(2)

The problem immediately acquires form and sharp contour, however, if we consider capitalist production as a whole, from that standpoint which is in the last analysis the only correct and decisive one, that of total capital. This is precisely the standpoint which Marx systematically developed for the first time in the second volume of Capital, but upon which, however, he based his entire theory. The tyrannical private existence of individual capital is in reality merely an external form, the surface of economic activity, and is regarded as the essence of things and the sole knowledge only by the vulgar source of surface, Underneath this and economists. throughout all the contradictions of competition, certain facts hold good: all individual capitals in society make up a whole, while their existence and motion are governed by general social laws. The latter prevail simply as a consequence of the planlessness and anarchy of the present system, even behind the backs of the individual capitalists.

produced by capitalist society are stacked up together in one place, in a great heap, in order to find their uses in the total society. We will immediately discover that this mass of commodities breaks down obviously into several large sectors of different types, with different destinations.

In every form of society and in all epochs, production has had to supply, in one way or another, two sorts of needs. First, production has had to provide nourishment and clothing and satisfy the other needs of civilization after a fashion by means of material objects. To sum up, it had been necessary to produce means of subsistence in the broadest sense of the term for the population of all classes and ages. Secondly, in order to make possible the continued existence of society, and thus continued labor, every form of production has had to create new means of production to replace all those that were used up: raw materials, tools, plant buildings, etc. Without the satisfaction of these two elementary needs of every human society. progress and the development of civilization would be impossible. Despite all its anarchy, and without neglecting the profit motive, capitalist production also allows for these requirements.

the collective capitalist Accordingly, in warehouse that we have imagined we will find first of all a large portion of commodities which represent the replacement of the means of production used up in the preceding year. These are the new raw materials, machines, factory buildings, etc. (what Marx calls constant capital) which the various capitalists produce for each other in their factories, and which they all must exchange with each other so that each plant's production can start up again on its previous scale. Since, according to our hypothesis, it is capitalist industries that furnish all the necessary means of production for the social process of labor, the exchange of these commodities in the market is only so to speak the internal, domestic affair of the capitalist class with itself. The money needed to arrange this multilateral exchange of commodities comes, naturally, out of the pockets of the capitalist class itself - since each entrepreneur must have available in advance the required money capital for his factory - and returns just as naturally, after exchange is completed on the market, back into the pockets of the capitalist class.

contrary to their consciousness — by means of actual deviations.

If we conceive of capitalist production as a whole, social needs at once become a tangible magnitude, which is comprehensively subdivided.

Let's imagine that each year all the commodities

Because we are considering here only the renewal of the means of production on their previous scale, the same sum of money suffices year in and year out to arrange the mutual provisioning of the capitalists with means of production and always comes to rest again in their pockets.

A second large section of the mass of capitalist commodities must, as in every society, contain the means of subsistence for the population. But how is the population structured in the capitalist form of society and how does it obtain means of subsistence? Two basic phenomena characterize the capitalist mode of production. First, general commodity exchange, which means in this case that nobody in the population can obtain the slightest share of means of subsistence out of society's mass of commodities without possessing money, the means of purchasing them. Second, the capitalist wage-system, i.e., a relationship in which the great mass of working people can acquire means of purchasing commodities only by selling their labor power to capital, while the possessing class obtains its provisions only through the this relationship. Capitalist exploitation of production itself thus implies two main classes in the population, capitalists and workers, who stand in fundamentally different positions as regards obtaining means of subsistence. The workers, no matter how indifferent their fate is to the individual capitalist, must at least be fed, insofar as their labor power is usable for the purposes of capitalism, so that they can be maintained for further exploitation. Therefore a portion of means of subsistence out of the entire mass of commodities produced by the workers is allotted to them by the capitalists each year, exactly to the extent of their employment in production. In order to purchase these commodities, the workers get their wages from the entrepreneurs in the form of money. Thus the working class each year receives by means of exchange, through the sale of its labor power, a certain sum of money from the capitalist class which it then re-exchanges for a portion of means of subsistence out of the mass of social commodities. These are, of course, the property of the capitalists. The portion due to the workers is determined by their level of civilization and the situation of the class struggle. The money used for this second great exchange in society again comes out of the pockets of the capitalist class. Each capitalist must advance for the operation of his enterprise what Marx calls "variable capital,"

the money capital needed for the purchase of labor power. After the workers have bought their means of subsistence (and each worker must do this for his own and his family's preservation), this money returns down to the last penny back into the pockets of the capitalists as a class. For it is capitalist entrepreneurs who sell the workers their means of subsistence in the form of commodities.

Now for the consumption of the capitalists themselves. Means of subsistence belong to the capitalist class as a mass of commodities before any exchange, by virtue of the capitalist relation according to which all commodities - except for the single commodity of labor power - come into the world as the property of capital. Of course these luxury articles of subsistence, precisely because they are commodities, come into the world only as the property of many scattered private capitalists, as the respective product of each of these individual capitalists. Therefore, in order for the capitalist class to acquire the means of subsistence belonging to it, a mutual exchange -asin the case of constant capital – takes place among the capitalists. This social exchange must also be accomplished by means of money, and the quantity of money needed for the purpose must be set in motion by the capitalists themselves. Here again, as with the renewal of constant capital, it is a question of an internal domestic transaction of the capitalist class. And once more, after the exchange has been completed, this sum of money too returns again into the pockets of the entire capitalist class, the point from which it started out.

The same mechanism of capitalist exploitation which generally adjusts the wage relation guarantees that the necessary portion of means of subsistence of the requisite luxury is in fact produced each year for the capitalists. If the workers produced only the quantity of means of subsistence required for their own maintenance. their activity would be an absurdity from the capitalist standpoint. Such activity begins to acquire meaning only if the worker provides for his employer's maintenance in addition to his own (corresponding to his wages) — that is, if he creates what Marx calls "surplus value" for the capitalist. And this surplus value must, among other things, serve to furnish the capitalist class, like every class of exploiters in the earlier periods of history, with the necessary upkeep and luxury. For the capitalists there remains only the special task of assuring the thorny and resigned existence of their

own class through mutual exchange of the required commodities and the provision of the money needed for this, as well as attending to its natural reproduction.

Thus two large portions of our total mass of social commodities would be set aside: means of production for the renewal of the labor process and means of subsistence for the maintenance of the population, including both the working class and the capitalist class.

We understand that it may seem as if we have been sketching a fantastic picture. What capitalist today knows or cares anything about what and how much is needed in the way of replacement of the used-up portion of the total capital or for the feeding of the entire class of workers or capitalists? Every entrepreneur produces blindly in competition with others, and each one sees only what takes place in front of his nose. Except that in all the bewildering confusion of competition and anarchy there obviously exist after all invisible laws which command obedience – otherwise capitalist society would have fallen into ruins long ago. It is the whole sense of political economy as a science and particularly the conscious goal of Marxian economic theory, to point out those hidden laws which in the midst of the jumble of private businesses produce the order and coherence of society as a whole. Our task is now to trace these objective invisible laws of capitalist accumulation - of the amassing of capital by means of the progressive enlargement of production. These laws we are about to describe do not determine the conscious modes of operation of individual capitals in motion — in fact no central organ of society exists that could consciously establish these laws and put them into practice. This only means that present-day production, like a staggering man makes its way through sheer excesses and deficiencies, through variations of price, and crises. These very price variations and crises are ultimately significant for the society as a whole only because they constantly and periodically bring chaotic private production back on the track laid out by the relations of the whole - without which it would very soon crack up. So when now, like Marx, we attempt to sketch in broad outlines the relation of the total capitalist production to social need, we will just disregard price variations and crises, the specific methods by which capitalism operates those relations, and examine the problem at its root.

Those two large portions mentioned so far do not exhaust the mass of social commodities. If the exploitation of the working people served only to permit a swank existence for the exploiters, we would have a sort of modernized slave society or medieval-feudal dominion but not the modern supremacy of capital. The purpose and calling in life of capital is: profit in the form of money, the amassing of money capital. Thus the actual historical sense of production begins where exploitation first goes beyond the limits just indicated. The surplus value must not merely be adequate to allow the capitalist class an existence "worthy of its station," but in addition must contain a portion destined for accumulation. This transcending, characteristic purpose is furthermore so imperious that workers are employed, and thus given the opportunity of creating means of subsistence for themselves, only to the degree that profit earmarked produce this for they accumulation and to the degree that there exists a likelihood of actually being able to accumulate

We must therefore locate in our imaginary total warehouse of capitalist society a third portion of commodities, which will be used neither for the replacement of worn out means of production nor for the upkeep of workers and capitalists – all this has already been taken care of. There will be a third portion of commodities which contains that precious part of the surplus value extracted from the workers which especially represents the vital capital: the profit destined for goal of capitalization, for accumulation. What kind of commodities are involved and who in society needs them? That is, who acquires them from the capitalists and assists them in finally getting hold of the most important part of their profit in coin of the realm?

such profit in the form of money.

With this we have arrived at the core of the problem of accumulation and must examine all attempts to solve it.

Can it perhaps be the workers who acquire the last portion of commodities from society's warehouse? But the workers possess no means of exchange beyond the wages handed over to them by the entrepreneurs, and withdraw in proportion to these wages the paltry share of the total social product assigned to them. Beyond this they cannot acquire a dime's worth of capitalist commodities, no matter how many unmet vital needs they might have. It is the endeavour and the interest of the capitalist class to measure out as strictly as possible — not as generously as possible — the part of the whole social product consumed by the workers and the means of exchange to acquire it. From the standpoint of the capitalists as an entire class — and it is very important to retain this vantage point in contradistinction to the confused impressions of the individual capitalist — workers are not acquirers of commodities, not "customers" like any others, but merely labor-power, whose maintenance out of a part of their own product is a lamentable necessity, to be reduced to the smallest proportions socially allowable at the time.

Can the capitalists themselves perhaps become the buyers of that last portion of the social mass of commodities by expanding their own private consumption? Perhaps this might be possible, even though the luxury of the ruling class, including every conceivable folly, has already been amply provided for. If the capitalists were totally to squander the entire surplus value extracted from the workers, accumulation would be reduced to nothing. We would then have a backsliding inconceivable from the capitalist point of view into a modernized variety of slave economy or feudalism. The reverse of this is quite possible and is at times industriously practiced: we were able to observe capitalist accumulation with the forms of exploitation of slavery or serfdom into the 1860's in the United States and can still do so in Roumania and various overseas colonies. But the opposite case of a modern form of exploitation, a free wage relation with subsequent squandering of surplus value in the ancient or feudal manner, and thus with neglect of accumulation, is simply unthinkable – a mortal sin against the Holy Ghost of capital. In this respect, let it again be noted, the standpoint of total capital is very significantly differentiated from that of the individual entrepreneur. To the latter the luxury of the captains of industry for example appears as a desirable expansion of the market and thus as a first-class chance for accumulation. For all the capitalists taken together as a class, the consumption of the entire surplus value in the form of luxuries is obvious madness, economic suicide, because it is the annihilation of potential accumulation.

Who then can be the buyer, the consumer of the portion of social commodities whose sale is the precondition for accumulation? This much is clear: it can be neither the workers nor the capitalists themselves.

But are there not in society various other layers, like civil servants, soldiers, clergy, scholars, artists, who are neither workers nor capitalists? Must not all these categories of the population satisfy their needs, and can they not come forward as the desired purchasers for the excess commidities? Once again, for the individual capitalist, certainly! But it is otherwise if we consider all entrepreneurs as a class, if we consider the total social capital. In capitalist society all the enumerated layers and professions are, in economic terms, merely an appendage of the capitalist class. If we inquire from where the civil servants, soldiers, priests, artists, etc., draw their means of exchange, it turns out that they obtain them partly out of the pockets of the capitalists and partly (by means of the system of indirect taxation) out of the wages of the workers. So these strata thus cannot count economically for total capital as a special class of consumers, because they possess no independent source of buying power. Rather, as parasites of the two great classes, capitalists and workers, they are already included in the consumption of these two.

Thus for the moment we see no buyer and no possibility of disposing of the last portion of commodities, whose purchase can alone bring about accumulation.

The way out of the difficulty is quite simple. Maybe we are like the rider who desperately searched everywhere for the horse he was sitting on. Perhaps the capitalists purchase the remainder of commodities from each other, not in order to waste them in debaucheries, but to use them for the enlargement of production, for accumulation. For what is accumulation except the expansion of capitalist production? The only thing is that these commodities, in order to be suited for this purpose, must exist not as objects of luxury for the private consumption of the capitalists but as varied means of production (new constant capital), as well as means of subsistence for workers.

So far so good. But such a solution only postpones the difficulty from one moment to the next. For if we assume that accumulation has begun and that enlarged production in the following year casts an even larger mass of commodities on the market, the question again arises: where will we now find purchasers for this even further expanded quantity of commodities?

If someone answers: now this increased sum of commodities is again exchanged by the capitalists among themselves in the following year and employed by all of them to expand production once again - and so on year after year - we have before us a merry-go-round that whirls around in empty space. This would not be capitalist accumulation, that is, the amassing of money capital, but its opposite: the production of commodities for the sake of production and therefore from the capitalist point of view complete lunacy. If the capitalists as a class must themselves act permanently as the purchasers of their entire mass of commodities (except for the part that they are obliged to assign to the working class for its upkeep), if they must themselves constantly buy the commodities with their own money and "gold-plate" the surplus value contained in them — then the amassing of profit, accumulation, cannot take place for the capitalist class.

If the capitalists are to make any headway, purchasers must be found in another quarter for the portion of commodities containing the profit to be accumulated – purchasers who receive their means of exchange from an independent source and who do not get them out of the pockets of the capitalists as do the workers or the collaborators of capital (agencies of the state, armed forces, clergy, liberal professions). These must therefore be buyers who obtain their means of exchange on the basis of commodity exchange and thus from commodity production that takes place outside of capitalist commodity production. So they must also be producers whose means of production are not to be regarded as capital and who themselves do not belong to the two categories of capitalists and workers but who nevertheless need capitalist commodities for some reason.

But where are there such purchasers? Outside of the capitalists and their retinue of parasites, there are in today's society no other classes or social strata!

We have arrived at the very heart of the problem. Marx assumes as the basis for his considerations in the second volume of Capital, as well as in the first volume, that capitalist production is the single and exclusive form of production. He says in Volume One: "We here take no account of export trade, by means of which a nation can change articles of luxury either into means of production or means of subsistence, and vice versa. In order to examine the object of our investigation in its integrity, free from all disturbing subsidiary circumstances, we must treat the whole world as one nation, and assume that capitalist production is everywhere established and has possessed itself of every branch of industry."(3)

He further says in Volume Two:

"Apart from this class (the capitalists), according to our assumption — the general and exclusive domination of capitalist production — there is no other class at all except the working class."(4)

Under these conditions there are only capitalists, their hangers-on, and wage-proletarians in society; other strata, other producers of commodities and consumers cannot be found. Capitalist accumulation then confronts, as I have tried to show, the insoluble problem we have just run up against.

Twist and squirm as one may, as long as we stick with the assumption that there exist in society no strata outside of capitalists and wage workers, it is impossible for the capitalists as an entire class to dispose of their remaining commodities in order to be able to turn the surplus value into money and thus accumulate it as capital.

Marx's assumption is however only a theoretical hypothesis for the purpose of a facilitated, simplified investigation. In reality capitalist production, as everyone knows and as Marx himself from time to time states expressly in Capital, is certainly not uniquely and exclusively dominant. In reality in all capitalist countries, even in those in which heavy industry has been furthest developed, there still exist in addition to capitalist firms in industry and agriculture numerous operations of a peasant or artisan type which carry on simple commodity production. In reality, there exist side by side with the old capitalist countries, even in Europe, countries in which peasant and artisan production is still strongly preponderant, like Russia, the Balkans, Scandinavia, and Spain. Finally besides capitalist Europe and North America there are immense continents where

capitalist production has only taken root in a few scattered points, while the remainder of the peoples of those continents exhibit all possible forms of economy, from primitive communism to feudal, peasant, and artisan modes. All these forms of society and production do not exist and have not existed in peaceful territorial coexistence with capitalism. Instead, since the beginning of the capitalist era, a brisk exchange of a very special sort has developed between them and European capital. Capitalist production, as true mass production, is dependent on purchasers from the peasant and artisan strata of the older countries as well as on consumers from all other countries. Without the output of these strata and countries (as means of production and as means of subsistence) capitalist production cannot function technically. Thus from the outset there had to develop a relation of exchange between capitalist production and its non-capitalist surroundings in which capital found the possibility of realizing its own surplus value in hard cash for the purposes of further capitalization, of furnishing itself with all types of commodities needed for the expansion of its own production, and finally of continually gaining new reinforcements of proletarianized labor power as a result of the disintegration of non-capitalist forms of production.

This much concerns only the naked economic content of this relation. Its concrete substance in reality constitutes the historical process of the development of capitalism on the world stage in all its color and lively variety.

First of all capitalist exchange with the non-capitalist environment meets the difficulties of natural economy, of stabilized social relations and the limited needs of patriarchal-peasant economy and handicraft. Here capital has recourse to "heroic means" — to the hatchet of political violence. In Europe itself its first noble deed is the revolutionary conquest of feudal natural economy. In overseas countries the subjugation and destruction of the traditional communities is the first deed, the world-historical debut of capital, and since then the constant accompaniment of accumulation. Through the ruin of the primitive natural-economy and peasant-patriarchal relations of those countries, European capital opens the door to commodity exchange and commodity production, transforms the inhabitants into customers for capitalist commodities, and at the time violently accelerates its own same

accumulation through the direct massive looting of natural resources and stored-up riches of the subjugated peoples. Since the beginning of the nineteenth century, hand in hand with such methods goes the export of accumulated capital from Europe to other parts of the world, where this capital finds on the ruins of indigenous forms of production a new circle of customers for its commodities and thus a new possibility for accumulation.

Thus capitalism extends itself thanks to its interaction with non-capitalist countries and sectors of society in that it accumulates at their expense, but simultaneously erodes and supplants then step by step in order to take their place. The more capitalist countries take part in this hunt for areas of accumulation and the scarcer the non-capitalist areas remaining open to the international expansion of capital, the more embittered the rivalry of capital for those areas of accumulation becomes and the more its raiding campaigns across the world stage turn into a string of economic and political catastrophes: world crises, wars, revolutions.

Through this process capital is preparing its own demise in two ways. On the one hand through expansion at the expense of all non-capitalist forms of production, it steers a course towards the moment when all humanity will consist solely of capitalists and wage workers and when therefore a further expansion, and thus further accumulation, will become impossible. At the same time capital, the degree that this tendency prevails, to exacerbates class contradictions and international political and economic anarchy in such a way that long before the final outcome of economic development — the absolute, exclusive, domination of capitalist production in the world - is reached, it must provoke the rebellion of the international working class against the continued hegemony of capital.

So much for a brief resume of the problem and its solution as I envisage them. At first glance it all may look like purely theoretical hair-splitting. But the practical significance of the problem is manifest: this is its connection with the salient aspect of today's public life, imperialism. Everyone is by now familiar with the exterior phenomena typical of the imperialist period: the struggle of capitalist states for colonies and spheres of influence, for opportunities for the investment of

European capital, the system of international loans, militarism, high protective tariffs, and the predominance of bank capital and of industrial cartels in world politics. Their connection with the final phase of capitalist development, their significance for the accumulation of capital are so manifestly apparent that they are clearly known and recognized by partisans as well as opponents of imperialism. The Social Democracy, however, cannot be satisfied with this empirical knowledge. The Social Democracy must track down in an exact manner what is economically lawful in this relationship and lay hold of the actual root of the immense and colorful complex of phenomena of imperialism. For as always in such cases, only the exact theoretical grasp of the problem at its root can grant to our praxis in the struggle with imperialism that sureness, clarity of goals, and striking power which are indispensable for proletarian politics. The existence of exploitation, unpaid labor, and profit were well known before the appearance of Marx's Capital. But only the exact theory of surplus value and its formation, of the law of wages and of the industrial reserve army, as Marx erected them on his law of value, gave to the praxis of class struggle that solid foundation on which the German, and following in its footsteps, the international workers' movement developed up until the World War. That theory alone is not enough, that the best theory can sometimes be combined with the shabbiest praxis, is proved by the present collapse of the German Social Democracy. But this collapse came about not as a consequence of, but in spite of, knowledge of Marxian theory and can only be overcome when the practice of the workers' movement is brought into harmony with its theory. In regard to general problems, just as in regard to important individual areas of class struggle, we can only conquer a

There is no doubt that the explanation of the economic roots of imperialism must be especially

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However one may more precisely define the inner economic mainsprings of imperialism, this much anyway is clear and generally known: its essence lies precisely in the expansion of the domination of capital from the old capitalist countries into new sectors and in the economic and political struggles of those countries for such sectors. Marx, however, assumes in the second volume of **Capital**, as we have seen, that the whole world is already "a capitalist nation" and that all other economic and social forms have already disappeared. How can imperialism in such a society be accounted for, where there is no longer any space available for it?

Here I thought it necessary to begin my critique. The theoretical assumption of a society consisting only of capitalists and workers, which is completely justified and suitable for certain purposes of investigation - as in the first volume of Capital during the analysis of individual capital and of its exploitative practices in the factory seemed to me inexpedient and inconvenient when the accumulation of the total social capital was in question. Since this latter problem represents the real historical process of capitalist development, it cannot in my opinion be understood by disregarding all the conditions of this historical reality. Capital accumulation as an historical process is carried forward from first day to last in a milieu of various precapitalist formations, in a constant political struggle and in unceasing economic interchange with them. How can this process and its internal laws be correctly understood by a bloodless theoretical fiction which declares this milieu, this struggle, and these interchanges non-existent?

Right here it seems to me necessary and completely in the spirit of Marxian theory to abandon the hypothesis of the first volume of **Capital** — which in its place provided excellent service — and to place the investigation of accumulation as a total process on the concrete basis of the material interchange between capital and its historical environment. If this is done, there is effortlessly obtained in my opinion an explanation of the process in terms of Marx's fundamental theories and in complete harmony with the other parts of his major economic work.

derived from the laws of the accumulation of capital and brought into agreement with them, because imperialism as a whole, even according to common empirical observation, is nothing but a specific form of accumulation. But how is this possible, if one accepts uncritically Marx's hypothesis in the second volume of Capital, which envisions a society in which capitalist production is

Marx himself had only posed the question of the accumulation of total capital, but never answered it. At first he did indeed accept as the hypothesis of his analysis such a purely capitalist society, but not only did not complete his analysis on this groundwork but broke it off while he was treating just this cardinal question. He drew up several mathematical schematas for the demonstration of his conception but had hardly begun their interpretation in terms of social and practical possibilities and their re-examination from this standpoint, when sickness and death removed the pen from his hand. The solution of this problem, like that of many others, obviously was left to his students, and my Accumulation was intended as an attempt in this direction.

One may regard the solution I presented as correct or erroneous, one may criticize it, combat it, complete it, or indicate a different solution. of this happened. Something quite None unexpected did follow: the "experts" decided that there was no problem at all that needed solution! According to them, Marx's presentation in the second volume of Capital was a sufficient and exhaustive explanation of accumulation. There, they maintained, it was proved clearly and obviously by the schematas that capital can grow marvelously, and that production can indeed expand if no production other than the capitalist variety existed in the world. It could serve as its own market, they declared, and only my own total inability to understand the ABC's of the Marxist schematas could have misled me into seeing a problem here!

Consider the following:

True, controversies in political economy about accumulation, about the possibility of realizing surplus value, have been going on for a century: in the 1820's, there were the exchanges of Sismondi with Say, Ricardo, and McCulloch; in the 1850's, those between Rodbertus and von Kirchmann; and in the 80's and 90's, those between the Russian "populists" and Marxists. The leading theoreticians of political economy in France, England, Germany, and Russia again and again aired the question, both before and after the appearance of Marx's Capital. This problem stirred up scholars wherever vital intellectual life flowed into political economy under the impetus of trenchant social criticism. completed work like the first volume but only a torso, a loose compilation of more or less finished fragments of the sort that a researcher writes down to clarify matters for himself. But their reworking was again and again slowed down and interrupted by sickness. The question here is specifically the analysis of the accumulation of total capital; as the last chapter of the manuscript, it came off the worst. It takes up barely 35 pages of a 450-page book and breaks off abruptly.

True, Marx himself, according to the testimony of Engels, considered this last section of the volume to be "in urgent need of a re-working"; according to this same testimony this section remained "only a preliminary treatment of the matter." In the course of his analysis Marx constantly, up to the end of the manuscript, returned to the problem of the realization of surplus value, brought up his doubts in new forms, and thus himself testified to the difficulty of the problem.

True, there exist gaping contradictions, which I treat in detail in my book, between the assumptions contained in the short fragments at the end of the second volume where Marx discusses accumulation and the exposition in the third volume where the "total movement of capital" is described, as well as among numerous important laws from the first volume.

True, the furious drive of capitalist production into non-capitalist countries has been evident since the former made its appearance on the historical stage; this tendency is drawn like a red thread through its entire development, always acquiring greater significance, up to the point where it has for the past quarter-century, in the phase of imperialism, emerged as the decisive and dominant factor of social life.

True, everyone knows that up to now there has never existed and still doesn't exist a country composed only of capitalists and wage-workers engaged exclusively in capitalist production. The society for which the assumptions of the second volume of Capital are tailored exists nowhere in the real world.

True, the second volume of Capital is not a

Despite all this, the official "experts" of Marxism declare that there is no problem of accumulation, that Marx definitively resolved everything. The strange hypothesis for accumulation in the second volume has never disturbed them — they never even noticed it as something unusual! And now that their attention is called to the matter, they find this strange hypothesis completely in order, hang onto it tenaciously, and lash out in fury at the person who persists in seeing a problem where official Marxism has for years felt nothing but complacency.

This is so blatant an example of unworthy discipleship that its parallel can only be found in an anecdotal event out of the realm of pedantic scholarship — in the well-known history of the so-called misplaced pages of Kant's **Prolegomena**.

For a century the philosophical world has fiercely disputed the manifold enigmas of Kant's work and especially the Prolegomena. Entire schools at loggerheads with one another formed around the interpretation of the Kantian doctrine. Professor Vaihinger was able to explain at least one of the most obscure of these puzzles in the simplest imaginable way by showing that a part of paragraph four of the Prolegomena, which stuck out of the rest of the chapter like a sore thumb, really belonged in paragraph two. It had been removed from its proper context by a printer's error in the first edition and reproduced in the wrong place. The whole thing seems obvious at once to the most unpretentious reader today. But not to the guild of scholarly ones who for a hundred years had been constructing profound theories around this printer's error. There was even found a ponderously learned man, a professor in Bonn, who indignantly set out to establish in four articles in the Philosophische Monatshefte that the "allegedly misplaced pages" had not in fact been misplaced, that the single correct and authentic Kant emerged precisely through this printer's error, and that whoever dared to detect a printer's error there had no understanding whatever of Kant's philosophy.

In about the same way the "experts" insist on the hypothesis of the second volume of Marx's **Capital** and on the mathematical schemas that depend on this hypothesis. The main objection contained in my critique was directed to the fact that such mathematical schematas can prove absolutely nothing because their historical presupposition is untenable. For an answer I was told: the schematas work out perfectly, so the problem of accumulation is solved — it doesn't exist!

Now for an example of the orthodox cult of formulas. Otto Bauer in the Neue Zeit examines as follows the problem I posed concerning how surplus value is realized: he constructs four large tables of figures, in which even the letters used by Marx as abbreviated indications of constant and variable capital are not enough. Bauer adds a number of Greek letters. His tables are even more intimidating than the schematas in Marx's Capital. With this apparatus he wants to show how the capitalists after renewing their used-up capital dispose of the excess portion of commodities which represent the surplus value earmarked for capitalization. Bauer says: "In addition (after the replacement of the old means of production) the capitalists want to use the surplus value they have accumulated in the first year for the expansion of existing factories or the creation of new ones. If in the following year they want to use a capital increased by 12,500, then they must this year build new plants, purchase new machines, increase their inventory of raw materials, etc. etc." (Neue Zeit, XXIV (1913), 8631)

With this, Bauer thinks, the problem is overcome. "If the capitalists want to" expand their production, then they themselves naturally need more means of production than before and thus are their own customers. At the same time they need more workers and more means of subsistence for these workers, which they likewise produce. Thus the entire excess of means of production and subsistence is sold and accumulation can go ahead. As can be seen, everything depends on the capitalists' "wanting" to undertake an enlargement of production. And why shouldn't they? Of course they "want to"! "So the total value of the production of both spheres and thus also the entire surplus value, is realized," intones the victorious Bauer and draws from this the following conclusion:

"In the same way one can prove to oneself according to Table IV that not only in the first year but also in each subsequent year the total value of the production of both spheres can be sold without difficulty and the entire surplus value realized. The assumption of Comrade Luxemburg that the accumulated part of surplus value cannot be realized is therefore false." (Ibid., p. 866)

Bauer never noticed that in order to attain this luminous result, such long and exhaustive calculations with four tables, with broad and oblong, bracketed, and four-tiered formulas weren't necessary. The result Bauer arrives at is not in the least the outcome of his tables but instead is simply assumed by him as given. Bauer accepts in advance what has to be proved and therein consists his whole "demonstration."

If the capitalists want to expand production and want to do so just about to the same extent that they have excess capital on hand, then they need only sink this excess capital in their own production (presupposing of course that they themselves produce all the necessary means of production and consumption!), so that they are left with no unsalable margin of commodities. Was there ever anything so simple? Did we need to go through all the formalities with Roman and Greek letters in order to "prove" something this obvious?

But the question was whether the capitalists, who certainly always "want" to accumulate, can in fact do so, that is whether they can find a progressively expanding market for expanded production and where they can find it. And no set of arithmetic computations with hypothetical figures on a sheet of paper can give an answer to this question; on the contrary, only the analysis of the economic and social inter-relationships can.

Now if we ask the "experts," "Of course, the capitalists 'want' to expand production, we agree to that, but who will they sell the increased amount of commodities to then?" they answer, "The capitalists themselves will simply keep buying the growing amount of commodities for their factories since they 'want' to continually expand production."

"And the diagrams show who buys the products," declares tersely the Vorwaerts critic, G. Eckstein. (5)

To resume: the annual expanded production of the capitalists equals exactly what they have "saved up" in surplus value; they are their own consumers and therefore the problem of a market tit-for-tat of these "expert" guardians of Marxism and would be enough to make Marx turn over in his grave.

Even Marx himself never dreamed of presenting his own mathematical diagrams as a proof of the actual possibility of accumulation in a society composed just of capitalists and workers. Marx investigated the inner mechanism of capital accumulation and set up precise economic laws on which this process is based. He explained it roughly like this. If the accumulation of the total capital, hence within the entire capitalist class, is to take place, there must exist certain precise quantitative relationships between the two major sectors of social production: the manufacturing of the means of production and the production of the means of subsistence. Only when such relationships are maintained which assure the complementary of these two major sectors functioning of production, can continuing expansion of production in both sectors together with the resultant accumulation of capital - the aim of the whole thing - proceed without disturbance. In order to illustrate this thought as accurately as possible, Marx devised a mathematical example, a diagram with hypothetical figures, which he uses to show that the individual elements of the diagram (constant capital, variable capital, and surplus value) must relate to each other in such and such a way if accumulation is to occur.

It must be clearly understood that for Marx the mathematical diagrams are an example, the illustration of his economic ideas, just as Quesnay's economic tableau was for his theory or, for example, as the atlases of different eras are illustrations of the prevailing astronomical and geographical conceptions of the time. The exactitude of the laws of accumulation drawn up, or, more correctly, fragmentarily indicated by Marx obviously can be proved only by economic analysis, by comparing them with other laws he drew up, by considering the diverse consequences to which they lead, by verifying the hypotheses on which they are based, etc. But what are we to think of "Marxists" who dismiss this critical method as a harebrained enterprise, since, according to them, the exactitude of the laws is proved by the mathematical diagrams! I would doubt that in a society composed only of capitalists and workers, which Marx postulates as the basis for his diagrams, accumulation could take place; furthermore I maintain that the capitalist

need not concern them. This contention is the basis of their "proof." But this kind of contention doesn't require any mathematical formulation and couldn't be proved by such a formulation in any case. Even the naive idea that mathematical formulas are the core of the matter, capable of proving the economic possibility of such accumulation, is the most hilarious piece of development of production as a whole cannot be encapsulated in a diagrammatic relationship between purely capitalistic enterprises. The "experts" retort: But certainly it's possible! That can be proved beyond a doubt "by Table IV," "the diagrams show that," — the fact, that is, that the columns of figures on paper devised as an illustration can be added and subtracted at will!

In antiquity people believed in all sorts of mythical creatures: dwarves, people with one eye, one arm, one leg, etc. Does anybody doubt that such creatures really existed? But just look at some old maps and there they are, shown in detail. Doesn't that prove that these ideas of the ancients corresponded to reality?

Let's take, however, a less fanciful example. For the planned construction of a railroad from city-X to city-Y a cost-plan is set up and exact figures are calculated for the annual amount of passenger and freight travel necessary to produce suitable dividends above and beyond the costs of depreciation, operating costs, and the usual reserves - let's say 5% at first, then 8%. The founders of the railroad company are naturally primarily concerned with whether there will actually be the amount of passenger and freight travel on the projected line sufficient to ensure the dividends set up in the calculations. To find this out it is obviously necessary to have exact information on the previous traffic along this route, on its importance for commerce and industry, on the population growth in the cities and villages bordering it and on the other elements of the economic and social situation. Now what would you say to someone who yelled out: You ask where the profitability of the line comes from? Do me a favor and look at the cost-plan. You can read in plain black and white all about the passenger and freight travel and that receipts from this will provide first a 5% and then an 8%dividend. If you can't see this, gentlemen, then completely misunderstood the vou've just character, purpose, and significance of the cost-plan!

Among serious people this know-it-all would probably get a shrug of the shoulders and the hint that he belonged in a mad-house or a nursery school. Among the official guardians of Marxism, such know-it-alls constitute the areopag of the experts who distribute grades to other people on their understanding or misunderstanding of the "character, purpose, and significance of the Marxian diagrams."

Just what is the kernel of the theory supposedly "proved" by the diagrams? I had made the following objection. Accumulation is based on the possibility of selling an increasing amount of commodities in order to transform the accrued profit into money. It is only then that continued production, i.e., continued of expansion accumulation, is possible. Where do the capitalists as a class increase their sales? My critics' response is: they themselves constitute this market. By constantly expanding their own enterprises (or by founding new ones), they themselves need a constantly increasing quantity of means of production for their factories and means of subsistence for their workers. Capitalist production is its own market and thus it grows automatically with the expansion of production. Nonetheless, the essential question from a capitalist point of view is: can capitalistic profit be obtained or amassed in this way? Only then can we speak of the accumulation of capital.

Again, let's take a simple example. Capitalist A produces coal, capitalist B manufactures machines, and capitalist C produces means of subsistence. Let's imagine that these three persons represent the totality of capitalist entrepreneurs. If B continually produces more machines, A can always sell him more coal and can therefore always buy more machines from him which he uses in the mining industry. Both always need more workers, who always require more means of subsistence, and so C to expands his sales and in turn constantly consumes more coal as well as machines which he needs for his factory. So the thing goes around in circles and they keep getting bigger — as long as we

"And the diagrams show who buys the products." "Comrade Luxemburg has just thoroughly misunderstood the character, purpose and significance of the Marxian diagrams." G. Eckstein, Vorwaerts review of February 16, 1913, supplement. fish around in empty air. But let's tackle the matter somewhat more concretely.

To accumulate capital does not mean to constantly produce greater amounts of commodities but to transform an increasing amount of commodities into money-capital. Between the accumulation of surplus value in the

form of commodities and the investment of this surplus value for the expansion of production, there is always a decisive step — the "salto mortale" of commodity production as Marx calls it - selling for money. Isn't this valid only for the individual capitalist but not for the entire class, for society as a whole? By no means. For if we regard the matter from society's viewpoint, "We must not lapse," Marx reminds us "into the manner copied by Proudhon from bourgeois economy and look upon this matter as though a society with a capitalist mode of production, if viewed en bloc, as a totality, would lose this its specific historical and economic character. No, on the contrary. We have, in that case, to deal with the aggregate capitalist." (Marx, Capital II, 433) The accumulation of profit in the form of money-capital constitutes a specific, highly essential character of capitalist production and applies to the class as well as to the individual entrepreneur. Marx himself, precisely in his consideration of the accumulation of total capital, emphasizes "the formation of new money-capital which accompanies actual accumulation and necessitates it under capitalist production." (Marx, Capital II, 507) And in the course of his investigation, he always returns to the question: how is the accumulation of money-capital possible in the capitalist class?

Let's examine the ingenious theory of the "experts" from this point of view. Capitalist A sells his commodities to B and thus obtains a surplus value in money from B. The latter sells his commodities to A and the money which he gets back from A now becomes his surplus value. Both sell their commodities to C and thus they too receive the sum of money equal to their surplus value from this same C. But where does C get his? From A and B. Other sources for the realization of value, surplus i.e., other consumers of commodities, simply don't exist according to this proposition. But in this way can an enrichment of A, B and C occur in the form of new money-capital? Let's suppose for a moment that for all three the amount of commodities destined for exchange grows, that expansion of production occurs without disturbance and that the mass of surplus value in the form of commodities grows. Exploitation would have taken place, the possibility of enrichment, of accumulation, would be there. But for the possibility to become reality, the exchange must occur, the conversion of the increased new surplus value into an increased new money-capital. You'll notice that we're not asking here, as Marx did more than once in the second volume of Capital, where the money for the circulation of the surplus value comes from, only to answer — from the gold digger. Our question is rather: how does new money-capital ever enter the pockets of the capitalists since they (aside from the workers) are each others' only consumers of commodities? The money-capital is constantly wandering from one pocket into another here.

But then, maybe we're going off on a tangent with questions like these? Does the accumulation of profit perhaps consist precisely in this process of gold pieces constantly wandering from capitalist pocket to pocket, in the successive realization of private profit, a process in which the sum total of money-capital would not need to increase, since such a thing as "total profit" of all capitalists didn't even exist except in a remote theory?

But - alas! - with such an assumption we'd simply be throwing Volume Three of Capital out the window. The central theme here is one of the most important discoveries of Marxian economic theory, the doctrine of average profit. It is from this doctrine that the theory of value in volume I receives its significance; the theory of value in turn is the basis of the theory of surplus value and Volume Two, and so these two volumes would also fly out the window. Marxian economic theory stands and falls with the conception of a social total capital as a concrete actual magnitude which is manifestly expressed in capitalist total profit and its distribution; its invisible movement is the origin of all visible movements of individual capitals. The capitalist total profit is in point of fact a much more real economic magnitude than, for example, the sum total of wages paid to workers. This latter appears only as the result of an addition, as a statistic valid for a given period, while the total profit is manifested as a comprehensive whole in the economic machinery in the form of average profit or extra profit "customary" distributed among the individual capitals through competition and price fluctuation.

We maintain the idea then that the social total capital continuously aims for a total profit in the form of money which must continuously grow for the purpose of total accumulation. Now, how can the sum grow when the various parts wander around in a circle from one pocket to the other?

On the face of it - as we have assumed until

now — at least the total mass of commodities in which profit is embodied can grow; only the procurement of money presents a difficulty, which may just be a technical question of the circulation of money. But this too only appears this way upon superficial examination. The total mass of commodities itself will not grow either, expansion of production will not occur, since in a capitalist system the precondition from the first moment is the conversion of profit into money, the total realization of profit. A can sell to B, B to C, and C back to A and B an increasing quantity of commodities and at the same time convert profits only if at least one of them ultimately finds a market outside the closed circle. If this doesn't happen, then the merry-go-round will come to a screeching halt after a few turns.

And now let the intellectual profundity of my "expert" critics be appreciated when they shout at me: "When Comrade Luxemburg says that we're obviously going around in circles, that to produce more consumer goods merely to sustain more workers and to produce a larger quantity of means of production merely to employ more workers is an absurdity from the capitalist point of view (!), it becomes difficult to discern how these words should be applied to the Marxian diagrams. The purpose of capitalist production is profit, and profit results for the capitalists from the process outlined above. From a capitalist point of view it is therefore far from being an absurdity; on the contrary, from this point of view it is the incarnation of reason, i.e., of the desire for profit." (G. Eckstein, Vorwaerts, February 16, 1913 supplement.)

It is indeed "difficult to discern" which is greater here: the naively confessed absolute incapacity to grasp Marx's basic theory of social total capital in contrast to individual capital or the absolute incomprehension of my question. I said that to constantly increase production for the sake of production was an absurdity from a capitalist point of view because it is impossible - according to the hypothesis which the "experts" cling to -for the entire class of capitalists to realize profit, thus accumulate, in this way. The response to this is: but that's not absurd at all since that's how profit is accumulated! and how do you know this, dear experts? Well now, that profit is in fact "results"...from the accumulated just mathematical diagrams! From the diagrams which we fill with columns and columns of numbers on numerous sheets of paper, producing streamlined mathematical computations — devoid of money-capital!

It is clear that every critic inevitably faces disaster when up against these rugged "experts," because they limit themselves to the perspective of the individual capitalist. This perspective is fairly adequate for the analysis of exploitation, i.e., for the process of production and thus for the understanding of Volume One of Capital, but it's absolutely wrong as far as the circulation and reproduction of capital are concerned. The second and third volumes of Capital, which are permeated with the basic concept of social total capital, are as good as dead for them; they have memorized the letters and formulas, the "diagrams," and bypassed the spirit of it. In any event Marx himself was no "expert." For instead of reassuring himself with the arithmetical "process" of his diagrams, he continually posed the question: how is general and the formation new of accumulation money-capital possible for the capitalist class? From time immemorial it has been the privilege of epigones to transform the fruitful hypotheses of their masters into rigid dogma and to find pompous satisfaction in those areas where the pioneering spirit felt a creative questioning.

The viewpoint of the "experts" nonetheless leads to a series of interesting consequences which they have obviously not taken the trouble to consider.

First consequence. If capitalist production constitutes its own unlimited consumer market, i.e., if production and market are identical, then become periodic phenomenon crises as a inexplicable. Since production, "as the diagrams show," can accumulate at will by utilizing its own growth for ever-new expansion, then it remains a mystery how and why circumstances can arise in which capitalist production does not find a sufficient market for its commodities. According to the "experts" recipe however, all that capitalist production needs to do is to consume the excess commodities itself, invest them in production (partly as means of production and partly as means of subsistence for the workers) "and continue to do so each successive year," as Otto Bauer's "table proves. The indigestible remainder of IV" commodities would then on the contrary be transformed into new blessings for accumulation and profiteering. In any case the specifically

Marxian theory of crisis, according to which crisis is the result of the tendency of capital to exceed given market limitations in increasingly shorter time intervals, becomes an absurdity. Because how could production in fact grow beyond the limitations of market if it constitutes its own market, if the market automatically keeps on growing by itself just as fast as production? In other words how could capitalist production periodically grow beyond itself? It's as likely as someone jumping over their own shadow. Either capitalist crisis becomes inexplicable an phenomenon or else there's only one other explanation: crisis results not from the disproportion between the expandability of capitalist production and the expandability of the market but simply from the disproportion between different branches of capitalist production. These branches could of course adequately serve each other as consumers, except for the fact that, due to anarchy of production, the correct proportion of different commodities is not achieved; too many of one kind are produced and too few of another. Acceptance of this explanation would mean turning out backs on Marx and ultimately adopting the views of the great-grandfather of popular economy, the propagator of the Manchester School and bourgeois harmonies, that "wretch" Say whom Marx so thoroughly cut to shreds and who by 1803 had already proclaimed the dogma; the idea that too much of everything could be produced is an absurdity; only partial crises can occur, not general ones; thus if a nation has too much of one kind of product, this only means that it has produced too little of some other kind.

Second consequence. If capitalist production provides a sufficient market for itself, then capitalist accumulation (taken objectively) is an unlimited process. If, even when the whole world is completely dominated by capitalism, when all of humanity consists only of capitalists and wage-earning proletarians, production can grow unlimitedly, i.e., if the productive forces can develop unlimitedly since there are no barriers to the economic development of capitalism, then one of the specifically Marxian pillars of socialism collapses. For Marx the rebellion of the workers, their class struggle - and it is precisely this which guarantees their victorious strength - is simply an ideological reflex of the objective historical necessity of socialism, which results from the objective economic impossibility of capitalism at a certain stage of its development. Obviously this

does not mean — as we shall see, these reservations \mathbf{x} with respect to the ABC's of Marxism are still indispensable for my "experts" — that the historic process must or even could be carried out to the final brink of this economic impossibility. The objective tendency of capitalist development toward this goal suffices to generate much earlier such social and political intensification of the antagonisms in society and such untenable circumstances that the ruling system must collapse. these social and political antagonisms But themselves are, in the last analysis, only a product of the economic untenability of the capitalist system; and it is precisely from this source that these antagonisms become intensified to the extent that this untenability becomes manifest.

On the other hand, if we go along with the "experts" and their theory of the unlimited economic possibility of capitalist accumulation, the hardrock foundation of socialism's objective historical necessity crumbles away. We're back in the fog of pre-Marxist systems and schools which attempted to derive socialism from the sheer injustice and evil of the contemporary world and from the sheer revolutionary determination of the workers. (6)

Third consequence. If capitalist production constitutes a sufficient market for itself and allows for the expansion of total accumulated value, another phenomenon of modern development becomes a mystery: the mad rush to the most distant markets and the exportation of capital, i.e., the most salient characteristics of present-day imperialism. It really is incomprehensible! What's all the noise about? Why the conquest of colonies, why the opium wars of the forties and sixties and the scramble for Congo swamps and Mesopotamian deserts today? Let capital stay at home and earn its bread honestly. Krupp could produce for Thyssen, Thyssen for Krupp, both could continually invest their capital only in their own plants which they would expand for each other, and so on and so forth. The historical movement of capital plainly becomes incomprehensible and with it modern-day imperialism.

Or else we're left with Pannekoek's priceless explanation in the Bremer Buergerzeitung: the search for non-capitalistic markets is "a fact, but not a necessity," which is a real gem of the materialist view of history. And he's quite right besides! With the hypothesis of the "experts," socialism as the final goal as well as imperialism as its preparatory stage ceases to be historical necessity. Socialism becomes a commendable aspiration of the working class, just as imperialism becomes merely a by-product of the malevolence and blindness of the bourgeoisie.

So the "experts" arrive at an alternative which they can't escape. Either capitalist production and market are identical, as they deduce from the Marxian diagrams, in which case the Marxian theory of crisis, the Marxian foundation of socialism and the historical materialist explanation of imperialism lose all their meaning; or else capital can only be accumulated insofar as consumers other than capitalists and wage-workers are found, in which case the precondition of accumulation the growth of markets in non-capitalistic social strata and countries — becomes absolutely necessary.

For all my isolation, I have a very unsuspicious, highly "expert" star witness for the above consequences.

It happens that in the year 1902 a book was published, Theory and History of Crises in England, written by the Russian Marxist professor, Michael von Tugan Baranovsky. In this book Tugan "revised" Marx by replacing his theory piece by piece with hackneyed bits of wisdom from bourgeois popular economics and maintained the opinion, among other paradoxes, that crises resulted exclusively from a lack of proportionality and not from society's inability to consume at the same rate as production's capacity for expansion. He proved this cliche borrowed from Say — this was the new and sensational aspect of his theory by the Marxian diagrams of social reproduction in Volume Two of Capital!

"If it is only possible," says Tugan, "to increase social production if the productive forces are sufficient, then the proportional distribution of social production will ensure a corresponding increase in demand, because under these conditions every newly produced commodity represents new purchasing power for the acquisition of other commodities." (p. 25). Tugan "proves" this by copying the Marxian diagrams, only substituting other figures, from which he draws the following conclusion: "It is evident that the diagrams represented prove an actually quite simple principle, although it could be contested by someone not familiar enough with the process of reproduction of social capital, namely the principle that social production creates its own market." (My emphasis).

In his predilection for paradox, Tugan Baranovsky goes so far as to conclude that capitalist production, "in a certain sense," is altogether independent of human consumption. But we're not really interested in more Tuganian witticisms. Only his "actually quite simple principle," upon which he bases everything else, need concern us. And here we can ascertain that what the "experts" say today against my book was already written word for word in 1902 by Tugan Baranovsky, namely, the two characteristic assertions:

1) Capitalist production creates a market through its own expansion; thus there could be no problem of market in the process of accumulation (except through lack of proportionality).

2) The proof of this is furnished by the mathematical diagrams according to the Marxian model, i.e., by arithmetic exercises in addition and subtraction on the long-suffering paper.

This was proclaimed in 1902 by Tugan Baranovsky. But the poor man soon ran into difficulties. Karl Kautsky immediately attacked him in the Neue Zeit and subjected the audacious absurdities of the Russian revisionist, among them the above "principle," to merciless criticism.

"If this were correct," wrote Kautsky (that is, if, as Tugan says, there is proportional distribution of social production, there are no limits to market expansion other than the productive forces, which society controls anyway!), "then England's industry should be growing at the same rate as its capital wealth. Instead of this, industry .is stagnating and the increasing capital emigrates to Russia, South Africa, Japan, etc. This phenomenon finds its natural explanation in our theory, which views underconsumption as the ultimate cause of crises. This viewpoint forms one of the mainstays of our theory. It is incomprehensible from Tugan Baranovsky's standpoint." (Neue Zeit, V (XXI),

140)

Just what is "our theory" which Kautsky pits against Tugan's? Here it is in Kautsky's own words:

"The capitalists and the workers whom they exploit constitute a market for the consumer commodities produced by big capitalist industry, a

market which grows with the increase in wealth of the capitalists and the increase in numbers of the quickly, however. workers. less than the accumulation of capital and the productivity of labor. Capitalist industry must look beyond its boundaries for a supplementary market in layers and nations which are still outside capitalist productive relations. It will find them, and constantly expand them too, but never fast enough. For these supplementary markets do not possess nearly the elasticity and capacity for expansion that the capitalist process of production does. As soon as capitalist production is developed into big industry, which was already the case in England in the nineteenth century, it contains the possibility of expanding so rapidly that it soon surpasses every expansion of the market. So every period of prosperity which follows a substantial market expansion is destined to be short-lived and crisis is the inevitable outcome.

This is a short outline of the theory of crisis established by Marx which, as far as we can see, has been generally adopted by the 'orthodox' Marxists." (Ibid. III (XXIX), 80. My emphasis).

We will disregard the erroneous and ambiguous terminology of Kautsky's theory, which he calls an explanation of crises through "under-consumption," an explanation which Marx derided in Volume II of Capital (p. 289). Furthermore, we will disregard the fact that Kautsky is only interested in the problem of crisis, without apparently noticing that capitalist accumulation, even discounting conjunctural variations, also constitutes a problem. And finally, we'll disregard the fact that Kautsky's statement that since the consumption of the capitalists and "fast workers doesn't increase enough," accumulation requires "supplementary markets" is somewhat vague and makes no attempt to delineate this snag in the process of accumulation. What interests us is that here in black and white Kautsky defends as his opinion a theory which he says is "generally adopted by the orthodox Marxists": 1) that capitalists and workers alone do

against my theory of accumulation: furthermore what the "experts" of Marxist orthodoxy attack in my book as a monstrous deviation from the true faith is precisely the argument, only thoroughly developed and applied to the problem of accumulation, which Kautsky used fourteen years ago against the revisionist Tugan Baranovsky, referring to it as the theory of crisis "generally adopted" by orthodox Marxists.

And how does Kautsky prove that his adversary's opinion are untenable? He uses the Marxian diagrams! Kautsky shows Tugan that if the diagrams are correctly applied — in my book I've examined how Kautsky himself manipulates the diagrams and won't go into it here — they don't prove Baranovsky's thesis at all but rather his own theory of crisis from "under-consumption"!

The world is creaking in its foundations. Could it be that the chief expert himself has more thoroughly misunderstood the "character, purpose, and significance" of the Marxian diagrams than Tugan Baranovsky?... But Kautsky draws interesting consequences from Baranovsky's conception. We've already that seen this conception, according to Kautsky, is diametrically opposed to the Marxian theory of crisis and that, in addition, it offers no explanation for the export of capital to non-capitalist countries. Now come the general implications of such a position.

"Of what practical value are. . .our theoretical differences?" asks Kautsky. Whether crises ultimately result from under-consumption or from the lack of proportionality in social production isn't that simply a scholastic debate?

"Some 'practical men' may well be tempted to think so. But in actuality this question has great practical significance, especially for the tactical differences currently being discussed in our party. It is no coincidence that revisionism is fiercely attacking Marx's theory of crisis."

And Kautsky thoroughly exposed that Tugan

not constitute a sufficient market for accumulation, and 2) that capitalist accumulation needs "supplementary markets" drawn from non-capitalistic social strata and nations.

So far we've established that in his attack on Tugan Baranovsky in 1902, Kautsky refuted the very arguments which the "experts" are now using Baranovsky's theory of crisis fundamentally amounts to a supposed "alleviation of class antagonisms," i.e., that it belongs to the theoretical baggage of that tendency which anticipates "the transformation of social democracy from a party of proletarian class struggle into a democratic party or into the left wing of a social reformist democratic party." (Ibid., V (XXI), 141)

This is how, fourteen years ago, during the course of thirty-six printed pages of the Neue Zeit, chief expert executed heretic Tugan the Baranovsky according to all the rules and walked off with the victim's scalp tucked in his belt. And now, after all this, the current "experts," their master's faithful disciples, have the gall to attack my analysis of accumulation with the same "principle" that cost the Russian revisionist his life on the battlefield of the Neue Zeit! Whatever happens in this adventure to "the theory of crisis generally adopted, as far as we can see, by the orthodox Marxists" is certainly not very clear.

And then another very curious thing happened. After my Accumulation had been dashed to pieces with Baranovskian weapons in Vorwaerts, the Bremer Volkszeitung, the Dresdener Volkszeitung, and the Frankfurter Volksstimme, the Neue Zeit published Otto Bauer's review. To be sure this critic also believes, as we have seen, in the diagrams' magical proving powers as regards social reproduction. But still, he is not quite happy with the Marxian diagrams. He finds them "imperfect," "arbitrary and not without contradiction," and explains this by mentioning that Engels "found unfinished" this part of Marx's posthumous works. So with enormous effort on his part, he devises new diagrams: "For this reason we have set up new diagrams here which are devoid of arbitrary basic suppositions the are elements, once accepted." Bauer believes that his new diagrams at last "provide an irrefutable basis for the investigation of the problem posed by Comrade Luxemburg." (Neue Zeit, (XXIII) (1913), 838). But Bauer's most important point is that capitalist production cannot blithely go on "without encountering obstacles"; so he looks for any objective social basis for the accumulation of capital and ends up finding it in population growth.

Now begins the strangest of all. According to a unanimous vote by the "experts" with the corporate blessing of the central organ's editorship, my book is declared complete nonsense, a trivial misunderstanding, a problem of accumulation doesn't even exist, Marx has already resolved everything, and the diagrams provide an adequate answer. At this point Bauer feels obliged to affix his diagrams to something more concrete than simple rules of addition and subtraction. He definite social relationship envisages a population growth — and arranges his tables expansion capitalist accordingly. of The

production, as the diagrams supposedly illustrate, does not result then from the autonomous movement of capital around its own axis; this movement merely follows the respective rate of population growth.

"Accumulation presupposes expansion of the field of production, and the field of production is expanded by population growth." "In the capitalist form of production, accumulation of capital tends to adapt itself to population growth." - "Accumulation's tendency to adapt itself to growth dominates international population relations." - "If capitalist world economy is considered as a whole, accumulation's tendency to adapt itself to population growth becomes visible in the industrial cycle. — The periodic return of prosperity, of crisis, and of depression is the empirical expression of the fact that the mechanism of capitalist production automatically offsets over-accumulation and under-accumulation, that the accumulation of capital constantly adapts itself to population growth." (Neue Zeit, (XXIV) (1913), 871-73. All emphasis by Bauer.)

Later we'll go into a more detailed examination of Bauer's population theory. However this much is clear: this theory represents something completely new. For the other "experts" every question concerning the social and economic basis of accumulation was sheer nonsense, "an undertaking most difficult to explain." Bauer, on the other hand, constructs a whole theory to resolve this question.

Not only is Bauer's population theory something new for the other critics of my book; it appears here for the first time in Marxist literature. Neither in the three volumes of Marx's Capital nor in Theories of Surplus Value nor in any other of Marx's writings does the slightest trace of Bauer's population theory as a basis for accumulation appear.

And now let's take a look at how Kautsky reviewed the second volume of Capital in the Neue Zeit at the time of its publication. In his summary

of the contents of Volume Two, Kautsky deals with the first sections on accumulation in great detail, faithfully quoting all the formulas and symbols just as Marx used them. Yet at the same time he devotes all of three pages of the 20-page article to the entire section on "Reproduction and Circulation of Total Social Capital," the most important and original part of the second volume.

To boot, Kautsky deals exclusively in these three pages – naturally to the exact duplication of the inevitable "diagrams" - with the preliminary fiction of "simple reproduction," i.e., capitalist production without profiteering. Marx himself regarded this fiction as nothing more than a theoretical approach to the examination of the real problem — the accumulation of total capital. Kautsky finishes this problem off with the following two lines: "Finally, the accumulation of surplus value, the expansion of the process of production, produces further complications." Period. Not one more word, right after the publication of the second volume of Capital, nor any other mention of it in the course of the following thirty years. So it's not just that there is no trace of Bauer's population theory here either; it is also evident that Kautsky was not in the least affected by the entire section on accumulation. He doesn't notice any particular problem, the solution to which Bauer has supplied an "irrefutable basis," nor the fact that Marx breaks off his own scarcely begun investigation in the middle of a sentence, without having given an answer to the question which he had repeatedly posed.

Later Kautsky returns once more to the second volume of Capital, specifically in the series of articles directed against Tugan Baranovsky which have already mentioned. Here Kautsky we formulates the "theory of crises established by Marx, which, as far as we can see, has been generally adopted by orthodox Marxists," a theory whose essential point consists in this: that the consumption of capitalists and workers does not suffice as a basis for accumulation. An "additional market" is necessary, specifically "in layers and nations still outside capitalist productive relations." But Kautsky, it seems, doesn't perceive that this theory of crisis, "generally adopted by orthodox Marxists," completely contradicts not only the Tugan Baranovskian paradoxes but also Marx's own schemata of accumulation, as well as his general hypothesis in the second volume. For the hypothesis of Marx's analysis in the second volume is precisely a society consisting only of capitalists and workers; the schemata undertake to represent, as exactly as an economic law, how these two consuming classes which are actually insufficient for the purpose might ensure the possibility of accumulation from year to year own possible through their consumption exclusively. Even less do we find here in Kautsky the slightest hint of the Bauerist population theory

as the basis of Marx's schemata of accumulation.

Let us now turn to Hilferding's Finance Capital. In chapter XVI, after an introduction wherein Marx's representation of the conditions of reproduction of total capital is praised with the highest - and truly quite appropriate expressions of admiration as the most ingenious accomplishment of that "astonishing work," Hilferding devotes fourteen pages to a literal transcript of the pertinent pages from Marx, including of course the mathematical schemata. Hilferding complains - again with justice - that these schemata have received so little attention and that only thanks to Tugan Baranovsky have they come into favor at all. And what does Hilferding draw from this himself whole ingenious accomplishment? Here are his conclusions:

Marx's schemas show "that in capitalistic production, simple well expanded as as reproduction can proceed undisturbed only when these proportions are maintained. Conversely, crises can occur even in simple reproduction through violation of proportion, for example between fixed and liquid capital. Thus it by no means follows that crises are necessarily caused by the underconsumption of the masses imminent in capitalist production... Nor can the possibility of a general overproduction of goods be deduced from the schemas; on the contrary, it can be shown that any increase in production which can occur within the existing productive forces is possible."

That's all. Thus Hilferding has also seen Marx's analysis of accumulation solely and exclusively as groundwork for the solution of the problem of crises, in which, specifically, the mathematical schemas show the proportions necessary for undisturbed accumulation to take place. From this Hilferding draws two conclusions:

1. Crises arise merely from disproportionality – with this he scuttles the "theory of crises established by Marx which, as far as we can see, has been generally adopted by orthodox Marxists," the theory of "underconsumption," and in its place takes over Tugan Baranovsky's theory of crises, which Kautsky crushed as revisionist heresy. In consequence Hilferding arrives logically at the proposition of the "wretch" Say: general overproduction is impossible.

2. Apart from crises as periodic disturbances

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resulting from a lack of proportion, capital accumulation (in a society consisting purely of capitalists and workers) could expand perpetually limited only by the capacity of the existing productive forces. Here again the same Tugan who was crushed by Kautsky is copied literally.

A problem of accumulation, apart from crises, thus doesn't exist for Hilferding, for certainly "the schemata show" that "any expansion" can be limitless, i.e., that the market keeps pace unhindered with the growth of production. There also isn't any hint here of the Bauerian outer limit of population growth and no intimation that such a theory is necessary.

As it turns out, Bauer's current theory is a completely new discovery, even for Bauer himself.

In 1904 — thus after the battle between Kautsky and Tugan Baranovsky – Bauer first dealt with the theory of crises in the light of Marxist theory in two special articles in Neue Zeit. He declares that he himself intends to give the first coherent presentation of this theory. Using a passage in the second volume of Marx's Capital which attempts to explain the ten-year cycle of modern industry, Bauer essentially traces crises back to the special form of circulation of fixed capital. He mentions not a syllable about the fundamental significance of the relationship between the volume of production and the growth of population. The whole Bauerian theory, the "tendency to adapt to the growth of population," which now is supposed to explain crisis as well as boom, accumulation as well as the international emigration of capital from country to country, and finally imperialism too - this overpowering law which set the whole mechanism of capitalist motion and "regulates it in production automatically" - this theory didn't even exist for Bauer or for the rest of the world!

Today this fundamental theory, which for the first time places the Marxist schemata on an "irrefutable foundation," suddenly surfaces in reply to my book as if by magic — to solve a problem that ostensibly never existed! accumulation doesn't exist. All this is clear, "self-evident," as "shown" by Marx's schemas.

Only my abysmal incomprehension of the schemas can explain my critique to them. According to Bauer the figures employed by Marx are "arbitrarily chosen and not free of contradiction." Only now he, Bauer, has for the first time found "a suitable illustration of Marx's train of thought" and "liberated the schemata from their arbitrary elements."

2) According to Eckstein and the editors of Vorwaerts, my book must be "rejected" as completely worthless; according to the little "experts" of the Frankfurter Volkstimme (February 1, 1913) it is even "highly pernicious." According to Bauer, "this false explanation conceals nonetheless a grain of truth": it refers to the limits of capital accumulation. (Neue Zeit, (XXIV) (1913), 873)

3) According to Eckstein and Vorwaerts, my book hasn't the slightest to do with imperialism. "Altogether the book has so little to do with the new phenomena of today's pulsating economic life that it could just as well have been written twenty years ago or more." According to Bauer my investigation detected, certainly "not the only," "but indeed one root of imperialism" (loc. cit. p. 874), which for a little person like me would be quite a nice accomplishment.

4) According to Eckstein, Marx's schemas show on the one hand "how great in fact are social needs"; they show "the possibility of equilibrium," from which however capitalist reality "deviates very substantially" because it is governed by the drive for profit, whence crises arise. But right in the next column "the presentation accords with Marx's schemata but also with reality" - for the schemas show exactly "how this profit will be realized for the capitalists" (Vorwaerts, from Feb. 16, 1913 Supplement). According to Pannekoek there is no condition of equilibrium, just empty space: "The volume of production is comparable to a weightless object which - can float anywhere. The volume of production has no point of equilibrium to which it returns in the course of its variations" — "the industrial cycle is not a fluctuation around some middle point determined by some requirement." (Theoretics on the Origin of Crises," Neue Zeit, (XXII) (1913), 783,792) According to Bauer the Marxist schemata, whose true meaning he has finally decoded, mean nothing else but the movement of capitalist production in

Now what should our opinion of all the other "experts" be? Let us put together in a few points what has been said.

1) According to Eckstein and Hilferding (and likewise Pannekoek), the problem of capital

its accomodation to the growth of population.

5) Eckstein and Hilferding believe in the objective economic possibility of unlimited accumulation: "And who will buy the product is shown precisely by the schemata" (Eckstein), which certainly can be continued ad infinitum on paper. The Pannekoekian "weightless object" can now really, as he himself says, "float anywhere." According to Hilferding "any increase in production which can occur within the existing productive forces can be shown to be possible since, as the schemata show, the market automatically grows along with production. According to Bauer, only "the apologists of capital" could want to "prove the limitlessness of accumulation" and maintain that "consumption automatically with growth grows the of production!" (Neue Zeit, (XXIV) (1913), 873)

Well, how do things stand now? What do the honorable experts really think? Was there a problem of accumulation in Marx, which we have all only failed to notice until now, or is the problem still, even after its newest solution by Otto Bauer, merely the freak offspring of my "utter inability to work with Marx's schemata," as the **Vorwaerts** reviewer said? Are Marx's schemata final truths in the last instance, infallible dogma, or are they "arbitrary and not free of contradiction?" Does the problem raised by me take hold of imperialism by its roots, or does it have "not the slightest to do" with the phenomena "of today's pulsating economic life?" And what finally should the, as Eckstein wrote, "now famous" Marxist schema represent: a purely theoretical "position of equilibrium" of production, a picture of actual reality, a proof of the possibility "of any increase," thus limitless growth of production, a proof of its impossibility in the face of under-consumption, an adjustment of production to the limits of population growth, the Pannekoekian "weightless" kiddie balloon, or maybe something else, perhaps a camel or a weasel? It's high time the "experts" began to come to an understanding on this matter.

In the meantime, it's still a pretty picture of the official Marxism's clarity, harmony, and unity with regard to the fundamental section of the second volume of Marx's Capital! And a suitable qualification for the snootiness with which those gentlemen dressed down my book!(7)

Now that Otto Bauer has spared me the necessity of arguing with the other "experts," I will turn to Bauer himself.

(Part One ends here. -Eds.)

Footnotes

(1) Karl Marx, Capital (3 vols.; New York: International Publishers Co., Inc., 1967), I, 564.

(2) An example of this can be found in the reviewer of my book in Vorwaerts, G. Eckstein, who after momentous opening promises to instruct the reader about social need, helplessly chases around a few times like a cat after its own tail, without moving from the spot and finally explains that the subject is by no means simple or easy. Right. A few flip remarks are much simpler and easier.

- (3) Marx, Capital, I, 581, n. 1
- (4) Ibid., II, 348.
- (5) Likewise A. Pannekoek in the Bremer Buergerzeitung of January 29, 1913: "The diagram itself gives the simplest answer, since all products find a market there (i.e., on the paper of the Bremer Buergerzeitung). The consumers are the capitalist and workers themselves. . . thus there is no problem at all to be solved."
- (6) Or we still have the somewhat nebulous consolation of a little "expert" from the Dresdener Volkszeitung who, after thoroughly demolishing my book, declares that "due to the falling rate of profit," capitalism will finally collapse. Just

how does the good gentleman envision this? At a certain point will the capitalist class, in desperation over the low rates of profit, collectively hang itself? Or will they decide that such paltry receipts aren't worth all the drudgery and hand the whole thing over to the proletariat? Whatever the case, the consolation is unfortunately reduced to nothingness by one single sentence from Marx, where he points out that, "For the big capitalists the falling rate of profit is compensated for by volume." Capitalism has a long way to go before being destroyed by the falling rate of profit, about till the end of time.

(7) The Vorwaerts reviewer, Eckstein, has of all the "experts" understood least what the question really is. He belongs to that breed of journalists thriving on the growth of the workers' press, who can write at any time on any subject: on Japanese ancestral law, modern biology, the history of socialism, theory of knowledge, ethnography, cultural history,

national economy, tactical problems - whatever one needs just then. Such universal scribblers move along all the branches of learning with an unscrupulous certainty that a serious scholar can sincerely envy. But where they lack any understanding of the subject they have "undertaken," they compensate by becoming insolent and ponderous. Here are just two examples: "One recognizes here already," says E. in one place in his review, "that the authoress has misunderstood the meaning and the aim of Marx's presentation; this opinion is confirmed by the rest of the book's contents. Above all, even the technicalities of these schemas remain wholly unclear to her. This is plainly shown already on page 72 of the book."(8) This passage in my book is concerned with the fact that Marx in his schemata counted the production of money as part of means of production. I criticized this and tried to show that since money in itself isn't a means of production, this jumble of terms must necessarily result in great difficulties for a precise exposition. Eckstein offers the following thoughts: "Comrade Luxemburg now takes issue with Marx for including the production of money materials, thus of gold and silver, in Column 1 and classing it as production of means of production. That, she says, is mistaken. Below the two columns drawn up by Marx she therefore places a third, which is to represent the production of money-material. This is certainly permissible; but one is eager to see how the reciprocal exchange among the three columns will proceed." And now it turns out that he's bitterly disappointed! "In the schema drawn up by Comrade Luxemburg the difficulty is not only very great, it is insurmountable... She herself doesn't make the slightest attempt to describe these 'organic intertwinings.' The attempt alone would necessarily have shown her that her schemata are impossible" and charmingly on and on. Yet "the schema drawn up by Comrade Luxemburg" on page 72 is absolutely not "drawn up" by me but rather — by Marx! In this passage I simply transcribed the figures given on page 470 of Capital, Volume Two, precisely in order to show that according to Marx's assertions this classification of money production will not work. I prefaced this with the following explicit words: "A glance at (Marx's) schema of reproduction shows to what impossibilities the confusion of means of exchange with means of production must lead." And Eckstein comes along, saddles me with the Marxian schemata that I am criticizing, and on the basis of these schemata scolds me as though I were a stupid kid because "even the technicalities of these schemata" remain wholly unclear to me.

Another example. On page 510 of Capital, Volume Two, Marx drew up his first schema of accumulation, in which he allowed the capitalists of one department to regularly capitalize fifty percent of their surplus value while those of the other department got whatever God willed without any perceptible regulation, except as a function of the needs of the first department. This hypothesis I try to criticize as arbitrary. Along comes Eckstein again with the following babble: "The error lies in her manner of calculation itself and shows that she has not grasped the essence of Marx's schemata. In effect she believes that the schemas are based on the postulate of an equal rate of accumulation, i.e., she assumes that the two principal parts of social production both accumulate at a steady and equal rate, i.e., an equal part of surplus value is transformed into capital. But this is a completely arbitrary hypothesis which is contradicted by the facts. . . . In reality there is no such general rate of accumulation; it would be a theoretical absurdity." Here "the authoress exhibits a nearly incomprehensible error, which shows once more that the essence of Marx's schemata remain wholly mysterious to her." The actual law of the equal rate of profit stands "in complete contradiction to the fancied law of equal accumulation," etc. With spicy thoroughness, salted and peppered, Eckstein in his own way sees to my annihilation. With him it's all or nothing. But now five pages later Marx constructs a second example of his schema of accumulation, and this is indeed the true and fundamental schema with which he operates exclusively thereafter, while the first one was only an experiment, a preliminary sketch. And in this second conclusive example Marx assumes the equal rate of accumulation, "the fancied law" in both divisions! The "theoretical absurdity," the "complete contradiction of the acutal law of the equal rate of profit," this whole sum of capital misdemeanors and crimes are to be found in Marx's schema on page 518 of Capital, Volume Two, and Marx persists in these sins until the last line of the volume. So the babble thus flows once more over the back of the unfortunate Marx; it is obvious that "the essence" of his own schemas "remain wholly mysterious" to him. This hard luck he shares moreover not only with me but also with Otto Bauer, who in his own "irrefutable" schema likewise explicitly includes as a hypothesis "that the rate of accumulation in both spheres of production be equal." (Neue Zeit, loc cit, p. 538). That is Ecksteinian criticism. And one must allow such a fellow, who has not even read Marx's Capital seriously, to pile insults on one's head. That a "review" of this sort could appear in Vorwaerts is a characteristic flower of the hegemony of the "Austro-Marxist" epigone-school in both central organs of the Social Democracy. If God permits me to witness the second edition of my book, I will insist on including this pearl in full as an appendix, to save it for posterity.

(8) Rosa Luxemburg, The Accumulation of Capital (New York: Modern Reader Paperbacks, 1968), p. 99ff.

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