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# Revolutionary Perspectives 20

## The War in Ukraine Opens the Way to Global Imperialist Conflict

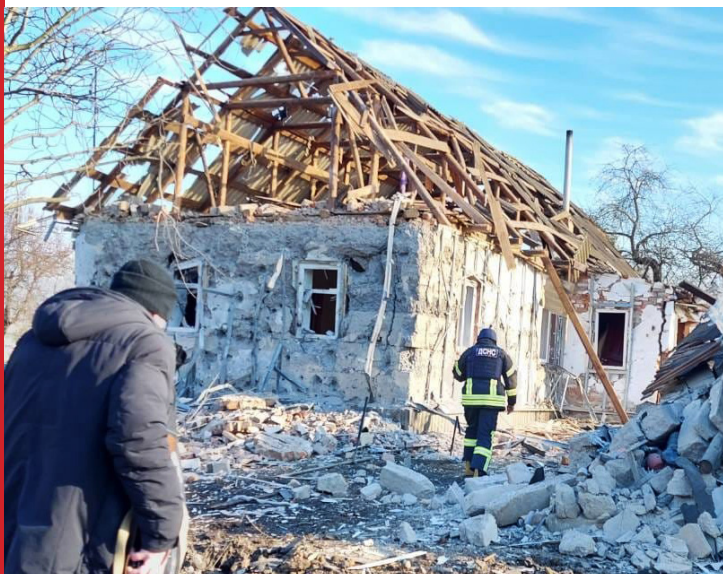


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**The Cost-of-Living Crisis  
is a Capitalist Crisis**

**Capitalism's Economic  
Foundations**

**150 Years On: The Split in  
the First International**



# **Revolutionary Perspectives**

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# The Cost-of-Living Crisis is a Capitalist Crisis

It is easy to forget that when COVID-19 restrictions were first relaxed economists were eagerly awaiting a bounce back of the economy. There was a general clamour among business owners, landlords, and Tory backbenchers to 'let the economy breathe'. Almost a year after these restrictions began to be reduced to a minimal level in Western countries, the economy still has a hacking cough. There is only doom and gloom from professional economists and central bankers as the 'cost-of-living crisis' has become the inescapable backdrop to the current political scene, leading to plummeting approval ratings for most leaders in the capitalist heartlands and food riots in the periphery. Given the centrality of the cost-of-living crisis to current political discourse it is important to be clear about what exactly it entails, what is causing it, and why the purported solutions of the bourgeois class have nothing to offer the working class against whom the cost-of-living crisis is primarily an assault.

The most immediate effects that can be seen are primarily energy and petrol price rises. The energy price cap, the maximum annual price energy companies are allowed to charge, was raised by £700 in March, an increase of 54%, and will be raised again in October by another £600 - a total rise of 100%! The rise in energy prices is part of a generalised inflation of prices, especially in foodstuffs, where an increase in annual grocery bills of £380 is forecast<sup>1</sup>. For all governments out-of-control inflation is a greater problem than a falling standard of living as it threatens the conditions necessary

for a stable relationship between creditors and debtors, and thus weakens profit expectations and long-term investment. Christine Lagarde, the head of the European Central Bank (ECB) has worried that

*Inflation pressures are broadening and intensifying (...) eurozone wage growth is expected to double to 4 per cent this year (...) supply bottlenecks are likely to be persistent and there is no sign of an end to high energy and commodity prices caused by Russia's invasion of Ukraine<sup>2</sup>.*

Of course, energy prices had begun to rise before the invasion in February this year reflecting the fact that it is not the political decisions of one rogue leader causing these problems. Equity markets have seen their greatest devaluation since 1975<sup>3</sup>. Even bond markets, which have been seen as safe for 30 years are now considered risky due to inflation<sup>4</sup>.

The central banks of the western world have been hurriedly planning abrupt rises in their interest rates in order to keep inflation down. Some central banks are even requiring higher capital ratios from major banks<sup>5</sup> in anticipation of further instability. The rate rises of the Bank of England (BoE), the US Federal Reserve Bank (FED), and ECB compared to inflation rates are summarised below:



	Interest rate (%)			Date expected rate will be met	April 2022 global inflation rate <sup>6</sup> (%)
	Covid era minimum	Current rate	Expected rate		
BoE <sup>7</sup>	0.1	1.25	2.9	End of 2022	7.8
FED <sup>8</sup>	0.05	1.75	3.4	End of 2022	
ECB <sup>9</sup>	-0.5	-0.5	>0	September 2022	

The job of central banks (and this is the reason why their ‘independence’ was so strongly safeguarded in the first place) is limited to the maintenance of stability in prices and ensuring a ‘healthy’ level of growth. They maintain price levels in periods of inflation by increasing the interest rate offered to commercial banks for loans and deposits to above the inflation rate. The idea is that when commercial banks correspondingly increase their rates, saving will become more profitable than investment for the wider market, and so an ‘overheating’ economy will cool down.

This is the idea – but the reality is more problematic.

A critical issue for the current economic system has been the proliferation of so-called ‘zombie companies’, entities which are only able to maintain the illusion of profitability through creative shadow financing that takes advantage of low interest rates. High interest rates would reveal the shaky foundations of large parts of the economy such as ‘innovative’ start-ups and tech firms which would be suddenly unable to meet their debt repayments. Raising the interest rates above current inflation rates would be such a shock to a heavily debt-laden market that it would probably worsen the economic slowdown, cause an over-shooting of the inflation reduction targets and possibly lead to a generalised deflation and new recession. The bottom line is that an interest rate higher

than the rate of profit will cause profits to fall to below zero, destroying the productive basis of the economy. In an economy where profit rates are already razor thin, there is little to no room for manoeuvre. Hence central banks are very tentatively raising rates (which while drastic in terms of recent history are small in comparison to historic rate increases) and coquetting with reductions in quantitative easing in that vain hope that they can reduce the demand for money and bring down the price level without harming investment in value-productive industries. Whether or not this strategy works in reducing inflation and maintaining conditions for investment (and essentially no-one is sure that it will), it is still not a solution in the sense that it provides stability or prosperity to working people. In fact, one of the main intended consequences of reducing investment is to reduce wages by increasing unemployment. Low unemployment caused by workers taking early retirement or otherwise leaving the workforce during the pandemic has been a persistent worry of capitalists as it puts upwards pressure on the price of wage labour, especially in America which has a more ‘dynamic’ labour market<sup>10</sup>. To the uninitiated, low unemployment may seem a good thing. However, current economic orthodoxy understands that there exists a trade-off between inflation and unemployment in the short term. Former US Treasury Secretary Larry Summers has



given a crude exposition of this principle by explicitly calling for high unemployment to reduce inflation<sup>11</sup>. The idea is that a temporary reduction in demand for labour will reduce wages and thus costs, increasing the profit rates of businesses. The capitalist 'solution' is, as ever, simply whatever aims at a return to profitability.

### *Causes of the crisis*

The crisis has been blamed on various factors. These are mainly the impact of COVID-19 and the war in Ukraine. Both undoubtedly are major factors. However, both these explanations are contingent on a deeper problem which is the long running crisis of the capitalist system itself. As we have argued in many texts the secular fall in the rate of profit is the cause of the intensification of the destruction of the natural environment and the irresponsible overuse of antibiotics in factory farms, producing the consequent migration of animal diseases to humans of which COVID-19 is the result. It is also the fall in profitability which lies behind the build-up and explosion of imperialist tensions which has resulted in the Ukraine war. The crisis of the system as a whole is what is behind the cost-of-living crisis.

However, rising prices are also blamed on 'pent-up demand' and 'supply chain issues', two shadowy figures which are themselves worth investigating.

The story behind 'pent-up demand' is that, during the lockdown, many were forced to work from home and forego discretionary spending such as meals out or cinema tickets. They also received money from the government directly through the furlough scheme and indirectly through other government support packages. This meant they were

able to save more, and once restrictions were lifted, they consequently had extra money to spend on consumer goods and services, causing prices to rise in order to meet this extra demand. While this story may be true for that small proportion of wage earners (especially those who write economic policy and column pieces) who were able to work from home easily and did not see a reduction in their income during the pandemic, it is not true for the majority of workers<sup>12</sup> for whom the pandemic meant continuing to commute to work in unsafe conditions in 'frontline' roles, reductions in business for the self-employed, and falls in living standards for those furloughed workers already living in or close to poverty.

The other way this argument is presented is by claiming that inflation is caused by there being too much money. Is there a link between the printing of money by the FED and the other central banks, and the recent inflationary spike? A simple link based on the monetarist quantity theory of money (that there is a linear positive relationship between 'money supply' and the general price level) would suggest this to be the straightforward result. However, 'printing money' has been the default response of the central banks since the financial crash of 2008 and that strategy has been carried on without disruption (though without success in terms of stimulating growth) throughout a historically low and stable inflationary era. The most damning indictment of the quantity inflation explanation is that it necessarily requires a wage-price spiral as its mechanical cause. There has simply been no wage growth over this time (real wages have in fact fallen) and hence why there has been no inflation. The extra money which central banks pumped into the economy, rather than being invested in production, has been



used to settle the balance sheets of failing companies (i.e., righting the wrongs of their previous speculation), fill the savings of the already mega wealthy who have an infinitesimal marginal propensity to consume, and inflate the speculative housing and financial sectors.

The principal manner a change in the money supply can have an impact on the general price level is in the circulation (i.e., velocity multiplied by quantity) of money rather than simply quantity by itself. Since COVID-19 struck there has been a massive increase in the circulation of money concurrent with the inflation spike. It doesn't however follow that the increase is causing the inflation. Energy prices had also started to rise in Summer 2021 and this has had a knock-on effect on the energy intensive fertiliser and agriculture industries which has pushed up food prices. Considering there has been zero wage growth and the only rise has been in food, petrol, and electricity prices which all must pay to secure their daily existence, the blame for the recent inflation spike must fall on cost-push forces from the energy sector rather than demand-pull forces from supposed over-generous wages. As the central banks have increased the amount of money in circulation it has allowed companies to raise their prices with ease in order to maintain their profit rates and avoid the financial and industrial crash that would have happened otherwise. But this doesn't itself cause these price rises.

This false argument is to blame workers for non-existent wage increases (and this has been the main line of commentary from bourgeois media during the recent railway workers strikes in the UK) even though the price rises have come directly out of their pockets. We have to see through the distortions and mystifications of the present

crisis to see the same old story that has been playing out over the last 50 years: an existential crisis for the system being abated via a full fronted assault waged by the government, 'free' market, and unions against the working class. When inflation is high, the capitalist class will fight tooth and nail to see that the costs of rising prices are passed onto the working class wherever possible.

This doesn't however mean that the capitalist class welcome inflation as a means to lower the living standards of the working class – far from it. Inflation threatens the stable relationship between creditor and debtor which is essential to capitalist finance. Indeed, the immediate response of the central banks to the inflation crisis is to renege on their decades-long attempt to revive the capitalist system via low or even negative interest rates aimed at encouraging investment and shift to encouraging saving in order to cool down the economy. For an economy suffering from a prolonged freeze this may seem an odd choice, but it represents the predominance of the financial capitalist interest, over the industrial interest that may have prevailed in more juvenile forms of capitalism. Another issue with inflation for the bourgeoisie is that it raises the possibility, even if it is only a small one, that workers may resist the attempt to shift the costs of systemic failure onto them through price rises and therefore engage in strikes. This was what was happening during the widespread labour militancy of the 70s and 80s which eventually ended in working class defeat and a new more vicious phase of capitalist restructuring.

While rising costs are a succinct way of explaining the cause of the crisis, use of this trope often leads to pinning the blame for them on exogenous forces such as COVID-19 and the war in Ukraine which



supposedly have nothing to do with the capitalist mode of production (though, as we have mentioned above, this is not true). Assuming for a moment that these forces are exogenous, while they are certainly calamities of unique proportions and qualities, the effect that these events have on the capitalist system is still conditioned by capitalism's particular contradiction, namely the need to maintain profit rates in the face of disaster. As such the responses are not neutral, but are opportunities taken by the capitalist class to make the working class pay for the capitalist crisis.

### *The energy shock*

The energy price spike began at the end of Summer 2021 as many nations were reducing COVID-19 restrictions. In the background was declining UK and Norwegian gas production as the North Sea field reaches the end of its life, reductions in gas pipeline flows from Russia along the Yamal-Europe route during rising imperialist tensions over Ukraine, and issues at various LNG (liquefied natural gas) plants around the world (which seem to be related to disruption of maintenance schedules due to COVID-19 and hang-over issues from the cold winter of 2020/2021 in the Southern US and North-east Asia<sup>13</sup>). Since the invasion of Ukraine, Europe has reduced its reliance on Russian gas from 40 to about 20 per cent of total supplies. However, there seems to be little possibility of further reducing this. The extra capacity of the international LNG market has been exhausted<sup>14</sup>. Any further reduction of Russian gas would likely have dramatic impacts on gas prices in Europe. Oil prices increased over a similar time period due to reductions in OPEC production in order to account for maintenance issues and

supply outages in Angola, Kazakhstan, and Nigeria; and disruption in supply caused by winter storms and Hurricane Ida in the USA<sup>15</sup>. The outbreak of war in Ukraine at the end of February then sent energy prices skyrocketing and has given the energy shock its particularly sharp edge.

The place of fossil fuels in the global economy is so fundamental that there is no industry the energy shock does not have an effect on. And those most automated sectors with the highest organic composition of capital will be most affected as the industrial constant capital they rely on requires fossil fuels to run. The food and agriculture sector will be especially hard hit due to its reliance on fossil fuels. In the agricultural sectors of the most industrialised nations, the IEA estimates that more than 50% of costs are energy costs either directly (energy bills) or indirectly (fertilisers), and thus especially sensitive to wholesale energy prices<sup>16</sup>.

Empirically there seems to be a stronger relationship between energy prices and the general price level than with any other commodity<sup>17</sup>. The case of fertiliser is instructive as to why this may be. The Haber-Bosch process uses fossil fuels (primarily natural gas with the exception of China which for the sake of balance of payments uses the less efficient energy source of coal) to turn methane and air into ammonia (the most common form of artificial fertiliser) by heating and applying hundreds of atmospheres of pressure to enormous sealed containers. Most of the major industrial regions are self-sufficient in ammonia and only export a small portion of their product. Russia is the exception with 20% of their product going to the international market. On the other hand, many countries on the capitalist periphery with large agricultural sectors which export to other countries



import nearly all of their ammonia. Brazil, Egypt, and Sri Lanka are examples of this model. In this case, between each stage of production – methane extraction, ammonia production, crop seeding and cultivation, and selling, all of which demand heavy energy inputs – are separate international transportation stages, themselves incredibly energy intensive. One can see how a rise in energy prices is not simply felt once by the consumer when they pay their gas and electricity bills, but again and again for every purchase they make due to the presence of fossil fuels in every stage of production. No matter how far removed from the raw energy product, the cost is added on in a death-by-a-thousand-cuts. Hence why in an economy with a high organic composition of capital inflation is so sensitive to energy prices.

One can see evidence for this in the relative levels of inflation in European countries based on their energy mix. Germany, especially dependent on gas imports from Russia which have so far fallen by half<sup>18</sup>, has one of the highest rates of inflation at 8.7% in May. France on the other hand, which has a large domestic nuclear sector, is relatively well off, with inflation rates of only 5.8%<sup>19</sup>. Uranium prices, in contrast to oil and gas, have stayed relatively constant over the last couple of years.

In a similar situation to American oil refineries which are closing (despite the strained pleading of President Biden), gas price rises are so extreme that it is causing some fertiliser production plants to have to shut or wind down production as their business becomes unprofitable. This is at the same time that there is an acute need for fertiliser, and many agricultural producers are expecting to have reduced crop yields. The shortage of fertiliser was the original cause of Sri Lanka's current economic woes

(compounded by economic mismanagement by the local bourgeoisie).

Sri Lanka, which has a heavily subsidised agricultural sector especially in the international purchase of chemical fertilisers, has been going through a phase of economic liberalisation and structural adjustment since the defeat of its Tamil insurgency in the late 2000s. They have used international loans principally from China (although denominated in dollars) and other regional neighbours to pay for a reduction in corporation tax, paying off the (then) low interest rates with income from tourism. Come the start of the pandemic in 2020 this tourism-based model collapsed. The Sri Lankan government then made an ill-advised ban of fertilisers to limit their balance of trade deficit and stabilise their currency. This however has massively reduced their crop yield causing Sri Lanka which is normally an exporter of crops to become an importer, weakening its currency further, making the entire Sri Lankan economy inoperative. The IMF are offering to lend a 'helping' hand.

While Sri Lanka was especially poorly positioned, many other peripheral economies find themselves in similar positions and may also be exposed (Zambia, Belize, and Ecuador have already defaulted). The 2010s have seen the largest, fastest, and most broad-based increase in government debt by peripheral countries in the past 50 years<sup>20</sup>.

### *Similarities to the 1970s*

Capitalist hacks have been making superficial comparisons between the oil crisis of the early 70s and the present inflationary (or stagflationary) moment. It too had an energy crisis precipitated by inter-imperialist conflict (the Arab-Israel conflict back then), in addition to high debt levels in



the capitalist periphery. However, the real cause was that the cycle of accumulation had entered the downward spiral caused by a declining profit rate. Today, after half a century of systemic crisis, the situation is worse than that in the 70s. Global growth rates decreased from the 60s to the 70s from 5.5% to 4.1%. Growth in the 2010s was already sluggish at an average of 3%. And the rate of growth is expected to slow by 2.7% during 2021-2024, which is more than twice the amount growth slowed between 1976-1979<sup>21</sup>. The 2010s was a decade that saw the euro area crisis of 2010-2012, the taper tantrum of 2013, a general slide in commodity prices from 2011-2016, a purposeful slowdown of the Chinese economy, and trade tensions beginning in 2017 leading to tariffs and quotas being erected between major economies. Economists also worry that the limit of productivity gains from improvements to education, health outcomes, and financial complexity has been reached<sup>22</sup>. In short, the capitalist system was in poor health to begin with.

As of yet labour militancy has not reached the levels of that decade. But the question of who will take the hit for the crisis is already being raised. Railway workers in the RMT are just the first of many to strike. Train drivers; railway workers in the TSSA; council workers in Scotland, Northern Ireland, Hackney and Rugby; Post Office workers; binmen; criminal barristers; teachers; junior doctors and nurses; care workers at the St Monica Trust; and bus drivers – all are planning or balloting for strikes over the next couple of months.

There are however other signs that this coming decade will be very different from the 70s. While growth forecasts are worse than the 70s, inflation is not as high nor broad-based. The response of governments

to inflation will also be different. In the 1970s governments often vacillated between aiming for high output and full employment, as well as price stability. Now that governments largely only care about price stability, the sword dangling over the head of the working class has the potential to fall much faster.

Trade conflicts, supply chain disruptions due to COVID-19, and now war in Ukraine have all helped to inflate the price of commodities. When workers demand that their devalued wages be correspondingly increased, they are met with spluttering cries that “this will take us back to the wage-price spiral of the 1970s and 80s!” It is true that the conditions of post-war capitalism may have been unable to ensure a continuing standard of living for workers and an acceptable profit rate for capitalists. In the convulsions of that decade the post-war social compromise between labour (i.e. the unions) and capital collapsed as capitalist restructuring led to mass unemployment. The decades after the de-linking of the dollar from the gold standard in 1971 led to a hyper-financialisation of the global economy which, rather than solving capitalism’s problems, has merely reproduced its most basic contradiction<sup>23</sup>. It was not wage demands that created the grotesque bubble which led to the biggest financial crash in history. And it was not wage demands that have created the crisis today. It is still essentially about capital’s attempts to solve the insoluble problem of the low rate of profit, attempts which at every turn involve attacking the wages and living conditions of the people whose unpaid work is the basis for that profit.

What option is left to workers but to fight every attempt at their impoverishment? Ultimately there is no other way for



the world working class to maintain a decent existence. But as they struggle it puts in question the rotten system which has placed them in this bind. As we have seen here, the crisis is an international one, and as such any response would have to be international

### Notes

1. <https://www.bbc.co.uk/news/business-61878062>
2. <https://www.ft.com/content/f9801a5c-e864-4c9d-87a2-1e7450300bc7>
3. <https://www.ft.com/content/757cb5e3-ad2f-41e2-9094-ccf0148f9e30>
4. <https://www.ft.com/content/2cb8d56a-2a0c-40f7-9977-a3ab8078a191>
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6. CEPR Working Paper DP17381 Global Stagflation June 2022, [https://cepr.org/active/publications/discussion\\_papers/dp.php?dpno=17381](https://cepr.org/active/publications/discussion_papers/dp.php?dpno=17381)
7. <https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2022/june-2022>
8. <https://www.cnn.com/2022/06/15/fed-hikes-its-benchmark-interest-rate-by-three-quarters-of-a-point-the-biggest-increase-since-1994.html>
9. <https://www.politico.eu/article/three-rate-hikes-2022-follow-ecb-official/>
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13. Oxford Institute for Energy Studies Report Jan 2022, <https://www.iea.org/reports/gas-market-report-q1-2022>

in dimension. Whether the working class will relearn the lessons of its history remains to be seen. But the cost of not doing so, like everything else in this society, is simply too high.

JS

14. <https://www.ft.com/content/f7990162-395f-488e-9d23-13f3cce83e24>
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17. Bank for International Settlements annual economic report June 2022, <https://www.bis.org/publ/arpdf/ar2022e.htm>
18. <https://www.ft.com/content/6df25551-a652-4c22-8a4e-2c4fe0fe9fa1>
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20. CEPR Working Paper DP17381 Global Stagflation June 2022, [https://cepr.org/active/publications/discussion\\_papers/dp.php?dpno=17381](https://cepr.org/active/publications/discussion_papers/dp.php?dpno=17381)
21. Ibid.
22. Ibid.
23. There are literally scores of articles on our site analysing how the crisis has developed since the 1970s but the following three could be a starting point: <https://www.leftcom.org/en/articles/2021-08-15/1971-2021-50-years-since-the-usa-renege-on-bretton-woods>, <http://www.leftcom.org/en/articles/2015-02-05/oil-and-the-shifting-sands-of-imperialism>, <https://www.leftcom.org/en/articles/2016-08-23/there-is-no-capitalist-solution-to-a-deepening-economic-crisis>



## The War in Ukraine Opens the Way to Global Imperialist Conflict

No-one can fail to be stirred by the current horrors confronting the people of Ukraine, especially its working class. They are now going through the same torment of death and displacement as the victims of imperialist war in Iraq, Syria and elsewhere across the globe in recent years. However the war in Ukraine is different in that it defines more clearly the imperialist interests of the contending powers. It is also a war which will go on for a long time and there will be no negotiated peace. This may be a war on Ukrainian soil but it has enormous implications for the future. It is opening the way for a much more general conflict involving the leading powers on the planet. From the public and informal meetings we have held, and from reading the press of other political organisations, it is clear however, that not everyone sees this war in the same way as we do. Given the gravity of the current situation we feel duty bound to further explain why the Ukraine war has to be seen in the wider context of both inter-imperialist rivalry and a global crisis of the capitalist system.

### *Imperialist War is Total War*

Imperialism in its modern form arose in the final decades of the nineteenth century when the world economic system, capitalism, began to enter a new stage in its development. The driver for this was the process of concentration and centralisation of capital identified by Marx. By the time of his death it had reached such a point that each national economy was now dominated,

as Bukharin put it, by the “magnates of capital”, who have taken *possession of the entire economic life. State power has become the domain of a financial oligarchy.*<sup>1</sup>

This has continued to the present day. Competition has shifted from a struggle between individual capitalists within each state to a competitive struggle between states to gain new sources of raw materials, investments and markets, or even simply to deny them to perceived rivals. The capitalist world market of Marx’s day had become a “world economy” in which the struggle for domination between states had become paramount. World economy meant an increasingly greater role of the state in promoting and defending the leading companies in their territory and this translated into imperialist competition (which in its earliest stage included colonialism), trade wars and ultimately, global wars.

The two great world wars of the last century came about due to the inter-cine imperialist struggle mentioned above, in which each power tried to destroy the economic and military power of their rivals. They brought about not only to the massive slaughter of millions of (mainly) workers but their (unintended) economic consequences paved the way for a revival of the whole system of capitalist accumulation. By destroying so much accumulated value these wars allowed a new cycle of accumulation to begin. The First World War destroyed a lot less value than the Second World War therefore the boom that followed (the so-called “Roaring Twenties”) did not last long, and came to a dramatic end in the



Wall St Crash of 1929. This provoked a chain reaction of bankruptcies across the globe which plunged the world economy into a new Depression.

This depression was brought about, as all crises of capitalism ultimately are, by the tendency of the rate of profit to fall. This leads to a suspension of investment which in turn leads to a contraction in production and the laying off of workers. In turn this sets off a vicious circle in which the laying off of more workers leads to a shrinking of the market, which leads to even more bankruptcies and more production shutting down. Vulgar economists of various schools thus conclude that it is the effect (shrinking markets) which is the cause when in reality all capitalist crises start as crises of profitability. Economic depression does not just bring misery to millions of workers who pay the price in intensification of exploitation, job losses and falling real wages. It is always accompanied by a rise in imperialist competition and tensions leading ultimately to imperialist wars.

In the 1930s the leaders of the various powers based their assumptions on the experience of the First World War. They could see that wars had now taken a different character. It was no longer just a question of sending off an army or navy to some distant battle zone with minimal impact on the national economy. In the imperialist phase of capitalism the national economy was an integral part of a state's capacity to fight war. Imperialist war was now unequivocally "total war".

Contrast the fight to the death of imperialist wars with the period of the rise of capitalism. In the Napoleonic era, despite attempts at economic blockade on both sides, Jean-Jacques Rousseau's dictum that "*Any state can only have other states and not men (sic) as enemies*" still held sway. The

consequence was that

*Private property in war was therefore inviolable by the state as a public entity. The doctrine quickly became dominant in national law, statecraft and diplomacy across continental Europe.*<sup>2</sup>

This led to some surprising contrasts with today. In (to give a particularly relevant example) the Crimean War (1854-6) between Britain and Russia, *Her Majesty's Government continued to fulfil its payment obligations to the tsarist government on old loans. Meanwhile Russia dutifully paid interest to owners of its sovereign debt living in Britain.*<sup>3</sup>

This inviolability of private property was written into the Treaty of Paris which ended the Crimean War, and into many subsequent treaties involving Italy, Austria-Hungary, Prussia and the United States.<sup>4</sup> It was even enshrined as late as 1907 in the Hague Convention which attempted to define the "rules" of modern warfare.

The First World War tore up that rule book. As the first global conflict of the imperialist era it made the economy, and any state's population, the major targets of war planning. Blockades, cutting off supplies and destruction of economic infrastructure, and coercing neutrals into taking sides via economic sanctions<sup>5</sup> were as much a part of the contest as the slaughter in the trenches.

In the First World War the Entente powers blockaded the Central Powers of Germany and Austria-Hungary. Germany replied with unrestricted submarine warfare to destroy merchant shipping in the North Atlantic. However the most egregious example was the continuing blockade of Germany by the Allies (as the Entente powers became when joined by Italy and the USA) *after* its representatives had signed the



armistice. In the 8 months before the Treaty of Versailles was finally signed, between 300 and 400 thousand German civilians<sup>6</sup> died from malnutrition, to which we can add as that other corollary of war, the more than 120,000 who died from disease as in the “Spanish flu”. This compares with the deaths of just over 2 million German soldiers in over 4 years of actual fighting. These figures only confirm the fact that imperialist war was indeed “total war” affecting the civilian population as much as the armed forces of the state.

Total war though has other aspects. Its aim is to reduce the enemy economically, and not just militarily. Unlike previous wars there is no idea of reaching a negotiated settlement. All the attempts of classical diplomacy to end the First World War foundered on the fact that imperialist wars demand the complete destruction of the other side’s economy and military potential. When Marshall Foch, the Supreme Allied Commander, was asked by the German delegation sent to the forest near Compiègne in November 1918 what his conditions for surrender were, he replied that he did not have any. What he required was total, unconditional, surrender. Germany representatives were also not invited to the Paris Peace Conference in 1919, but forced to sign the Treaty of Versailles under threat of continual blockade. Keynes called it a “Carthaginian peace”; Hitler called it a “diktat”. It was a long way from Woodrow Wilson’s “just and secure peace” since, as the failure of all negotiations before the Russian invasion of Ukraine show, no such thing is possible under modern imperialism. There is only a constant shift in the balance of power which makes some states “revisionist” and others determined to halt any revision. The Second World War only confirmed that imperialist wars are fought to the bitter end. The

Allied “Big Three” (Roosevelt, Churchill and Stalin) repeatedly announced, from 1943 on, that only the “unconditional surrender” of Germany, Italy and Japan would bring an end to the war, and that is precisely what happened.

In terms of deadliness, the First World War was nothing compared to the Second. The latter was a war which lasted 6 years and ranged from the Arctic Circle to the South Pacific via all Europe and Asia, and a good part of Africa. It destroyed an unprecedented amount of constant capital in the form of factories, farmland, transport infrastructure and sources of raw materials, and in its variable form, millions of lives. The slaughter was so great across so much of the world (more than half all deaths were in the USSR and China) that estimates vary wildly. It seems safe to assume that between 70-85 million died either directly as a result of military action or due to war-related disease and famine. Two thirds of these were civilians<sup>7</sup>. This was partly the result of the development of four-engined aircraft which could carry bombs to flatten cities, but it was also due to the nature of total imperialist war. Wars were not fought just between armies but between entire nations. There were now few places to hide or escape to. Even the most liberal of “democratic” countries suspended civil liberties in order to control and censor the press, intern “aliens” (even those who had fled persecution) and put the entire national production under state control. Conscientious objectors, socialists, Christian pacifists or others who resisted the war, were criminalised and sometimes killed.

Total war thus enormously empowers the state and weakens working class resistance especially when, as in both previous World Wars, supposed workers organisations support the war effort, and agree to



preserve social peace in support of “the nation”.

### ***We Are Not in a New Cold War***

The war in Ukraine is not yet a world war but as we have explained before it is the most definite signal that world imperialism has embarked on that process. Many Western commentators continue to talk of a “new Cold War”, but this is misleading since it only refers to the similarities with the post 1945 period. They focus on the fact that two blocs that faced each other but neither engaged in direct conflict with each other since, in their view, nuclear weapons would have brought about “mutually assured destruction”.

What they don’t see are the differences with today. And the differences are what make the current situation so much more dangerous for humanity. The first is that we are not at the start of a new economic boom brought about by the war, as in 1945. Since the 1970s global capitalism has been in a long slow crisis, often disguised by the various expedients that have been used to manage it. The most “successful” of these were the deregulation of finance in the 1980s and 1990s, and the accompanying transfer of investment to low wage economies. It was a good way to restructure industry and, at the same time, weaken the working class who had so stubbornly fought to maintain their living standards in the richer capitalist countries in the 1970s. It looked as though this so-called “neo-liberalism” had succeeded brilliantly as the working class in these richer capitalist countries became weaker whilst the workers in Asia, Latin America and elsewhere slaved away (originally in Special Economic Zones) in dire conditions, to provide the world with cheap commodities under new regimes of exploitation.

But financialisation of the economy only fuelled more and more speculation. New financial instruments appeared to create fictitious capital by betting on future profits. Debts were now even labelled “assets”. In reality what the financiers were doing was mortgaging the future. They were counting on the production of the future to turn their fiction into fact. As was entirely predictable, this house of cards collapsed when those at the bottom of the pile could not keep up sub-prime mortgage payments in 2007-8. It should have triggered a much worse crisis for the system but in the richer countries the state stepped in because the financial sector was “too big to fail”. The state took on much of the banking debt and created money (quantitative easing) to enable the banks to keep on functioning. But speculation and accumulation of debt did not stop and more storm clouds were once again gathering in 2019 (i.e. even before the disruption of the pandemic) and the war in Ukraine has already added to inflationary pressures.

The system is now in a cleft stick. The normal response to inflation is the cold shower of higher interest rates which in the UK are still only at 1.25% after 5 successive rate rises (c.f. the last inflationary wave when in the UK in 1979 they peaked at 17%). Raising interest rates enough to cool inflation would not only bankrupt at least a fifth of all companies but would lead to currency collapse and defaults (which are already happening anyway in poorer countries) across the globe. This is why the central banks of the world, like the US Federal Reserve, have appeared paralysed in the face of the cost of living crisis. They have no good options, and like Mr Micawber are hoping “something will turn up”. Although no-one wants to recognise it, this long capitalist crisis still demands another massive devaluation of the kind that only a generalised



imperialist war can bring about. It is thus no accident that what is on the horizon is the spectre of global war.

### *The Economic Weapon*

The second big difference from the post-1945 Cold War is that we no longer have a world divided between two blocs headed by “satisfied super-powers” who emerged as victors from the previous conflict. On the one hand the USSR and its bloc collapsed in 1991 (we will return to this below), whilst on the other the economic rise of China was the unintended consequence of Western investment pivoting to the East and South to combat the economic crisis. The USA, although still an overwhelming dominant military and economic power (via the dollar’s hegemony in the world economy) is thus no longer without challenges. US responses to this new situation have only undermined the very “New World Order” they sought to impose after 1991. It was not just the disastrous wars in Iraq and Afghanistan from which the US was forced to ignominiously retreat (making the world less “ordered” as it did so). The other arm of US policy has been to use dollar hegemony to impose its will, on friend and foe alike, through the use of “the economic weapon”, sanctions.

No other single policy has done so much to reforge two opposing camps in the coming world confrontation as sanctions. China, Russia, Iran, Venezuela, and Cuba may not have (yet) fully forged a new alliance but the first three, occupying much of the Asian landmass, have definitely been brought closer through their combined efforts to help each other in the face of US economic warfare.

In terms of the value of trade and GDP it looks as though the world has three big players, the US, the EU and China. But when

it comes to transnational payments there is only one game in town, and that is the US because the vast majority are routed through US banks. In the days of the British Empire they operated more physical strategies for controlling world trade via their control of the seas. One option was “bunker control” or denying the rights of hostile nations to use the British coaling stations dotted around the planet<sup>8</sup>. The other was outright blockade.

Today, the US has at its disposal a more effective weapon which costs little to implement.<sup>9</sup> As holder of the world’s principal reserve currency, the dollar, the US has few competitors, and certainly no rivals in its near monopoly role in world trade. Its capacity to exclude any state from the international financial system is enormous and the populations of Iran since the 1980s, Iraq in the 1990s, and Afghanistan to this day, have all suffered economically as a result. According to Unicef, half a million children under the age of 5 died in Iraq due to malnutrition directly caused by US sanctions in the 1990s.<sup>10</sup> The same fate is befalling Afghani children as Afghanistan’s national treasury sits in US hands in New York rather than with the unrecognised Taliban regime in Kabul. The US may have lost the military campaign there but dollar hegemony has made sanctions the ultimate imperialist weapon. They also force reluctant allies to comply with US policy against their own interests. Since the US pulled out of the Iran nuclear deal, European and other banks (whose states tried to keep the agreement going) and firms who exchanged with Iran have been forced to pay hundreds of millions of dollars in fines since 2017. Sanctions even compelled Russia and China to cooperate with the USA in the past. Russia initially supported sanctions against Iran and in 2006 Chinese banks cooperated with attempts to punish North Korea.



As the already-quoted Nicholas Mulder has shown, the first promoters of economic sanctions saw them as an alternative to war but in practice they have not acted as such. In the period leading up to World War Two sanctions against the Axis powers had two consequences. The first was that it led them to seek economic self-sufficiency as far as possible. However, when it was realised that complete autarky was not possible it led these weaker imperialist powers to almost suicidal imperialist adventures. The Nazi Four Year Plan of 1936 was blatantly predicated on future “territorial expansion”<sup>11</sup> but it was Japan that became the most desperate of the embargoed powers. Faced with increased US sanctions, especially on its oil supplies in July 1941, the Japanese imperial project (which had seen them overrun much of China after 1937) was in big trouble. There was oil in the South Pacific in the Dutch Empire but to take that would require control of the seas. This would require an extraordinary gamble, and that is precisely what the attack on the US naval base of Pearl Harbor was. Destroying the US Pacific Fleet would have given Japan the chance to invade much of Oceania and South East Asia. The gamble failed (since the US carrier fleet was not in harbour) but it was never very likely to succeed given US economic might. However in the imperialist mindset of “winner takes all” there was no alternative for the weaker power. Sanctions thus are not an alternative to war but part of the war tool kit of the imperialist epoch, and as a result provoke aggression.

### ***The War in Ukraine***

If there is something familiar about the tale of a weaker imperialist power being driven to extremes by the increasing pressure of a more powerful rival, then we need look no further than the current desperation

of the Russian invasion of Ukraine. In the Russian version of imperialist history<sup>12</sup> NATO is surrounding Russia with the aim of its eventual dismemberment. For its part NATO claims that it is a purely defensive alliance but then NATO has broken promises to Russia already. Since 1991 Western leaders have repeatedly given assurances that NATO would not reach Russia’s borders, even as all the old Warsaw Pact states joined it. In 2004 NATO did precisely what it said it would not do and entered the old USSR territory itself with the accession of the three Baltic States. NATO bombers stationed in Tallinn are now less than an hour from St, Petersburg. Ukraine and Belarus had been part of the old Russian Empire for centuries. They are Russia’s last cushions against NATO. Both (plus Georgia) have been the subject of Western attempts to topple pro-Russian leaders.

Since independence from the USSR Ukraine has become one of the poorest states in Europe with its economy dominated by a few dozen feuding rival capitalists who control about 42% of the economy. These corrupt oligarchs have ensured that Ukraine has oscillated between Russia and the West since 1991. In 2014 when the democratically-elected pro-Russian President of Ukraine Viktor Yanukovich was overthrown by a Western-inspired and funded revolt (the Maidan), Sergei Lavrov, the Russian Foreign Minister referred to it as the “state coup in Ukraine”.<sup>13</sup> The Maidan in Kyiv led to Russian separatists opening the war in the Donbas which culminated in Russia annexing Crimea.

Ignored for most of the last 8 years the war in the Donbas had already cost 14,000 lives. The Russian-speaking separatists scored some early successes in 2014 but the Ukrainian counter-attack would have completely retaken the Eastern provinces



if Russia had not sent in some of its armed forces (without admitting the fact). This is the only reason the so-called Republics of Donetsk and Luhansk have survived. Despite defending them militarily, the Russian state had never recognised their autonomy because it was still hoping to use them as bargaining chips in the continued attempt to demilitarise Ukraine and prevent it joining NATO. The reversal of this policy and the recognition of their autonomy came only two days before the Russian attack. The invasion on 24 February came after ten months of Russian troop build ups on Ukraine's borders with Russia and Belarus to contest the military support given to Ukraine by NATO powers, especially the USA.

In our last issue we noted that:

*It all started with the Biden administration signing an agreement to supply Ukraine with \$125 million of weaponry in April 2021. The Pentagon openly declared that this was for "defence against Russian aggression". This was put on hold in June so Russian forces began to stand down, only for half the package to be reaffirmed by U.S. Secretary of Defense, Lloyd Austin, on a visit to Kyiv in October.<sup>14</sup>*

So Russia re-started the troop build up. It was responding to the massive increase in US military support for Ukraine since Russia annexed the Crimea in 2014. Before then this was around \$50 million a year but from 2016 on it passed \$200 million a year and this doubled again in 2019 and 2020.<sup>15</sup> However the State Department announced on 23 June 2022 that total US aid to Ukraine since 2014 now totals \$8.7 billion.<sup>16</sup> Over \$4 billion of this is military aid made available since Biden took office in January 2021.<sup>17</sup>

As we argued in our previous issue<sup>18</sup> it was the perceived shift in the balance of force brought about by this re-armament that had led the Russians to move troops to the Ukraine borders in Russia and Belarus in a failed attempt to pressurise Ukraine and NATO to stop the flow of weapons to Ukraine. Russian alarm was voiced by Chief of General Staff of the Russian Armed Forces, Valery Gerasimov, in December 2021. He complained then that:

*Kyiv is not fulfilling the Minsk Agreements. The Ukrainian armed forces are touting that they have started to employ US-supplied Javelin anti-tank missile systems in Donbas and are also using Turkish reconnaissance/strike drones. As a result, the already tense situation in the east of that country is further deteriorating.<sup>19</sup>*

In fact neither side has shown any intention of carrying out the various Minsk accords of 2014 and 2015, or renegotiating them seriously, simply because there is no room for compromise. When he came to power Zelensky refused to talk to "terrorists" in the Donbas whilst Putin refused to talk to Zelensky as a mere puppet of the West. Every imperialist power has its own version of the truth but, in fact Ukraine and Russia are only the proxies for an existential struggle which will go far beyond the principals in the current war, as its consequences are already revealing.

### ***Blocs and alliances***

The idea that we are at the start of another Cold War is not the only erroneous reading imperialist history since 1945. The other, posed by more than one good internationalist comrade in our on-line public meeting



in March, is that solid “blocs” need to be formed before a more generalised war is on the agenda. This ignores the significant fact that the era of blocs headed by two super-powers who had emerged victorious from the previous conflict never led to globalised war. Blocs it seems were a lot more stable than the old system of shifting alliances which brought about the two previous world wars. And with the implosion of the USSR the world returned to a more fragmented order, more like that which prevailed from 1871-1945.

But not quite. The end of the post-war boom put all capitalist states, including the USSR, under strain. The USSR collapsed in the face of the economic stresses and strains of trying to compete with the USA on the basis of a far weaker economy where 25% of its budget went on the military (compared with 6% for the USA). Faced with growing class resistance,<sup>20</sup> and a corrupt ruling class based in the nomenklatura,<sup>21</sup> that refused to give up its privileges, the system imploded. The Eastern bloc collapsed. Logically that should have meant NATO and other anti-Soviet alliances should have become redundant. But they didn’t, and as stated above, NATO carried on enrolling more than half the states in Europe. It was after all “the end of history” and, as we showed in our previous issue, Western hubris was unstoppable. The interview of the 94 year old George Kennan by Thomas Friedman of the New York Times has been repeated many times.<sup>22</sup> It was Kennan who came up with the policy of “containment of communism” (by which he meant Stalinism) in 1947 but once “communism” had collapsed, he argued that “there was no reason” for NATO expansion predicting there “is going to be a bad reaction from Russia” which would thus confirm the pro-NATO faction “that this is how the Russians are”. He was ignored

because the aficionados of the “New World Order” were full of the ideology that this was the “American Century”.

The “end of history” may have now become “the revenge of history”, but for the moment the US has done very nicely out of the Ukraine war. It has had to spend a lot of treasure but has not lost a single soldier, and the war has bolstered the unity of a Western bloc which in the previous three decades was showing signs of breaking up, with many “allies” refusing to support US adventures in Iraq and elsewhere. Dreams of some European politicians that Europe could strike out as a separate imperialist entity have now been shattered. After decades of Ostpolitik by both the SPD and the Christian Democrats, the German ruling class have acceded to two big US demands that they previously resisted. They are increasing their military budget and reducing their dependence on Russian oil and gas (an additional benefit for US shale gas). Western states (with the notable exception of Orban’s Hungary) are queuing up to impose fresh sanctions on Russian and Belorussian interests. The flag of Ukraine flies everywhere so that it has almost become the flag of NATO whilst Putin has done more to reanimate and consolidate the Western alliance than any US President ever did. NATO’s further expansion into Sweden and Finland only confirms that.

But this contest involves more than war in Europe. As we have shown in various articles<sup>23</sup> the rivalry for control of the planet extends from the Arctic to the South Pacific. As a result US allies across the world like Australia and Japan (which was invited to the latest NATO meeting in Germany) are taking part in the ideological and military build up against both Russia and China. The real global adversaries are the USA and China and the competition is hotting up. At



the same time the common trade links that inhibited more hostile actions are gradually dwindling.

On the other side of the imperialist equation there is a burgeoning alliance, but as yet nothing as solid as in the West. The increased cooperation of Russia and China (and to a lesser extent Iran) is a result of their common position as the targets of Western sanctions. Even before the Ukraine war Russian-Chinese cooperation had reached unprecedented levels. However as our Italian comrades have shown elsewhere<sup>24</sup> there are important differences in their perceptions about their imperial prospects.

The Russian ruling class, as we have seen, sees itself as threatened and being surrounded. It is also revanchist. It wants to regain lost ground. In addition to the loss of control of its satellites in Eastern Europe the breakup of the Soviet Union in 1991 led to the loss of around two million square miles of sovereign territory<sup>25</sup>. The fact that this loss took place without a fight has been even more galling for those in the Kremlin today. Putin's well-known statement that the collapse of the USSR was "the greatest geopolitical disaster of the last century" is the starting point for Russian foreign policy. Western hawks have pounced with glee on his statements that Ukraine was always part of Russia<sup>26</sup> or that the current war was in the tradition of the old Russian Empire under Peter the Great. Presumably these comments are, like his repeated references to the "defeat of fascism" in the "Great Patriotic War" under Stalin, all part of the ideological appeal to Russian nationalism in justifying the invasion.

The regime needs all the ideological ballast it can muster since Russia starts from a weak position. Despite having one of the larger GDPs in Europe, this only amounts to one fifteenth that of the USA. This is one more

reason why it has increasingly been forced to turn to China (since the war began Russia-China trade is already up 28.2%). It is well-known that China's strength is its economy, and its imperialist reach has been based largely in building up "soft power" in its Belt and Road initiative. It has brought China to become, on some measures, the equal of the US economically. Its openly announced aim is to become the world's undisputed leading power by 2049.<sup>27</sup> The Chinese leadership therefore has a lot more to lose in any direct conflict in the short term, and is keen to avoid any further sanctions. Initially that made it very cautious in its guarded support for Russia without entering into the merits or not of the invasion.

However in an increasingly crisis-ridden imperialist world China is no more in control of events than any of the other contenders. Not only does it have its own economic problems as growth slows but the US has already indicated that its principal enemy is not Russia but China (it's the only issue that unites the fractured political class in the USA). Biden has already stated that it will not displace the USA as the world's leading power "on my watch". His Secretary of State, Antony Blinken, spelled out what this means in a speech at George Washington University on 26 May 2022<sup>28</sup>. Stating that the war in Ukraine was "a charged moment for the world", he soon turned to China. Citing Xijin Ping's speech that Russia and China have a friendship "without limits", he informed his audience that:

*Even as President Putin's war continues, we will remain focused on the most serious long-term challenge to the international order – and that's posed by the People's Republic of China.*

*China is the only country with both the intent to reshape the international*



*order and, increasingly, the economic, diplomatic, military, and technological power to do it. Beijing's vision would move us away from the universal values that have sustained so much of the world's progress over the past 75 years.*

He thus concluded that

*.... we cannot rely on Beijing to change its trajectory. So we will shape the strategic environment around Beijing to advance our vision for an open, inclusive international system.*

He spelled out what this meant as “reaffirming vital security alliances” with Korea and Japan, enrolling a dozen countries in the “Indo-Pacific Economic Framework for Prosperity”, upgrading the Quad alliance of Australia, Japan, India, the United States, inviting Asian allies to NATO conferences, “reinvigorating” the previously moribund ASEAN alliance and plus highlighting the new AUKUS alliance with the UK and Australia.<sup>29</sup>

Unsurprisingly the Chinese response was that NATO seemed to be coming to its borders too. One official from a government think tank on Chinese TV added:

*China is in a position that is somewhat comparable to Russia's ... The US is clearly manipulating the Taiwan issue and constantly fanning the flames in order to dismember China by creating a Ukraine of the Orient.<sup>30</sup>*

The West is thus driving China and Russia closer and closer together. On 6 July the FBI boss Christopher Wray, in the UK for discussions with MI5, announced that:

*We've seen China looking for ways to*

*insulate their economy against potential sanctions, trying to cushion themselves from harm if they do anything to draw the ire of the international community ... In our world, we call that kind of behavior a clue.<sup>31</sup>*

What is happening, in the words of Bloomberg News, is that Russia and China's original “marriage of convenience” is turning into “a marriage of necessity” to the point where “Only close strategic alignment can reduce their mutual vulnerability.”<sup>32</sup>

So the fracture lines in global imperialism are deepening and hardening to the point where the ideological justifications for a long war are being rehearsed on both sides. In the First World War it was enough for workers to be told that they were fighting for “King and Country” to create a patriotic wave of jingoism which, for a while, swept aside all opposition to war. The ideological preparations for the Second World War were more sophisticated with the democracies invoking “anti-fascism” as their cause whilst the Axis powers aligned themselves around “anti-communism”. This is not too different from today. Biden, Blinken and other NATO leaders are also preparing the ideological basis for future generalised war by posing it as the defence of “democracy” against “authoritarianism”. Defence of freedom is a strong card to hold. But given that Russia has been in retreat for 3 decades and China has been the victim of Western, Japanese and Russian imperialism in the past it is not hard for their rulers to play the nationalist card at home as victims of attempts to strangle their interests. So far both sides are currently succeeding in taking the majority of their populations along with them.

Given what we have shown here about the nature of imperialist rivalry and war the



prospect is for a war which can only end with the utter defeat of one of the contending alliances. Given that whole arsenals of nuclear weapons are available on both sides there remains the possibility that the alliance which starts to lose the conventional battle will use them. Putin has already threatened that he would if Russia was facing defeat. And both Blinken and Biden have identified that we are now in the “decisive decade” for dealing with China. With the world economic crisis deepening, imperialist options are narrowing. This is why it is important that the workers of the world, the vast majority, who make the profits for the capitalist by their labour, have to begin to organise against war and exploitation, and soon.

### ***No War But the Class War***

What we have tried to show here is that the war in Ukraine is not simply about Russia’s immediate aggression, repulsive though that may be. It is a product of a capitalist system of exploitation which has long since morphed into a competitive struggle between the various propertied classes for control of the planet. When they talk of fighting for their country they mean it. They, after all, own most of it. But for the workers everywhere who create the wealth and power of the capitalist class imperialist war is just one more price we pay for continuing to live under the capitalist system of production. Nationalism is the ideology of the bourgeois revolutions which produced modern capitalism. Being “a citizen” of a nation might have seemed a lot better than the feudal subject of some monarch two hundred years ago but today, to steal a phrase “some citizens are more equal than others”. In capitalist peace we are wage-slaves and in imperialist war either cannon-fodder or

“collateral damage”.

As long ago as 1845 Marx confronted the issue of nationality:

*The nationality of the worker is neither French, nor English, nor German (nor Russian or Ukrainian – CWO), it is labour, free slavery, the sale of himself and his own labour. His government is neither French, nor English, nor German, it is capital. His native air is neither French, nor German, nor English, it is factory air. The land belonging to him is neither French, nor English, nor German, it lies six feet below the ground.*<sup>33</sup>

He repeated the observation in the Communist Manifesto

*The workers have no country. We cannot take from them what they have not got.*<sup>34</sup>

In the imperialist epoch, Percy Goldsborough, a socialist imprisoned in Richmond Castle for refusing to “die for his country” in 1916 wrote on his cell wall that “the only war worth fighting is the class war”. It was an echo of what Socialist Parties in Russia, Serbia, Poland and Bulgaria had already been saying since 1914, and echoed the declaration of the Zimmerwald Left from a year earlier. Initially ignored by most of the world’s workers at first internationalist positions became a rallying cry for millions workers once actual experience of the war struck home. It led to the revolutionary wave which began in Russia in 1917 before it spread to Germany and around the globe. More than any force it brought the First World War to an end. It was a message re-iterated in the Second World War by our Italian predecessors in the Internationalist



Communist Party. It was the only party formed in the Second World War which unambiguously called on workers in both the Fascist and Allied camps to “desert the war”. And it is repeated today by all the organisations of the internationalist communist left. Some of them have already joined with us in the development of “No War But the Class War” and others from different traditions are continuing to form groups in different countries around the world.<sup>35</sup>

We have no illusions of the challenge facing the world working class. After four decades of capitalist restructuring (in a vain attempt to restart profitable accumulation) we are starting from a very bad place but we have to start a global movement against the war and the crisis now. The experience of both past imperialist wars and the current war in Ukraine show resistance gets much harder once the total war we have analysed here breaks out. We are already developing cooperation with some of them, and salute all the internationalists who oppose both sides in this war.<sup>36</sup>

Our primary tasks are clear. First we have to share and publicise all the evidence of anti-war resistance in both Russia and Ukraine as these states impose compulsory service on all males. Whether it is the Russian conscripts who have realised they can refuse to fight without getting shot by the state (because this is not a war but a “special military operation”) or the Ukrainians who have deserted both the front and the country despite the threats of their government.

We must also expose the fake arguments of the supporters of both sides.

This starts with the traditional state capitalist Left like the Stop the War campaign, the Stalinists or the likes of Trotskyists of the Social Equality Party who see the US and the West as the only imperialist force on earth. They only distort the proletarian

position on imperialist war in order to support the enemies of the West. Stalinists will tell us that they are in favour of “revolutionary defeatism” which means wanting the defeat of NATO and Ukraine. This is crafty special pleading. The internationalist position on revolutionary defeatism was that it should be adopted by all workers wherever they were and not just by one side. Turning world war into civil war was always about world revolution against the entire system.

On the other side there are many anarchists and others who in their immediatist support for “the self-determination and independence of Ukraine” are falling into the trap of aiding the mobilisation for a wider war. We have warned for many years that the wars that engulfed the Middle East and elsewhere were but preparations for those “nearer to home”. Now that they have reached Europe Ukrainian refugees are rightly made welcome in the West, but is a stark contrast with the asylum seekers from wars started by the West who, after all their traumas, are threatened with flights to Rwanda.

Alongside sentimental nationalism, many anarchists have already bought into the “fight for democracy” ideology of the West and some have even told us that the Ukraine fight is an “anti-fascist” fight (despite the clear evidence about the Ukrainian Azov Battalion’s Nazi roots – there are ultra-right nationalist and fascists on both sides). Cheerleading for either side now only aids and abets the drive to a more generalised war in the future.<sup>37</sup>

Our fight is different. When we say “No War But the Class War” we are declaring war on the capitalist system which spawns pandemics, climate change and the potential extinction of humanity. Our “war” is not nuclear nor conventional and our weapons are not bombs, artillery, drones and rockets.



Our weapons are our class consciousness which recognises that “workers have no country” and our capacity for collective organisation. We need to create an international political organisation to fight the war and the system which causes it. This means not only highlighting the brave acts on both sides of the current conflict to “desert

### Notes

1. <https://www.marxists.org/archive/bukharin/works/1917/imperial/08.htm>
2. Quoted in *The Economic Weapon – The Rise of Sanctions as a Tool of Modern War*, Nicholas Mulder (Yale University Press, 1922) p.16
3. Mulder *loc. cit*
4. Mulder p. 17
5. Mulder (p. 17) has a very good account of how the British and French used sanctions and a blockade to force the Greek Government to change sides in the First World War.
6. According to Mulder this is more like the true figure, compared to the 760,000 originally given by German officials at the time who were looking for other reasons than military failure to explain German defeat. The point remains though that German working class had had enough of accepting the economic sacrifices of war and in November 1918 overthrew the Kaiser in a revolution, even before an armistice had been signed.
7. [https://en.wikipedia.org/wiki/World\\_War\\_II\\_casualties](https://en.wikipedia.org/wiki/World_War_II_casualties) .To go beyond the statistics to the human suffering see <https://www.leftcom.org/en/articles/2005-08-01/holocaust-and-hiroshima-imperialism-and-mass-murder-in-the-twentieth-century>
8. Mulder *op. cit.* p.43. The clearest example was the refusal of the British (then in alliance with Japan) to allow the Russian Baltic Fleet to refuel in its coaling stations or access the Suez Canal as it took several months to navigate to the Tsushima Straits where it was promptly destroyed in 1904.
9. And it has not been hesitant about implementing them. “During Obama’s second presidential term 2350 new sanctions were

the war” but also publicising as widely as possible the growing fight against a system in economic free fall. We have not seen the historic choice of socialism or barbarism so starkly posed in over 80 years.

Jock  
8 July 2022

- declared. Over Trump’s term there were 3800”. Tom Stevenson “First Recourse for Rebels” *London Review of Books* p.25
10. “UNICEF—Results of the 1999 Iraq Child and Maternal Mortality Surveys”. *Federation of American Scientists*. Accessed 29 June 2022
11. Ian Kershaw *Hitler – 1936-45 Nemesis* (Penguin 2001) p. 22
12. Which we explored more deeply in *Revolutionary Perspectives* 19 in an article written in December 2021 <https://www.leftcom.org/en/articles/2022-02-06/ukraine-and-taiwan-flashpoints-in-an-uncertain-imperialist-world>
13. Quoted by Lawrence Freedman in “Peace in Ukraine will be elusive until a military breakthrough” *Financial Times* 2 April 2022
14. <https://www.leftcom.org/en/articles/2022-02-06/ukraine-and-taiwan-flashpoints-in-an-uncertain-imperialist-world>
15. <https://www.stimson.org/2022/u-s-military-assistance-to-ukraine/> It seems that even Trump’s threat to cut off military aid to Ukraine (unless they provided him with evidence of the dubious role of Hunter Biden there) did not make any significant difference to the continual rise in US military support.
16. <https://www.state.gov/u-s-security-cooperation-with-ukraine/>
17. On April 21, President Biden authorized a Presidential Drawdown of security assistance valued at up to \$800 million tailored to meet critical Ukrainian needs for today’s fight as Russian forces launch a renewed offensive in eastern Ukraine. This authorization is the eighth drawdown of equipment from DoD inventories for Ukraine since August 2021 bringing the U.S. commitment to more than \$4



billion in security assistance to Ukraine since the beginning of the Biden Administration. <https://www.defense.gov/News/Releases/Release/Article/3007664/fact-sheet-on-us-security-assistance-for-ukraine-roll-up-as-of-april-21-2022/>

18. <https://www.leftcom.org/en/articles/2022-02-06/ukraine-and-taiwan-flashpoints-in-an-uncertain-imperialist-world>

19. <http://tass.com/world/1373123?>

20. Whose history has yet to be written but elements can be found in *Synicalisme et libertés en Union Soviétique* by Olga Semyonova and Victor Haynes (Maspero 1979)

21. By 1982 Andropov, the hard line Stalinist boss of the KGB realised that the USSR could not compete with NATO and the competition was killing the USSR. His solution was to increase exploitation (aka productivity) and attack corruption. He died, but his protégé Gorbachev tried to go further with *perestroika* and *glasnost* which eventually led to the coup which ended the whole regime.

22. <https://www.nytimes.com/1998/05/02/opinion/foreign-affairs-now-a-word-from-x.html>

23. See for example, <https://www.leftcom.org/en/articles/2021-10-19/ice-breaker-imperialism> and <https://www.leftcom.org/en/articles/2022-05-04/from-ukraine-to-the-south-pacific-capitalism-is-in-a-more-dangerous-phase-of>

24. <https://www.leftcom.org/en/articles/2022-06-10/the-ambivalence-in-russian-chinese-friendship>

25. <https://www.foreignaffairs.com/articles/ukraine/2016-04-18/russias-perpetual-geopolitics?> An area bigger than the entire European Union.

26. Erroneously blaming Lenin and the Bolsheviks for Ukraine's creation in 1918.

27. There are many articles on Chinese imperialism on our website. See, for example

<https://www.leftcom.org/en/articles/2018-02-13/china-long-held-us-fears-becoming-reality> or, more recently, <https://www.leftcom.org/en/articles/2021-09-18/china-iran-accords-the-silk-road-and-some-other-imperialist-manoevres>

28. The whole speech is worth reading at <https://www.state.gov/the-administrations-approach-to-the-peoples-republic-of-china/>

29. Our comments on these can be found in <https://www.leftcom.org/en/articles/2021-10-02/aukus-another-preparation-for-imperialist-war> and <https://www.leftcom.org/en/articles/2022-02-06/ukraine-and-taiwan-flashpoints-in-an-uncertain-imperialist-world>

30. <https://www.theguardian.com/world/2022/jun/06/ukraine-war-deepens-chinas-mistrust-of-the-west>

31. <https://edition.cnn.com/2022/07/06/politics/fbi-mi5-wray-china/index.html?>

32. <https://www.bloomberg.com/opinion/articles/2022-06-19/why-china-won-t-abandon-russia-over-ukraine-war>

33. We are indebted to the comrades of *Controverses* for not only pointing this quotation but also giving a more meaningful translation than the one found here: <http://hiaw.org/defcon6/works/1845/03/list.html>

34. We replaced the nineteenth century “men” with “class” in our updated version of the translation

35. A balance sheet of the progress so far will be the subject of different article.

36. See <https://www.leftcom.org/en/articles/2022-04-23/internationalism-and-the-war-in-ukraine>

37. A more detailed examination of responses to the war is in preparation. In the meantime we can only reiterate our solidarity the Russian anarcho-syndicalist organisation KRAS. <https://www.leftcom.org/en/articles/2022-06-13/about-anarchists-who-forget-the-principles>



# The Economic Basis of Modern Imperialism

The article we are re-printing here is the first part of the first pamphlet ever produced by the CWO. It was initially published as a separate article in 1975, entitled *The Economic Foundations of Capitalist Decadence*, by the small collective of Revolutionary Perspectives which preceded the formation of the CWO. It has long been out of print,<sup>1</sup> yet its uncomplicated explanation of key concepts of Marxist economics lays the groundwork for revolutionary militants today to understand that the same underlying material forces are at work in today's global capitalism as in Marx's day.

It was no accident that it was written in the 1970s when it was clear that the post-war boom had come to an end. This not only produced emerging revolutionaries of the Communist Left who were re-discovering marxism, but also galvanised us to understand why and how the post-war period of prosperity they had grown up in had morphed into an inflationary crisis. The message that Keynesianism had solved the problem of capitalism's recurring economic crisis was now demonstrably untrue and vindicated what Paul Mattick had argued throughout the 1950s and 1960s that the cycle of accumulation of capital would end in another crisis. His work *Marx and Keynes* inspired us to further study Marx's own analysis of the economic forces underpinning capitalism. From the increasing consumerism that seemed to have been lulling the working class into becoming a "class for capital" during the post-war boom, workers found themselves fighting for their livelihoods. The class struggle was back and, with it, a renewed interest in marxism: not

the pseudo 'marxism' which defines Russia as a 'deformed workers' state' or which views nationalisation and state control of the economy as steps towards socialism, but marxism, which rests on the ineradicable principle that capitalist growth rests on the profit derived from the unpaid labour expended by the working class. From this 'rediscovery' of the law of value the analysis naturally took us to central concepts of marxist economics: the rising organic composition of capital and the consequent tendency for the rate of profit to fall. They remain the basis for understanding the economic crisis global capitalism is facing today.

We have had many calls over the years for us to reprint the whole of the original pamphlet but we have always faced two problems. The first was that anything written in the 1970s does not explain how the crisis developed subsequently, and secondly our own theoretical development has led us to a better understanding of the links between this first part and the later development of capitalism in its imperialist or decadent period. We have thus decided to reprint unchanged the first theoretical part whilst in subsequent issues we will deal with the development of capitalism since Marx's death. Naturally, over the last four decades we and our comrades in the Internationalist Communist Party have had cause to write about these developments so now our intention is to draw all these together in a new series based on Marx's original theoretical framework.

On the way we will also take issue with the host of more or less academic marxists who today espouse the falling rate of profit



as the key to capitalism's dynamic ... and can even produce charts showing the inevitable self-destruction of that dynamic. Yet for the most part they have no conception of the magnitude or urgency of the current crisis which is driving imperialism today, threatening world imperialist war, untold misery for the global working class and the very existence of the planet. Indeed the downward trajectory of their graphs and charts can be taken to imply the gradual disappearance of capitalism itself without the need for a conscious revolutionary movement to overthrow it.<sup>2</sup> Ironically, this was the kind of thinking which held sway amongst the reformists of German Social Democracy way back in the early twentieth century, before the first world war: the kind of thinking which led Rosa Luxemburg to question the falling rate of profit as the motor force of capitalism's existential crisis. (A process which she remarked could last "until the sun burned out".) Back in the day, part of the *raison d'être* of the *Economic Foundations* was to reaffirm the vital role of

the labour theory of value as against theories about saturated markets to understand the capitalist crisis. Today there are more dangerous illusions to combat in the shape of identity politics and 21st century cross-class reformism such as climate activism, which not only foster illusions in reformism but serve to obstruct the collective fight back against capitalism by all those whose lives depend on wage work, regardless of gender, ethnicity, skin colour, nationality or whatever other aspect of identity capitalism uses to divide us as a class.

At the present time of war, falling living standards and mounting starvation, this overview of Marx's explanation of the economic driving force behind capitalism's inbuilt tendency to recurring crisis and eventual collapse is especially pertinent. By the same token, it should act as a reminder that the class whose unpaid labour is the basis of all capitalist profit, the working class, is still the key to capitalism's revolutionary overthrow. Never has it been more important to grasp this message.

### Notes

1. At long last, we can now publicly extend our thanks to 'Ant Pace' a long-standing supporter of the CWO, who many years ago took it upon himself to re-type the text and reproduce the tables of the whole of the original article whose first part is published here.

2. We could also note that the crypto-Stalinist twins Roberts and Carchedi seem to think that socialism is just capitalism under national control.



# Capitalism's Economic Foundations

The basic requirement of all societies is the production and reproduction of the material necessities of life (food, shelter, clothing) for the members of society. The recognition of this fundamental fact is the foundation of the materialist view of history. As Marx said,

*...men must be in a position to live in order to be able to 'make history'. But life involves before everything else eating and drinking, a habitation, clothing and many other things. The first historical act is, therefore, the production of material life itself.<sup>1</sup>*

In every society then, a certain amount of labour time must be devoted to the production of goods which satisfy human-kind's material needs. Workers and tools/machinery and raw materials (means of production) are a basic feature of all societies. However,

*For production to go on at all they must unite. The specific manner in which this union is accomplished distinguishes the different economic epochs of the structure of society from one another.<sup>2</sup>*

Thus the way in which human beings produce their basic material needs (i.e. the mode of production) is the fundamental determinant of the nature of society at any point in time. The particular level of development of the means of production (ranging from the simplest tools to the most complex machinery) involves a corresponding

network of social relationships. It is the totality of these relations which forms the economic structure of society, which in turn, is the real basis of all legal, political and cultural superstructures. Thus, if we start from the materialist view of history, it is clear that the motive force behind historical development is the material development of the productive forces. In all societies the forces of production develop and expand or become more complicated until, at a certain point, this development conflicts with the network of social relationships from which they had originally been engendered. The old-established social relations, which had once facilitated the development of the productive forces now make it more and more difficult for those forces to further develop. This is the period of social revolution which arises as the material forces of production expand, creating a need for the social relations and superstructures of the old society to be overthrown. Hence,

*No social order is ever destroyed before all the productive forces for which it is sufficient have been developed, and new superior relations of production never replace older ones before the material conditions for their existence have matured within the framework of the old society. Mankind thus inevitably sets itself such tasks as it is able to solve, since closer examination will always show that the problem itself arises only when the material conditions for its solution are already present or at least in the course of formation. ... The bourgeois mode of production is the last*



*antagonistic form of the social process of production — antagonistic not in the sense of individual antagonism but of an antagonism that emanates from the individuals' social conditions of existence — but the productive forces developing within bourgeois society create also the material conditions for a solution to this antagonism. The prehistory of human society accordingly closes with this social formation.*<sup>3</sup>

The development of the productive forces within feudalism created the conditions for the rise of capitalist production which eventually led to the overthrow of feudal social, political and legal relations and the taking over of state power by the bourgeoisie. Once established as the dominant mode of production, it has been the historic task of capitalism to develop the productive forces of society on an unprecedented world-wide scale and in so doing it has created the necessary level of material development for the establishment of production **directly** for the whole of humanity's needs (i.e. communism). It is the purpose of this series to show that by the beginning of this century (approximately 1914) capitalism had accomplished its historic task of providing the material basis for communism; that any subsequent accumulation of capital no longer entailed a progressive development of the productive forces ('progressive' in the sense of furthering the development of conditions for a higher mode of production); hence any growth of the productive forces which has occurred has been on a **decadent** basis — a sign that capitalism is declining as a mode of production.

Before going on to analyse decadent capitalism, however, it is necessary to outline the basic characteristics of capitalism and the fundamental drive which

forces capital to expand and develop the productive forces whilst at the same time imposing certain objective limits to capital's inability to further develop the productive forces of society.

Capitalist society, then, like any other mode of production, is ultimately a process whereby the material necessities for life are produced, but the specific historical form which this production takes is characterised by the contradiction between the capitalist's production for profit and the fundamental requirement of producing to satisfy society's basic needs.

### *The Labour Theory of Value*

In a society where people produce their own means of subsistence then the products of their labour are utilities or use values, which may be in the form of objects for consumption or objects which are to function as part of the means of production. In a primitive communist society where there is no division of labour and producers satisfy their own needs, production is in the form of use-values alone. As soon as the level of production develops beyond a subsistence economy and people begin to exchange some of their products (barter) then a commodity character is also given to these goods. Commodities have the dual character of being objects of utility (or use values) and objects which can be exchanged for other commodities (exchange values).

All commodities are produced by human labour and any single commodity can be seen as the crystallisation of the human labour required to produce it. The value of a commodity is the amount of human labour in the abstract which is incorporated in that commodity. The only way the amount of labour embodied in a commodity can be measured is by measuring the length



of labour time necessary to produce it. Thus labour time is the measure of value. However, although labour is the source of all value, the value of a particular commodity is not determined by the length of time it takes any individual worker to produce it. (If this were so then value would vary in accordance with, say, how fast or slow any individual worker was.) The value of a commodity is determined by the average amount of social labour time necessary to produce it at any particular level of development of the productive forces, and it is this fact which enables commodities of differing physical qualities to be compared with one another for the purpose of exchange. (Thus, for example, if it takes 5 hours on average for a weaver to produce 15 yards of cloth and 5 hours on average for a carpenter to make a table, then 15 yards of cloth are equal in value to one table. If we further assume that the price of any commodity is equal to its value, then the price of a table will be the same as the price of 15 yards of cloth.) It is only through the process of exchange that the value of commodities can be manifested since the value of one commodity can only be expressed in terms of another commodity.

### ***The Capitalist Mode of Production and the Law of Value***

Although commodity production and the concomitant division of labour which this implies were necessary pre-conditions for the development of capitalism, there are certain other historical conditions which had to exist before capitalism could come into existence, that is, before the so-called primitive accumulation of capital could take place.

First of all exchange via barter had to give way to a money economy. Money, as the universal commodity in which the exchange

value of all commodities can be expressed, appears first as a convenient standardised measure of exchange value, and later as a medium of exchange, facilitating the expansion of trade.

The general character of money which allows it to represent the exchange value of all other commodities means that money is the “material representative of general wealth”.<sup>4</sup> As such, money historically became an end in itself, as commodity production and trade expanded. The Mercantilist system was based on the possibility of accumulating wealth in the general form of money through trade.

Another fundamental pre-condition for the rise of the capitalist mode of production is the existence of ‘free’ labourers who do not themselves own any means of production and are therefore forced to sell their labour power (work for a wage) in order to live.

*“...The labourer instead of being in the position to sell commodities in which his labour is incorporated, must be obliged to offer for sale as a commodity that very labour-power, which exists only in his living self.”<sup>5</sup>*

The existence of wage labour means that labour power is now turned into a commodity whose exchange value is the average socially necessary labour time which it takes the labourer to produce his own material needs. Expressed in money terms, the exchange value of labour equals the wages of the worker. Once labour power is turned into a commodity the production of surplus value, that is, value over and above that which is necessary for the workers to maintain and reproduce themselves, is made possible. According to the law of value, commodities are exchanged in accordance with their value, or the amount of labour time which



they embody. Under capitalism the operation of the law of value means that profits are made by capitalists selling commodities produced by the workers at their value, whilst at the same time the workers are paid the equivalent of the exchange value of their labour power. This is so, because once the labourer is obliged to sell his labour power in order to live he is also forced to work for a longer period of time than it takes him to produce the amount of value equivalent to his material needs. It is this surplus value, created by the labour power of the workers and appropriated by the owners of the means of production, which is the source of capital's profit.

### ***Capital Accumulation***

After the original 'primitive accumulation' of capital has taken place (historically primitive accumulation occurred when merchants invested part of their accumulated wealth in productive industry) and capitalism is established as a mode of production, then capitalism itself provides the mechanism for its own expansion.

Marx drew up an abstract model of simple reproduction in a closed society composed entirely of capitalists and workers which illustrates this fact. From the viewpoint of society as a whole, the total social product can be divided into constant capital (raw materials, machinery etc.) plus variable capital (wages paid to the workers by the capitalists) plus surplus value. If we assume that the whole of the constant capital is used up during the course of the turnover of capital, then the value of the total social product can be represented as follows:

$$c + v + s$$

If this total social product is further

divided into two major Departments of production, Department I comprising the production of the means of production and Department II comprising the production of means of consumption, the original formulae can be elaborated as follows:

*Department I*

$$c + v + s$$

*Department II*

$$c + v + s$$

*= total social product*

In order to explain how simple reproduction occurs, (that is, a situation where the capitalists consume the whole of the surplus value produced and hence the total social product is reproduced anew, but not enlarged), let us follow Marx's schema:

*Department I*

$$4,000c + 1,000v + 1,000s$$

*Department II*

$$2,000c + 500v + 500s$$

*= total social product (9,000)*

Whilst this table is an abstraction which demonstrates the relation between the two Departments of production in terms of value, it must not be forgotten that the total value produced by each Department is in the form of actual physical objects. If we examine the relationship between the two Departments it is clear that in order for the cycle of production to begin anew there must be some exchange of commodities between the two Departments. The 4,000 constant capital produced by Department I (in the form of machinery, machine tools etc.) need only be redistributed within the same Department; but workers cannot be paid with, nor capitalists personally consume, the means of production which are represented by 1,000v + 1,000s. On the other hand, the 2,000



constant capital necessary for the production process to begin again in Department II is useless if it remains in the form of consumer goods, whilst the 500v and 500s can be consumed by the workers and capitalists of that Department. The 1,000v and 1,000s of Department I must be exchanged for Department II's 2,000c if reproduction is to continue smoothly. In other words, equilibrium conditions for simple reproduction necessitate that:

$$Iv + Is = IIc$$

This outline of abstract simple reproduction demonstrates that the accumulation of capital is essentially a self-generating process and this remains true for extended reproduction, that is, in the situation where the total social product is increased during the reproduction cycle.

In reality the competition between capitalists constantly forces them to undercut their competitors by selling at a lower price. To do this they have to produce their commodities more cheaply and hence they must return part of the surplus value to the production process in the form of new machinery which increases the productivity of labour; the history of capitalism is the one of increasing accumulation or expanded reproduction. Nevertheless an elaboration of the first model will serve to show that extended reproduction remains essentially a reproduction of the worker-capital relationship.

To return again to the two Departments of production, if we now allow for part of the surplus produced by each Department to return to the production process as capital, then the surplus of each Department can be divided in A, representing the portion destined for the personal consumption of the capitalists, and B, representing the

portion to be turned into capital. Thus,

$$Is = IA + IB$$

$$IIs = IIA + IIB$$

Part B of both Departments can be further broken down into a part which is destined for accumulation as constant capital (IBc plus IIBc) and a part which is to be accumulated as variable capital (IBv and IIBv). Hence the formula for total social production now appears as:

$$\text{Department I } Ic + Iv + IA + IBc + IBv$$

$$\text{Department II } IIc + IIv + IIA + IIBc + IIBv$$

The reproduction of the first three aspects of both Departments has already been dealt with under simple reproduction.

We are concerned here with that part of the surplus which is to be recapitalised. For the same reasons as in the case of simple reproduction, if expanded reproduction is to occur it is clear that IBv must equal IIBc. The necessary exchange between the two Departments for expanded reproduction to occur can be demonstrated by combining the formula for exchange between the Departments for simple reproduction with this equation. Thus:

$$(Iv + IA + IBv) = (IIc + IIBc)$$

**In other words: the entire new variable capital of the first department and the part of the surplus value of the same department which falls to unproductive consumption must be equal to the new constant capital of the second department.<sup>6</sup>**

From this model of expanded reproduction it is obvious that the accumulation of capital is a self-expanding process which involves a growth in constant



capital, a growth in the consumption of the workers and a growth in the consumption of the capitalists. Thus,

*Commodity production creates its own market insofar as it is able to convert surplus value into new capital.<sup>7</sup>*

We shall see below that the self-expansion of capital is accompanied by the tendency for the rate of profit to fall which, in turn, places limits to capital's ability to "convert surplus-value into new capital".

### ***The Organic Composition of Capital and the Formation of an Average Rate of Profit***

We have seen how competition forces each capitalist to continually transform part of the surplus value into capital and how the accumulation of capital is thus a self-expanding process. But since the aim of every capitalist is to maximise profits (and therefore the amount of surplus value produced), he will cease to transform surplus value into capital if such an action, at a certain point, brings in less profit than previously and thus capital accumulation would cease.

To return to the increase in the amount of surplus value which an increase in profits implies. Such an increase means that workers will have to produce more surplus value and thus leads to an increase in the rate of exploitation  $s/v$  or in the rate of surplus value. There are two main ways in which capitalists can increase exploitation:

1. By lengthening the working day (absolute surplus value)
2. By reducing the exchange value of labour power — i.e. the length of time which the labourer has to work to produce enough value for his own subsistence (relative surplus value). This can be achieved

by a) cheaper food costs, and b) higher productivity.

An increase in the productivity of labour involves an increase in the volume of exchange value which the labourer can produce in a given time. Whilst on the one hand the social productivity of labour expresses itself in an increase in the mass of commodities, on the other hand, the value of any **single** commodity is lowered. A rise in the productivity of labour which involves the production of an increasing mass of commodities further implies development in the forces of production—improvements in machinery, introduction of more efficient techniques etc. which result in an increase in the ratio of constant to variable capital. Thus, although the actual number of workers may rise, this rise will not be in the same proportion as the increase in investment in new machinery etc. The increased proportion of constant capital in relation to variable capital is what Marx calls the rise in the 'organic composition' of capital ( $c/v$ ). It is the continuing rise in the organic composition of capital which leads to the tendency for the rate of profit to decline and which, in turn, places objective limits to the ability of capital to accumulate. The rate of profit itself can be symbolised as  $s/c+v$ , that is, it is the surplus value gained after allowing for the depreciation and replacement of constant capital plus the wages of the workers.

However, our analysis from the standpoint of the labour theory of value is concerned with the total social capital, and thus we are only secondarily concerned with the rate of profit in any particular firm or even branch of industry. What we are concerned with is the formation of an average, or general rate of profit, which tends to emerge as a result of competition and this law is in every way as important as that of the falling rate of profit for a comprehension



of the movement of capital.

In treating of commodity production in Volume I of *Capital*, Marx assumes that the price of a commodity equals its value, barring fluctuations of supply and demand, i.e.  $p = v$ . But in Volume III he argues that in general the more the industrial capital develops, the less prices of commodities tend to equal their values.

This 'deviation' of  $p$  from  $v$  seems to undermine value theory, but in fact it provides its firmest confirmation. Though individual prices always bear some relation to value, Marx's achievement in Volume III was to show that value equals price only at the level of the capitalist economy as a whole, i.e. total  $p = \text{total } v$ ; that:

*... the deviation of prices from values mutually balance one another... And in the same way the sum of all the prices of production of all commodities in society, is equal to the sum of all their values.<sup>8</sup>*

It is clear that, other things being equal, the value of a commodity with a high composition will be lower than that of a capital with a low composition, since less labour will be incorporated in it. Irrespective of this, competition forces each capital to sell at roughly equivalent prices; thus the capital of high composition sells above, and the one of low composition below, value. The effect of this is clear — a constant drain of value from low to high composition capitals.

It is easy enough to grasp this primitive example of equalisation within a single industry, but the tendency, (which to begin with is a local and then a national one,) eventually establishes itself on a global scale and to illustrate this we must turn to the rather more complex examples given by Marx in Volume III.

If every branch of industry were to sell its commodities at value certain consequences would follow. Those industries with a low capital component would make high profits, and those with a high capital component, low profits. However, capital would be attracted to the former, leading to a vast increase in output and a glutted market; similarly, labour would be able to push up its exchange value and thus provide a motive for its replacement by constant capital. The other industries would meanwhile be starved of capital, growth would slow down, output slacken and prices rise. At the end of this cycle the flight of capital would clearly be in the reverse direction to what it had been at the beginning. The outcome of all the capital movements and price fluctuations is the formation of an average rate of profit and the correct distribution of surplus value throughout the whole economy. To the capitalist this movement expresses itself as the fact that the market will take his goods priced, not at their 'value', but at their costs of production (cost price), plus the average going rate of profit. These prices are in no way arbitrary and independent of value relations,

*The overall fall or rise in the prices of production and the average rate of profit is caused by the changing value relations, and the changing value content of commodities in the course of the changing productivity of labour and the structural changes in the organic composition of total capital.<sup>9</sup>*

This can be illustrated with an abstract example of five spheres of production, with differing capital compositions and a constant rate of exploitation.



Capitals	Rate of surplus value	Surplus value	Rate of profit	Used up c	Value of commodities	Cost price
1. 80c+20v	100%	20	20%	50	90	70
2. 70c+30v	100%	30	30%	51	111	81
3. 60c+40v	100%	40	40%	51	131	91
4. 85c+15v	100%	15	15%	40	70	55
5. 95c+5v	100%	5	5%	10	20	15

The average composition of capital is 78c + 22v and the average rate of profit 22%. Thus prices will be formed in the following way:

Capitals	Surplus value	Value	Cost prices	Price	Rate of profit	Deviation of price from value
1. 80c+20v	20	90	70	92	22%	+2
2. 70c+30v	30	111	81	103	22%	-8
3. 60c+40v	40	131	91	113	22%	-18
4. 85c+15v	15	70	55	77	22%	+7
5. 95c+5v	5	20	15	37	22%	+17

This law means that capitals do not receive back at the end of the circulation process that part of total value created by them.

*(Capitals) do not secure the surplus-value and consequently the profit created in their own sphere by the production of these commodities, but only as much surplus-value and profit as falls to the share of every aliquot part of the total social capital... Every 100 of any invested capital, whatever may be its organic composition, draws as much profit during one year...as falls to the share of every 100 of total social capital during the same period.<sup>10</sup>*

This mechanism, then, involves a constant value flow to those industries which are most technologically advanced, and speeds the process of capital concentration within any national capital. But in

its drive towards the creation of a world market, and a globalisation of the capitalist mode of production, capital carries within itself the extension, the ever-widening of the equalisation of the rate of profit; sucking value from backward areas whose development is arrested by unequal exchange and hence snatching from them the bulk of the fruits of their primary accumulation.

In the sections which follow, we shall see how the tendency towards equalisation of profit rates, along with the tendential fall in the rate of profit, allows us to understand the salient features of capitalist development, both in its period of growth and in its period of decline. But we must always remember that,

*It is the nature of the rate of profit, and of economic laws in general, (that), none of them has any reality except as an approximation, tendency, average, and not as an immediate reality.<sup>11</sup>*



## *The Tendency for the Rate of Profit to Fall*

The accumulation of capital then, necessitates a rise in the organic composition of capital which in turn leads to the tendency for the rate of profit to fall.

*This is in every respect the most important law of modern political economy and the most essential for understanding the most difficult relations. It is the most important law from the scientific standpoint ... hence it is evident that the material productive power already present, worked out, existing in the form of fixed capital... that the productive forces brought about by the historical development of capitalism itself, when it reaches a certain point, suspend the self-realisation of capital instead of positing it.<sup>12</sup>*

To illustrate with an example using Henryk Grossman's figures,<sup>13</sup> assuming an organic composition of 1:1, with 30 constant and 30 variable capital and a rate of exploitation of 100%, then the rate of profit ( $s/c + v$ ) will be 50%.

*With an organic composition (5:1) say 250 constant and 50 variable capital, and the same rate of exploitation, the rate of profit will be 16.6%... both constant and variable capital is increased. Not only is the scale of production expanded, but the number of workers employed increased.<sup>14</sup>*

Nevertheless, the rate of profit has fallen and the rise in the organic composition of capital means that an increasingly larger part of the surplus value produced must be used for the purpose of increasing the ever

growing constant capital. To elaborate with another example using Grossman's figures,

*... by a composition of 200c - 100v - 100s (surplus value), the constant capital can (assuming the total surplus value to be used for accumulation) be increased by 50% of its original size. At a higher stage of capital accumulation, with considerably higher organic composition, e.g. 14,900c - 100v - 150s the **increased mass of surplus value is only sufficient, when used as additional capital (AC) for an increase of 1%.**<sup>15</sup>*

From this analysis it is clear that accumulation is limited by the fact that at a high stage of accumulation there will reach a point where the organic composition of total capital is so large and the rate of profit so small, that to enlarge on the existing constant capital would absorb **the whole** of the surplus value produced.<sup>16</sup> Moreover, as this crisis is approached, the portion of the value for distribution amongst the workers and the capitalists is also reduced, making a sharpened struggle for the maintenance of wage levels by the workers inevitable — as well as lay-offs and unemployment resulting from the lack of enough surplus value for additional accumulation of capital and inability to further develop the productive forces. Thus we find in the accumulation process itself the drive towards the collapse of the capitalist system. Historically this tendency to collapse has been manifested in the periodic crises of “over-production” of capital; crises which have been overcome by the devaluation of capital, greater capital concentration and centralisation involving the absorption of smaller capitals by larger enterprises; and eventually renewed accumulation with a higher organic



composition and a higher rate of exploitation. Nevertheless capitalism's history of periodic crises followed by renewed accumulation does not alter the tendential fall in the rate of profit and the long-term tendency to collapse.

***If the crisis is only an embryonic collapse, the final collapse of the capitalist system is nothing else but a crisis fully developed and unhindered by any counter-tendencies.<sup>17</sup>***

In reality the tendency for the rate of profit to fall generates various counter-tendencies which at first may successfully avert the fall, the major ones being:

a) Increasing the rate of exploitation, either by reducing the living standards of the workers or by a rise in productivity. We saw earlier that the growth in the organic composition of capital itself involves a rise in productivity and thus the rate of surplus value is increased which may provide a counter-tendency to the fall in the rate of profit.<sup>18</sup> In times of crisis capitalists can also increase surplus value by absolute increases in exploitation (wage reductions, longer hours etc.).

b) Lowering the cost of raw materials and hence cheapening the elements of constant capital and increasing the rate of surplus value proportionally. Similarly, cheaper foodstuffs, other things being equal, will lower the exchange value of labour power and hence the cost of production for the capitalist.

c) Foreign trade. By selling commodities above their value to capitals abroad with a lower organic composition, capitals of a relatively high organic composition can make extra-profits and thereby contribute to the counter-acting of the falling rate of profit.

Although such measures may

successfully offset the tendency for the rate of profit to decline over certain periods, in the long run they merely exacerbate the problem, since capital accumulation is accelerated and the organic composition is further increased, leaving the long-term tendency for the rate of profit to decline even more pronounced. Historically the gradual fall in the rate of profit has been resolved by economic crises as outlined above, followed by a renewed cycle of accumulation based on a more concentrated and centralised capital and a higher organic composition than previously. With every crisis the rate of profit established at the beginning of the cycle will tend to be lower than at the start of the previous cycle; the counter-tendencies to the falling rate of profit become inadequate after shorter and shorter periods and the crises themselves occur more frequently, each time with greater intensity. Moreover there are limits to the ability of the counter-tendencies to remain effective, even for short periods. Increased exploitation, for instance, is limited not only by the fact that workers have to live and cannot permanently be paid wages below subsistence level, but also by the combativity of the class itself as the class struggle intensifies with the deepening of the crisis. Thus,

*As the force of the counter-tendencies is stopped, the tendency of capitalist collapse is left in control. Then we have the permanent crisis, or the death crisis of capitalism. The only means left for the continued existence of capitalism is then the permanent, absolute and general pauperisation of the proletariat.<sup>19</sup>*

We shall see that "the force of the counter-tendencies is stopped" when accumulation has reached the point where capital is the



dominant mode of production on a world scale and when the law of value establishes

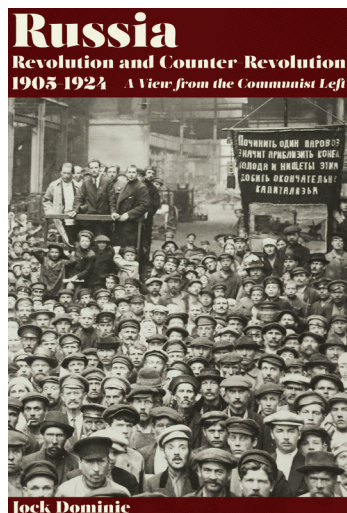
itself as a global law.

ER

### Notes

1. *The German Ideology* Karl Marx p.17 (Lawrence and Wishart)
2. *Capital Vol. II*, Marx p.37 (Lawrence and Wishart)
3. Preface to "A Contribution to the Critique of Political Economy" in Marx, *Early Writings*, p.426 (Pelican, 1975).
4. Marx, *Grundrisse* p.226 (Pelican). The precious metals have provided the most suitable material for money, being durable, a convenient size, of uniform physical quality and relatively scarce — i.e. they are not common property and are thus objects of production with an exchange value. Thus money is itself a commodity with an exchange value which can be expressed in terms of all other commodities.
5. Marx, *Capital Vol. I* p.147.
6. Bukharin, *Imperialism and the Accumulation of Capital*, p.159. (Merlin Press, 1972). See this work and its Appendix for a fuller explanation of expanded reproduction.
7. Paul Mattick, *Marx and Keynes* p.76 (Merlin Press 1969).
8. Marx, *Capital Vol. III* p.157.
9. Mattick, *op.cit.* p.46.

10. Marx, *op.cit.* p.158.
11. Engels to Schmidt in *Marx/Engels Correspondence*, p.553. (Progress Publishers, 1975.)
12. Marx, *Grundrisse* *op.cit.* pp.748-9.
13. Quoted in Mattick, 'The Permanent Crisis', in *International Council Correspondence*, November 1934.
14. *op.cit.* p.5.
15. *op.cit.* p.7.
16. For a further illustration of how this point is reached, see Grossman's model of capital accumulation reprinted in Appendix II below.
17. *op.cit.* p.9.
18. Although Marx assumed a constant rate of surplus value for the purpose of analysing the tendential fall in the rate of profit, he did not ignore the fact that, unlike other counter-tendencies, an increasing rate of surplus value is an integral part of the rise in the organic composition. On the contrary, Marx argues in *Volume III* of "*Capital*" (see for example, p.209 in the chapter "The Law as Such") that the rate of profit will fall in spite of a rise in the rate of surplus value.
19. *op.cit.* p.14.



## Russia: Revolution and Counter-Revolution 1905-1924 A View from the Communist Left

The "socialism" that eventually emerged from the 1917 Russian Revolution had nothing in common with the vision of Marx. This history explains how a genuine workers' movement from below degenerated into a new form of state capitalism. Its legacy remains the discovery of workers councils (soviets) as the basis for a new social organisation, alongside the need for a revolutionary programme to politically unite the class, against all the distortions of the various defenders of the existing order

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## 150 Years On: The Split in the First International

The Hague Congress of the International Workingmen's Association (a.k.a. the First International) took place in September 1872. After a tumultuous session, Bakunin was expelled by a majority vote and from then on, the red and black tendencies of the workers' movement went their separate ways.

Or so it is said. 150 years on from that event we can look back with fresh eyes at what exactly happened and at the disagreements which continue to divide revolutionaries to this day.

### *Bakunin and Marx*

Bakunin was born in 1814 to a liberal family of Russian nobility. He did a brief stint in the Russian army, only to desert and move to Moscow in 1836 with the intention of taking up philosophical studies. He became drawn to the ideas of Fichte and Hegel and befriended the likes of Alexander Herzen and Nikolay Ogarev, both of whom would play an important role in his later life. In 1840 he moved to Berlin, the homeland of German philosophy. Marx was born in 1818 to a liberal Jewish family. In 1835 he travelled to Bonn to likewise take up philosophical studies. Due to poor health Marx was spared military service, but his father transferred him to the University of Berlin in 1836. There Marx was also introduced to the ideas of Hegel and came under the influence of Bruno Bauer and Ludwig Feuerbach.

At the time Europe was undergoing a seismic shift. Industrialisation had uprooted old social structures, giving birth to new

movements and new ideas. It was in the background of such events as the 1825 Decembrist revolt in Russia, the 1830 revolutions in France and Belgium, the 1831 Polish uprising, the Canut (silk workers) revolts in France and Chartism in Britain, that the two young men gradually moved from the realm of philosophy to that of politics. Both made their first steps among the Young Hegelian circles of Berlin, both became acquaintances of Arnold Ruge, both published their first serious tracts in 1842 (Bakunin in Dresden, Marx in Cologne), and both faced their first persecution by state authorities in 1843 (with Bakunin leaving for Switzerland and Marx for France). Both were then introduced to the socialism of Wilhelm Weitling and Pierre-Joseph Proudhon and soon met them in person.

In Paris in 1844 Bakunin and Marx finally crossed paths. Bakunin would later recall:

*"I knew nothing at that time of political economy, I had not yet rid myself of my metaphysical aberrations, and my socialism was only instinctive. Although younger than I, he was already an atheist, a conscious materialist, and an informed socialist ... We saw each other often. I greatly respected him for his learning and for his passionate devotion ... There was never any frank intimacy between us – our temperaments did not permit it. He called me a sentimental idealist, and he was right; I called him vain, perfidious, and cunning, and I also was right." (Bakunin's manuscript as*



*quoted by James Guillaume, 1871)*

Marx, with the help of his new comrade Engels, was now making a clear political break with idealism and religion and beginning his study of capitalism. Bakunin's politics on the other hand remained strongly influenced by pan-Slavism – the idea that the Slavic nations should unite in a vast democratic federation – and hamstrung by idealist and religious conceptions. The same year that Bakunin made his Appeal to the Slavs, Marx and Engels published their Communist Manifesto.

The outbreak of the 1848 revolutions saw both revolutionaries as active participants of struggles across Europe, Bakunin in Paris, Prague and Dresden and Marx in Brussels, Paris and Cologne. While they all recognised the importance of revolution in Poland, their assessments of the movements in Europe differed significantly. Engels in particular harshly denounced Russia and the Austrian Slavic countries as the cradle of reaction and dismissed the national aspirations of the Czechs, Slovaks, Serbs, Croats and Ukrainians – what he called the “non-historic peoples”. It was also at this time that Marx received rumours from two different correspondents that Bakunin was a Russian spy, which he published in the *Neue Rheinische Zeitung*. Upon finding out these were untrue, Marx followed it up with a clarification, and defended Bakunin's name over the next few years, despite their public disagreements regarding pan-Slavism. Nevertheless, such baseless accusations against Bakunin were exploited by his political enemies in the future.

By the time the counter-revolution set in, both Marx and Bakunin had experienced expulsions and arrests. So when in 1849 Bakunin was captured by the Saxon authorities, it seemed as just another temporary setback. Instead, he would spend

the next twelve years transferred from prison to prison and country to country, enduring beatings and torture, multiple commuted death sentences, and finally exile. It was not until 1861 that he managed to escape from Siberia and make his way to Western Europe again, where he could resume his political development. Meanwhile in 1849, Marx managed to find refuge in London, where he settled, dedicating his time to the critique of political economy.

Years of imprisonment made Bakunin bitter, and he emerged an even more stringent pan-Slavist with a rekindled hatred for Germany. He reconnected with Herzen and Ogarev and threw himself into the Polish and Italian national liberation movements. When the 1863 uprising in partitioned Poland broke out, Bakunin volunteered his services, only to be rebuffed. He then tried to make his own way to join the uprising, but the expedition failed, as did the uprising itself – the Polish insurgents were isolated and crushed. These events delivered a blow to Bakunin's pan-Slavist hopes and finally made him reconsider his political ideas.

Meanwhile in London, the Polish uprising and the American Civil War served as the impetus for the founding of the First International in 1864. It was a process from which Bakunin, who was now planning his relocation to Italy, was absent. However, he and Marx briefly met in London:

*“[Bakunin] left today for Italy where he is living (Florence). I saw him yesterday for the first time in 16 years. I must say I liked him very much, more so than previously. With regard to the Polish movement, he said the Russian government had needed the movement to keep Russia itself quiet, but had not counted on anything like an 18-month struggle. They had thus provoked the*



*affair in Poland. Poland had been defeated by two things, the influence of Bonaparte and, secondly, the hesitation of the Polish aristocracy in openly and unambiguously proclaiming peasant socialism from the outset. From now on – after the collapse of the Polish affair – he [Bakunin] will only involve himself in the socialist movement. On the whole, he is one of the few people whom after 16 years I find to have moved forwards and not backwards.” (Marx to Engels, 4 November 1864)*

For the next few months, the two revolutionaries continued to correspond in friendly terms and exchanged documents of the First International and early drafts of Capital. Marx's influence within the First International grew, while in Italy, Bakunin began formulating a new doctrine, characterised by political abstentionism, anti-statism and federalism, which variously went under the names of revolutionary socialism, collectivism and anarchism. He initially looked for supporters among the radicalised followers of Giuseppe Garibaldi and the Freemasons, eventually founding a secret society, the International Revolutionary Association. The “catechisms” of that secret society sum up the ideas around which Bakunin attempted to reorganise revolutionaries in an international network. In 1867, he and some of his followers left for Switzerland, where they tried to influence the newly founded League of Peace and Freedom, a bourgeois pacifist organisation opposed to the rising hostilities between the Second French Empire and the Kingdom of Prussia. The First International also sent a few delegates (among them James Guillaume, who became Bakunin's close comrade), but only to point out, as Marx put it, that:

*“The [First International] was in itself a peace congress, as the union of the working classes of the different countries must ultimately make international wars impossible. If the promoters of the Geneva Peace Congress really understood the question at issue they ought to have joined the [First International].” (Marx, On the Attitude of The International Working Men's Association To the Congress of the League of Peace and Freedom, 1867)*

Bakunin was elected to the Central Committee of the League, although his attempts to influence its direction were futile – its bourgeois democratic character was quite clear from the outset. He did however win a few more followers, and together they left the League following the Bern Congress of 1868. They founded the International Alliance of Socialist Democracy, which now declared itself a branch of the First International. Bakunin wrote to Marx:

*“My dear friend, I understand more clearly than ever now how right you were to follow the great path of economic revolution, inviting us to go with you and condemning those of us who frittered away our energies in the by-paths of partly national and occasionally wholly political ventures. I am now doing what you have been doing for the last twenty years. Since my solemn and public breach with the bourgeoisie at the Bern Congress I know no other society and no other environment than the world of the workers. My Fatherland is now the International, to whose prominent founders you belong. You'll see therefore, my dear friend, that I am your pupil, and I am proud of it. So much for my attitude and my personal opinions.”*



(Bakunin to Marx, 22 December 1868)

It seemed like the two revolutionaries would now come together in one organisation, but the Alliance intended to preserve its autonomy with the ability to hold its own sessions at annual congresses. The First International could not permit *"the presence of a second international body operating within and outside"* itself (IWMA General Council, 22 December 1868). Marx and Engels were also very critical of the programme of the Alliance, particularly the fact it called for the "social equalisation of classes", not their abolition. Consequently the Alliance was asked to dissolve itself and have its members join their local sections of the International. Only on that basis did Bakunin and his followers finally join the First International in July 1869. Though, as it would emerge later, the Alliance did retain an informal organisation within the International.

### ***The First International***

The manner in which Bakunin first tried to join the First International aroused suspicion in Marx, and Bakunin's misguided connection with Sergey Nechayev, a Russian advocate of revolutionary terror who appeared in Switzerland in 1869, seemed only to confirm them. But before this came to light, Marx and Bakunin briefly joined forces to deliver a final blow to the Proudhonists who defended private ownership of land among peasants.

The First International was always an uneasy alliance of political tendencies that had influence over the working class movement at the time – among them followers of Proudhon, Blanqui, Lassalle, Marx and later Bakunin. From the very beginning Marx and Engels were engaged in a struggle for political clarity within the International, to give it an

orientation towards the self-emancipation of the working class. At the Geneva Congress (September 1866) only a minority of the German and Belgian delegates advocated communist ideas. At the Lausanne Congress (September 1867) their influence grew, and at the Brussels Congress (September 1868) they could finally pass motions which stated that mines, collieries, canals, railways, etc., should become common property. The French Proudhonists however still resisted socialisation of land. This was finally resolved at the Basel Congress (September 1869), with the support of Bakunin who backed the collectivist position.

There was now also general agreement on the importance of strikes and creation of trade societies. More surprisingly, Bakunin also supported a motion to extend the powers of the General Council so that it could suspend any section which acted against the principles of the International. Where disagreement between the Marxists and the Bakuninists did arise was over the question of the right of inheritance. For Bakunin, the abolition of the right of inheritance formed a key point of his programme for the Alliance, a prerequisite for social equality in the society of the future. For Marx, the whole question of the right of inheritance was a juridical distraction which would be resolved with the abolition of private property in the means of production (already approved by the International). Neither position received a clear majority and no decision was taken. Both Marx and Bakunin were relatively satisfied with the overall outcome of the Basel Congress, though the seeds of discord were planted.

This period was the height of the First International. The class struggle was advancing in Europe – ribbon-weavers, silk-dyers, buildings' trade and composers' strikes in Switzerland, puddlers' and miners'



strikes in Belgium, cotton-workers' and miners' strikes in France, miners' strikes in Wales. New adherents were being won to the cause. There were attempts at insurrections, like the one in Lyon in 1870, in which Bakunin was personally involved.

In 1871 this wave of discontent finally culminated in the Paris Commune, a revolutionary uprising which broke out in the aftermath of the long anticipated war between the Second French Empire and the Kingdom of Prussia. Though the International had only a marginal influence in Paris, Marx's coverage of the short-lived Commune became its most well-known public defence. In the eyes of the bourgeoisie, the Paris Commune became synonymous with the First International, and its members now endured repression. Though both Marx and Bakunin in different ways saw the Paris Commune as the confirmation of their programme, relations between the two revolutionaries had deteriorated in the meantime to the point that they now threatened to divide the International itself. A number of factors had led to this.

Towards the end of 1869, rumours began circulating again that Bakunin was a Russian spy. This accusation was likely revived by Sigismund Borkheim, and repeated by Wilhelm Liebknecht. According to Bakunin, his name was cleared during a court of honour at the Basel Congress. But the attacks on his person did not stop, as Moses Hess then published a hit piece in October 1869, claiming Bakunin intended to undermine the International and transfer the General Council from London to Geneva. Bakunin responded with an – unpublished – anti-Semitic tirade against “German Jews” who allegedly conspired against him (which even Herzen and Ogarev found excessive). Both out of respect and tactical consideration Bakunin spared Marx, though he incorrectly

assumed him to be the mastermind behind all these attacks. He did however confess he may shortly take up the struggle against Marx, not out of revenge, but for his alleged support for “state communism”.

The next controversy revolved around the Romande Federation, the Geneva section of the First International, where *L'Egalité*, edited by followers of Bakunin such as Paul Robin and Charles Perron, had made a number of complaints regarding the work of the General Council. In March 1870 the General Council circulated a response by Marx, which addressed the criticisms. However, Marx seemed to be under the incorrect impression that Bakunin was personally behind this, that having failed to influence the Basel Congress, he was now trying to discredit the General Council. Nikolai Utin, another Russian émigré with a vendetta against Bakunin, now sensed his chance and made a move to take over *L'Egalité* in the name of Marx. The section split, those in Geneva declaring themselves followers of Marx, those in Jura followers of Bakunin, and both claiming the Romande Federation name.

Finally, Bakunin's association with the aforementioned Nechayev had come to light in July 1870. Nechayev was a highly controversial figure: he claimed to be the representative of a clandestine revolutionary group with a presence all over Russia, which in fact did not exist, and he was responsible for compromising the safety of other revolutionaries in Russia and even murdering one of his ex-comrades. Nechayev also convinced Bakunin to give up his work on the Russian translation of *Capital* (Bakunin already having received an advance payment from the publishers) so that he could focus his attention on other endeavours. Bakunin's fondness for conspiracies blinded him to the scale of the deception and when he finally



distanced himself from Nechayev, it was already too late. The likes of Borkheim and Utin now had further ammunition to feed Marx's suspicions.

Prior to the London Conference of the First International in September 1871, there were attempts at conciliation. Robin, one of the critics of the General Council, was admitted to the General Council, while the Alliance in Geneva, without consulting Bakunin himself, declared itself dissolved. During the conference, Marx delivered a speech in which he criticised the Alliance for not actually having dissolved back in 1869 when it was asked to, and alleged that it existed as a secret society within the First International. He also argued that the Jura section should not use the name of the Romande Federation (though it could go under the name Jura Federation instead), and he singled out Guillaume for having published an appeal in violation of the International's statutes, for the creation of an army in support of France during the Franco-Prussian war. The London Conference reaffirmed previous declarations of the International: for the working class, the economic movement and political action are indissolubly united.

The Bakuninists saw the London Conference as an affront, and dissent was now growing across the International. In Switzerland, the Jura section held a conference of its own, where they agreed to adopt the name Jura Federation, though they resented having been told to do so. Guillaume then drew up a circular to all federations of the International, calling for a congress to be held as soon as possible, and denouncing the General Council for authoritarianism. In Belgium, a suggestion was made to abolish the General Council altogether, while in Spain, the Marxists around Paul Lafargue, Marx's son-in-law, were expelled from the

Madrid Federation. The General Council responded to these "internal squabbles" with the pamphlet *Fictitious Splits in the International*, drafted by Marx. In August 1872, the Italian section, under the influence of Bakunin's followers such as Errico Malatesta and Carlo Cafiero, broke with the General Council and began organising their own congress. The scene was now set for the final confrontation between the Marxists and the Bakuninists at the Hague Congress.

### *The Hague Congress*

The Hague Congress took place in September 1872. The first three days were taken up by formalities, discussing mandates, and the fourth day opened with the reading of a report from the General Council, condemning the persecution of internationalists in the wake of the Paris Commune. It was warmly welcomed by the 65 or so delegates. Among them were, for the first time, Marx and Engels. Bakunin was absent, but Guillaume represented the Bakuninists. The discussion then moved on to the role of the General Council in the International. A motion by Marx regarding the powers of the General Council was passed on the fifth day. The Congress then voted in favour of transferring the seat of the General Council from London to New York, a suggestion made by Engels aimed not just against the Bakuninists, but also English trade unionists and French Blanquists. A discussion on political action followed and continued into the sixth and last day of the Congress. Édouard Vaillant, one of the French Blanquists, put forward the motion for the "conquest of political power". It was passed but, ironically, without the French Blanquists in the room who were already so outraged at the decision to move the seat of the General Council to New York



that they had walked out and declared the International to have “collapsed”.

Last but not least, Theodore Cuno read out the report of a special committee of five tasked with investigating the Alliance. It advocated for the expulsion of Bakunin and his followers on the basis of their alleged membership in a secret group with “rules entirely opposed to those of the International”. The motion to expel the Swiss anarchist Adhémar Schwitzguébel did not pass, but Guillaume, who refused to defend himself, was expelled along with Bakunin. Among those voting in favour of their expulsion were not only Marx and Engels, but also veterans of the Paris Commune, Leó Frankel, Walery Antoni Wróblewski and Auguste Daniel Serraillier. For a number of reasons, it was an ugly finale to the proceedings. At least one of those on the committee investigating the Alliance later turned out to be a Bonapartist spy. And to strengthen the case against Bakunin, the special committee also accused him of theft and intimidation. This was in regard to Bakunin having received the advance to translate *Capital* but neither completing the project nor returning the money. It was however Nechayev, likely without Bakunin’s knowledge, who then threatened the publisher with violence.

### *After the Split*

For a few years after the Hague Congress, two Internationals were in existence. The First International in America managed only a meagre existence. Marx stepped away from it and, though his health was failing, focused his efforts on studying and advising the burgeoning social democratic movement in Germany. The Philadelphia Conference of 1876 formally disbanded the First International in America, those present setting up the foundations for the Socialist

Labor Party just a few days later. Meanwhile, immediately after the Hague Congress, and having rejected its resolutions, the anarchists regrouped in the St. Imier International. Bakunin, also in poor health, retired from public life in 1873. In his final years he fell out with both of his close comrades, Guillaume and Cafiero, and passed away in 1876. The St. Imier International made some inroads particularly in Italy and Spain, and for a while it led a much stronger existence than the First International in America, but having gone down the route of insurrectionism and individual acts of violence – so-called propaganda by the deed – it was now haemorrhaging members to social democracy, which based itself on the mass movement of the working class instead. The Verviers Congress of 1877 would be its last.

Contrary to popular belief, there were multiple attempts at reunification of the two tendencies. The first of these had taken place already in 1877 in Ghent. Among the delegates of this Universal Socialist Congress were Liebknecht, Fränkel, Guillaume and Kropotkin (a recent convert to anarchism who soon became its leading theoretician). While there was general agreement on the questions of collective property and industrial struggle, the old arguments re-emerged when the subject of the state, political parties, parliamentarism and propaganda by the deed came up. No concrete measures followed the Ghent Congress but it symbolised a change in the terms of debate, the erstwhile followers of Marx and Bakunin now having become social democrats and insurrectionists respectively. In 1881, the former met in Chur to start the long process of forming the Second International, the latter met in London to create the International Working People’s Association (a.k.a. the Black International). If social democracy based itself on the creation of mass working



class political parties on a national basis, the insurrectionists preached abstention and devoted themselves to violent direct action. By the time the Second International was founded, the Black International had disintegrated in the aftermath of the Haymarket massacre.

In the 1880s, despite various anti-socialist legislation, a mass international working class movement was coming into existence. Marx would only get to see its birth, as he passed away in 1883, not having completed his life's work. When the Second International held its first congress in 1889 it was attended by hundreds of delegates representing thousands of workers. It was accompanied by the conflict between the Possibilists, led by former anarchist turned reformist, Paul Brousse, and the Marxists, led by former anarchists turned social democrats, Jules Guesde and Lafargue (Engels, despite previous disagreements, lent the latter his support, but in general placed little hope in the congress and did not attend it). As such, there were actually two congresses in Paris. Nevertheless, the Second International was born and in remembrance of the Haymarket massacre a resolution was passed famously declaring May Day an annual international demonstration of labour in the fight for the eight-hour day. Over the next few years, current and former anarchists joined the social democratic parties and their trade unions, and the likes of Malatesta and Gustav Landauer naturally began to seek representation within the new International. However, at the Zürich Congress in 1893 an attempt was made to sideline the anarchists with the following resolution:

*"All Trade Unions shall be admitted to the Congress: also those Socialist Parties and Organisations*

*which recognise the necessity of the organisation of the workers and of political action. By 'political action' is meant that the working-class organisations seek, in as far as possible, to use or conquer political rights and the machinery of legislation for the furthering of the interests of the proletariat and the conquest of political power."* (Resolution of the Second International, 1893)

Even then, it left room for interpretation, and at the London Congress in 1896 the question was debated again. Malatesta argued that anti-parliamentarian socialists were still socialists, and he received the support of Ferdinand Domela Nieuwenhuis, William Morris, Tom Mann and Keir Hardie. The likes of Jean Jaurès and Henry Hyndman however were vehement in upholding the Zürich resolution. Liebknecht proposed a new resolution stating that only those parties and trade unions which recognise the necessity of legislative and parliamentary action will be invited to the next congress. It was passed and the expulsion of anarchists was now official. Ironically, the Second International, although Marxist in world view, would resemble a more federal form of organisation, consisting of powerful national sections with no central organisation (until 1900 when the International Socialist Bureau was established).

Between the 1890s and 1910s confrontations between labour and capital intensified. At the same time as social democracy, purged of the anarchists, was making its first electoral successes, revolutionary tendencies were growing within its parties and trade unions. The First World War opened up a new era, which once again changed the terms of debate, but the brief coming together of Marxists and anarchists in the



course of the Russian Revolution and in the Third International takes us beyond the scope of this article.

### ***Marxism and Anarchism***

So much for the history. Looking back at what drove Marx and Bakunin apart, it is impossible to put aside the grudges, misunderstandings and prejudices, as well as the negative influence of their followers. Nevertheless, there did exist real organisational, and behind them, political differences:

- Marx saw all economic struggles of the working class as inherently political, the only question being which ideas would take sway. As such, he urged workers to form their own independent political party, lest they fall under the influence of bourgeois ideology. Such a party should make use of the political freedoms available, elections, the right of assembly and association, and the freedom of the press. This would not only allow it to propagandise the socialist programme but would also provide workers with training and experience for the battles to come.
- Bakunin saw the working class as already socialist by virtue of their material conditions, even if unconsciously, and he considered politics to be the art of dominating the masses. As such, he urged abstention. Instead he thought all workers should combine in a single universal association in which autonomy of sections would be guaranteed. Socialists would form a minority within such an

organisation and would have to work together, even if in secrecy, to propagandise the socialist programme.

Marx accepted that the First International, as an organisation, might become obsolete with the development of the class struggle, whereas for Bakunin the First International was the embryo of the future society. Bakunin, although initially approving of the increase in powers of the General Council, came to the conclusion that it should be reduced to a simple correspondence and statistics bureau between autonomous sections. Marx, who saw the General Council as a means to centralise action towards a common goal, responded that he would rather vote for the abolition of the General Council than for a General Council which would only be a letter-box. These were their different basic approaches and they were incompatible. They were soon vulgarised into a conflict between “centralists” and “federalists” (a distinction that Engels publicly rejected) – throughout their lives both Marx and Bakunin applied different tactics depending on the concrete situation. There were times when, for example, Marx was a member of a secret society (the Communist League), or when Bakunin advocated standing in elections and making tactical alliances with bourgeois parties (in his letters to Carlo Gambuzzi and Celso Cerretti). Likewise, both Marx and Bakunin at various times accused each other of authoritarianism, on behalf of the General Council or the Alliance respectively.

Divergent national perspectives provide some context. For Marx, centralisation (of the state, capital, means of production, property, population) was a historical tendency that was sweeping away the remains of feudalism and creating the basis for a



working class movement, like in Germany. Bakunin defended the federation of individuals, associations, communes, districts, and provinces against capitalist encroachment, as he wanted to stop this process from playing out in Russia. Marx was not however a blind apologist for “progress”, and once he began studying the conditions of Russia, he theorised that the peasant commune could become the point of departure for communist development (but only in connection with the fall of Tsarism and the victory of the industrial proletariat in Western Europe). Nevertheless, it was no accident that Marx’s ideas found their stronghold in industrialised Western Europe and Bakunin’s in rural Southern Europe where capitalism had hardly gained a foothold. As Engels explained:

*“Bakunin has a peculiar theory of his own, a medley of Proudhonism and communism, the chief point of which is in the first place that he does not regard capital, and therefore the class contradiction between capitalists and wage earners which has arisen through social development, as the main evil to be abolished— instead he regards the state as the main evil. While the great mass of the Social-Democratic workers hold our view that state power is nothing more than the organisation with which the ruling classes, landlords and capitalists have provided themselves in order to protect their social prerogatives, Bakunin maintains that it is the state which has created capital, that the capitalist has his capital only by favour of the state. As, therefore, the state is the chief evil, it is above all the state which must be done away with and then capitalism will go to hell of itself.”*  
(Engels to Theodore Cuno, 24 January

1872)

It was the allegation that Marx was a “statist” and Bakunin “anti-statist” that played the most into creating the modern-day divide between Marxism and anarchism. Marx, even at the height of his conflict with Bakunin, was keen to stress that:

*“All socialists see anarchy as the following program: Once the aim of the proletarian movement – i.e., abolition of classes – is attained, the power of the state, which serves to keep the great majority of producers in bondage to a very small exploiter minority, disappears, and the functions of government become simple administrative functions.”* (Marx and Engels, *Fictitious Splits in the International*, 1872)

A lot of Bakunin’s attacks were in reality aimed at elements within German social democracy, not Marx. With the benefit of hindsight, we could say that Marx should have done more to publicly distance himself from the “state communists” that Bakunin lumped him with. As it stands, most of Marx’s critiques of various aspects of German social democracy are confined to personal letters and documents which were only published posthumously, and as such unavailable to Bakunin.

However, Bakunin also opposed the concept of the dictatorship of the proletariat which, of course, we do find in Marx. Much ado has been made about this, but two points in particular demonstrate that, despite Bakunin’s assertions, the Marxist understanding of the dictatorship of the proletariat had nothing to do with the “people’s state” of Lassalle, let alone Bismarck:



- For Marx and Engels the dictatorship of the proletariat meant the conquest of political power and the transition to the abolition of all classes. They did not make blueprints for how that may come about, though after the experience of the 1848 revolutions they already realised it would have to involve the breaking up of the old state machinery. The only example that Marx and Engels could give of a real life establishment of a workers' government, of the conquest of political power, of the dictatorship of the proletariat, was the Paris Commune – *"the political form at last discovered under which to work out the economical emancipation of labour"* (Marx, *The Civil War in France*, 1871).
- At the same time, Marx and Engels made a distinction between the dictatorship of the entire revolutionary class, which they advocated, as opposed to the dictatorship of a *"small minority that has made the revolution, and who are themselves previously organised under the dictatorship of one or several individuals"*, the position of the Blanquists (Engels, *The Program of the Blanquist Fugitives from the Paris Commune*, 1874).

As was already pointed out, the First International was always an uneasy alliance of political tendencies. In theory, there is no reason why Marx, Bakunin and their followers could not have co-existed within it, next to the medley of Proudhonists, Blanquists, Lassalleans and others. But, split or no split, the era of the First International had passed. In their private letters, Marx

and soon Bakunin recognised this. It would take years for the working class movement to recover from the repressions that followed the Paris Commune. But when it did, it emerged in a different world. The so-called second industrial revolution which began in the 1870s accelerated the growth of a global working class. The centre of gravity of the workers' movement shifted from France to Germany. In the capitalist metropolises, the era of barricades was coming to an end, and the era of the mass strike was beginning.

### *150 Years On*

Since the days of the First International, anarchism has splintered into many more tendencies, often expressing contradictory positions. Some have abandoned revolutionary perspectives altogether, by taking sides in imperialist conflicts or giving up on the working class as the revolutionary subject. Others, like Bakunin himself, have accepted Marx's critique of capitalism (if not the whole of his materialist method). What still unites us communists with certain anarchists remains the aim of the self-emancipation of the working class and the creation of a stateless society. The positions that communists uphold today are derived from the study of the development of capitalism and from the experience of past workers' struggles. They are not carved in stone, but are the product of a continuous process of reflection. Marx gave the working class movement the much-needed materialist grounding, but it does not mean that every tactic he espoused in the early days of capitalism is still applicable to today. So what relevance, if any, does the conflict between Marx and Bakunin have 150 years on?

Capitalism has (so far) weathered the storms of crisis, war and revolution. It is now a global system, in the throes of its



latest cycle of accumulation. It has more or less eliminated the peasantry as a class in its heartlands, imposed wage labour on the great majority of the world's population, and developed the means of production to the point that a socialist alternative is viable. The state machinery has expanded, finance capital dominates, and the start of new cycles of accumulation is now impossible without massive devaluation of capital through the mass destruction of global war. Imperialist competition and environmental degradation is threatening life on earth. In this admittedly bleak context, national perspectives are inadequate. The different conclusions that Marx and Bakunin reached regarding the national development of Germany and Russia have been resolved, in their own way, by history. Capitalism reigns supreme in both countries and furthermore they have become contending imperialist powers. The possibility of using parliaments as a revolutionary tribune, let alone as a means to gradually conquer power, has likewise been exhausted. Modern day democracy is only a fig leaf behind which lies the dictatorship of capital with organised repression and a vast propaganda machine at its disposal. Today, mass parties and trade unions serve to integrate the working class into the state. The true synthesis of authority and freedom rests in the workers' councils, a revolutionary alternative to the capitalist state, discovered by the working class in 1905.

As such, internationalism, anti-parliamentarism, self-organisation of the class struggle, and the rule of workers' councils, all serve as potential points of rapprochement. The key differences which remain – such as the necessity for an international political organisation united round a clear programme to act as a political compass, or the unavoidable transitional phase to communism where the workers'

councils must hold exclusive power – cannot be settled through sheer will and appeals to unity which, as history confirms, simply throw up the same differences again in much more acute opposition. In this light we can see that the split and end of the First International was a setback for the young working class movement. It was not however the disaster that were the failings of the Second International (which, corroded by reformism, collapsed in the face of imperialist war) or the Third International (which ended up as the foreign policy arm of a new imperialist state that emerged from the defeat of the Russian and international revolution in the 1920s). The state capitalist heirs of both remain opponents of real proletarian emancipation but we remain committed to the creation of a future international, which will unite revolutionaries based not purely on self-ascribed labels, behind which all kinds of confusion and deception can hide, but on agreement on a common programme which reflects the situation of wage workers everywhere in a decrepit capitalist system that has nothing progressive to offer anyone. We do not claim to have all the answers and we are always open to dialogue over our own platform which we believe encompasses crucial lessons learnt from the tortuous history of class struggle, economic crises, war and revolution which have settled political questions that were still open in Bakunin and Marx's day.

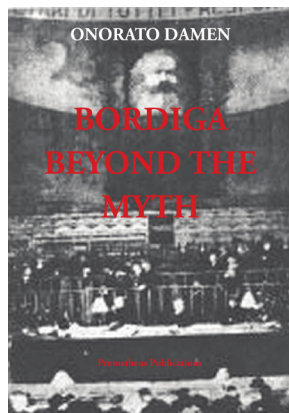
At this crucial historical juncture, when every day that capitalism continues to survive is a threat to the very existence of humanity, we call on all who see themselves as anarchists devoted to the class struggle to reconsider how things have changed on that long road towards the self-emancipation of the working class since 150 years ago.

*Dyjbas  
June 2022*



### Some Further Reading:

1. ICT Platform <https://www.leftcom.org/en/node/36775>
2. On the Future International <https://www.leftcom.org/en/articles/2018-06-22/on-the-future-international>
3. Karl Marx: The Story of His Life (1918) by Franz Mehring
4. History of The First International (1928) by Yuri Steklov
5. Michael Bakunin (1937) by Edward Hallett Carr
6. A History of Socialist Thought, Volume II: Marxism & Anarchism 1850-1890 (1954) by George Douglas Howard Cole



### Bordiga Beyond the Myth

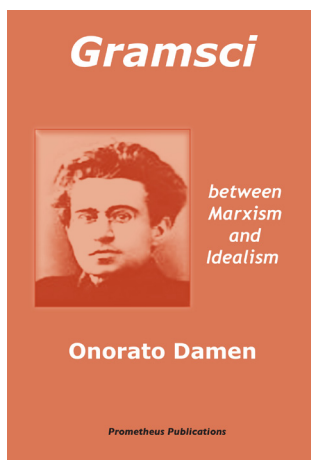
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# *The Internationalist Communist Tendency*

**UK:** The Communist Workers' Organisation

produces *Revolutionary Perspectives* (a six monthly magazine) and *Aurora* (an agitational paper)

BM CWO, London WC1N 3XX

**Italy:** Il Partito Comunista Internazionalista

produces *Battaglia Comunista* (a monthly paper) and *Prometeo* (a quarterly theoretical journal)

CP 1753, 20101, Milano, Italy

**USA:** The Internationalist Workers Group

IWG, P.O. Box 14485, Madison, WI 53708

**Germany:** Gruppe Internationalistischer KommunistInnen

produces *Socialismus oder Barbarei* and *Germinal*

de@leftcom.org

**France:** *Bilan & Perspectives*

produces a journal of the same name

ABC-LIV, 118-130 Av. J. Jaures, 75171 Paris Cedex 19

**Canada:** Klasbatalo

produces *Mutiny/Mutinerie*, a broadsheet in English and French

www.facebook.com/Klasbatalocollective klasbatalocollective@gmail.com

## *Our Books*

### **Bordiga Beyond the Myth**

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### **Russia: Revolution and Counter-Revolution 1905-1924**

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*The “socialism” that eventually emerged from the 1917 Russian Revolution had nothing in common with the vision of Marx. This history explains how a genuine workers' movement from below degenerated into a new form of state capitalism. Its legacy remains the discovery of workers councils (soviets) as the basis for a new social organisation, alongside the need for a revolutionary programme to politically unite the class, against all the distortions of the various defenders of the existing order.*



# About the Communist Workers' Organisation

The Communist Workers' Organisation is part of the Internationalist Communist Tendency which was inspired by the Internationalist Communist Party (Battaglia Comunista). Formed during the Second World War in 1943, the PCInt. condemned both sides as imperialist. Its roots go back to the Italian Communist Left which had fought the degeneration of the Communist International and the Stalinisation imposed on all its member parties. Today there are ICT affiliates in several countries.

We are internationalists. We believe that the interests of the exploited are the same all over the world, and that communism cannot be achieved in one country, a myth peddled by Stalinism. Stalinism was never communism but a particular form of capitalism, state capitalism. After 1917 the economic blockade of the Soviet Union and the failure of the world revolution in the West meant that the revolution was transformed into its opposite, eventually becoming an imperialist bloc that would collapse after only seventy years. We are opposed to all (Trotskyists, Maoists) claims that state capitalism in whatever form is socialism.

We aim to be a political reference point for the working class, first of all for those who are tired of the unions, all unions. This does not mean giving up on the fight to defend immediate interests (wages, hours, work rates, etc.). But the

unions are now a tool to control the class struggle and manage the labour force on behalf of capital. Today, any 'self-organised struggle', has to go outside of and against the unions. However, rank and file unions are a blunt instrument for workers. Even when they win a particular battle if they settle into a permanent existence they must accept the legal and economic framework imposed by the state. Any attempt to maintain a permanent body to defend workers' immediate economic interests will fail.

The only permanent body the working class can establish today is the political organisation, which is not only possible but essential. The starting point for this must be recognising that the general interest of the class lies in getting rid of capitalism. This is only possible through a revolution, i.e. the overthrow of the existing state and establishment of a new form of political power by the proletariat. The road to revolution does not mean the futile attempt to win control of the existing state via elections to parliaments or local governments which are means for the capitalist class to exercise its rule. History has shown us that the forum of our "democracy", the bodies of power of the revolution, will be the workers' councils, (or soviets) – mass meetings in which delegates will be entrusted with specific mandates and will be recallable at any time. But these potentially revolutionary organisations will be undermined by capitalist forces from within if they do not have a clear programme aimed







## Our Pamphlets

- The Platform of the Internationalist Communist Tendency** £1  
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- 1921: Beginning of the Counter-Revolution?** £1  
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