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## **ANTONIO GRAMSCI**



## **— MYTH AND REALITY**

**Plus: The Permanent Crisis : The Historic Course**



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# HENRYK GROSSMAN'S "THE PERMANENT CRISIS"

by PAUL MATTICK

## Introduction

The following article was originally published in November 1934 in the journal "International Council Correspondence" edited by Paul Mattick. As its name suggests the group around the I.C.C. drew an anti-party message from the experience of the Russian Revolution and rejected the necessity for a political party to lead the future revolutionary struggle of the working class. But in other respects the I.C.C. helped to keep revolutionary Marxism alive through the worst years of the counter-revolution, for example in their opposition to the Second World War. In the field of economic theory they continued the debates on economic crisis and collapse which had begun in the Second international before the First World War.

Henryk Grossman had been one of the early members of the Frankfurt Institute, founded to promote "Marxist scholarship" in conjunction with the Marx-Engels Institute in Moscow. By 1934 his views were out of favour and the Institute no longer published his work. During his time there Grossman concerned himself with a problem that had dogged European Marxists, especially in Germany and Austria, since the turn of the century. If, as was axiomatic for Marx, capitalism is not an eternal mode of production but a historically transient system whose process of self-expansion is the basis for the development of the productive forces and, at the same time, the barrier to their further development at a certain point ("The real barrier of capitalist production is CAPITAL ITSELF" Marx CAPITAL Vol III p.250) what was the motive force and therefore the barrier to this self-expansion?

The origin of this debate lay in the struggle against Revisionism of one form or another as the Social democratic parties began to accommodate themselves within capitalism. While Bernstein may more accurately be called a rejector of Marxism - choosing to discard the labour theory of value and historical materialism whilst claiming that Marx's theory of "automatic and mechanical breakdown" had been disproven by the facts - a more insidious attack came from the SPD's acknowledged leading Marxist theoretician, Kautsky. In the wake of the Great Depression (1873-95) which ended, not with capitalism's collapse but a new period of prosperity and expansion, Kautsky abandoned his previous view, outlined in "The Economic Doctrines of Karl Marx" where he had presented a mechanistic portrait of capitalist crises recurring with ever-increasing intensity until at last capitalist production was no longer possible. In his 'official' response to Bernstein he countered empirical objections to the breakdown of capitalism by arguing that "a distinct collapse theory was never established by Marx and Engels"(1) At this point, however, he still argued that the "capitalist mode of production becomes impossible ... as soon as overproduction becomes chronic".(2) By 1902 he was arguing that even though capitalism was heading for a state of "chronic depression" "the continued existence of capitalist production remains possible, of course..."(3)

Kautsky's attempt to defend Marxism by refuting the notion, previously held by him, of mechanical collapse and automatic social revolution eventually

led him to completely abandon the perspective of socialism being established by the proletariat assaulting the capitalist state in a revolutionary situation opened up by economic crisis. Instead of a mechanical link between capitalism's economic crises and the dawn of socialism there was no link at all. In fact rather the opposite. As the boom which accompanied early twentieth century capitalism's imperialist expansion got further under way Kautsky theorised that the best prospects for socialism existed in periods of prosperity and capitalist expansion. In these periods the working class could build up its position democratically whereas in periods of economic crisis its position was weakened (e.g. by unemployment). Long before Kautsky abandoned breakdown theory altogether his interpretation of Marxism led him to deny that the imperialist imperative which finally resulted in the First World War was an inherent part of capitalism's accumulation dynamic. While the portents of war grew Kautsky speculated on the possibility of a peaceful ultra-imperialist stage of international capital and during the First World War he refused to take up a revolutionary opposition. Instead of recognising the "process of annihilation of both labour and capital" which the war brought with it as a sign of the historical bankruptcy of capitalism and the need for a revolutionary response from the proletariat Kautsky lost any claim he had to be a Marxist and called for peace so that capitalism would not be destroyed and the working class could carry on its struggle as it had done before the War.

Marxism was not only being undermined from within. Bourgeois economists were also attacking their own version of Marxist economics to show that capitalism would go on accumulating for ever (e.g. Bohm-Bawerk's "Karl Marx and the Close of his System"). In 1904 Hilferding made a serious challenge to the claim that bourgeois marginalism could throw any light on problems concerning Marxist political economy. This was followed by "Finance Capital" in 1910, the first attempt to move away from the sphere of the directly observable and 'purely economic' to the development of an overall analysis of the "latest phase of capitalist development" on the basis of Marxist economics. Hilferding based his analysis of the role of finance (i.e. banking) capital on capital's attempts to extract higher than average profits. In effect his study was an attempt to explain the economic impetus of imperialism of which finance capital and monopolies were an integral part. Hilferding was not particularly concerned with the 'breakdown controversy'. In "Finance Capital" he acknowledged that cyclical crises would continue

but he limited these to the strictly industrial sphere (as a result of the disproportionality between the two departments of production) and did not envisage a wider crisis of finance capital as a whole. Although he had taken the drive for higher profits as his starting point Hilferding did not pose a theoretical economic limit to finance capital's expansion. For him the real threat to capitalism would come from the proletariat's opposition to imperialism but the material basis of this was not spelled out.

"Finance Capital" was influential in the development of a Marxist understanding of imperialism. In particular Lenin acknowledges his debt to Hilferding in his "Imperialism, the Highest Stage of Capitalism". Like Hilferding Lenin was not so preoccupied with the 'breakdown controversy'. Though he was scathing about the Revisionists arguments that capitalism's crises were a thing of the past in "Imperialism..." he did not see the need to reiterate:

"That capitalism is heading for a breakdown in the sense both of individual political and economic crises and of the complete collapse of the entire capitalist system ..." (4)

Rather Lenin was concerned to show that imperialism was an historical stage in capitalism's development springing from capitalism's search for higher profits and a "direct continuation of the fundamental characteristics of capitalism in general" (SW I p.699) He was not so much seeking to establish the absolute limits to capital accumulation as to show that capitalism had entered its historical period of decay where the material foundations for a higher mode of production had already been brought into being. Imperialism represents moribund capitalism but

"It would be a mistake to believe that this tendency to decay precludes the rapid growth of capitalism it does not" (SW I p.728)

This analysis provided the material basis for his thesis that the task of the proletariat was to work directly for the socialist revolution. Lenin recognised that the decaying shell of capitalism had to be removed rather than wait for socialism to emerge automatically out of its collapse.

For Lenin the question of imperialism had not been posed in terms of the 'breakdown controversy' but for Luxemburg fighting for Marxism inside German Social Democracy any analysis of imperialism had to provide theoretical support for "the cornerstone of

scientific socialism", "the affirmation that capitalism as a result of its own inner contradictions, moves toward a point when it will simply become impossible" ("Reform or Revolution"). "The Accumulation of Capital" and the "Anticritique" which followed it provided a powerful critique of the opponents of the theory of capitalist breakdown from which Luxemburg elaborated her own interpretation of Marx's theory of accumulation and capitalism's tendency towards collapse.

Much of the controversy had revolved around Marx's reproduction schemas in Vol II of "Capital". These were designed to illustrate that capital accumulation, i.e. expanded reproduction and the reproduction of capitalist relations as a whole is a process which is integral to the capital - wage labour relationship. This is the significance of Marx's model depicting the necessary exchange which must take place between the two departments of production (of producer goods and consumer goods). It neither 'proves' that capital can go on smoothly accumulating for ever (as Tugan-Baranowsky argued) nor did Marx claim crises of disproportionality between the two departments (though he acknowledged that they existed and were responsible for temporary crises) as the source of the internal limits of the capitalist mode of production. Instead of turning to Vol III where Marx deals with the capital accumulation as a whole and quite plainly points to the falling rate of profit as both "the fundamental premise and driving force of accumulation" and a barrier which "testifies to the limitations and to the merely historical, transitory character of the capitalist mode of production (Vol III pp 259 and 242 respectively), Luxemburg dismissed the falling rate of profit with the famous quotation that "there is still some time to pass before capitalism collapses because of the falling rate of profit, roughly until the sun burns out" ("Accumulation of Capital" pp76-7). In many ways Luxemburg accepted the arguments and terms of reference of the critics. Much had been made of the counter-tendencies evoked by the falling rate of profit to support the claim that the fall was a mere tendency which would never be realised. Luxemburg, perhaps seeking for absolute limits to capital accumulation, accepted this and turned to the question of the realisation of capital as the source of the limitation to capital accumulation. Despite acknowledging that Marx's schema in Vol. II represented "the conditions of accumulation ... (which) ... are no more than those without which there can be no accumulation"(op. cit p.131) she herself went on to argue that Marx's calculations were erroneous, that the surplus value could not be realised according to his model and therefore that

an alternative answer to the realisation problem - which Luxemburg equated with the problem of expanded reproduction - had to be found. This alternative she elaborated in "The Accumulation of Capital" where she argued that:

"Accumulation is more than an internal relationship between the branches of the capitalist economy, it is primarily a relationship between capital and a non-capitalist environment."(AC p.417)

From this premise Luxemburg developed a theory of accumulation and imperialism which led her outside the labour theory of value. Instead of the capitalist forces of production coming into conflict with its own relations of production Luxemburg presents us with a scenario of capitalism's collapse stemming from its having destroyed non-capitalist forms of production.

"Only the continuous and progressive disintegration of non-capitalist organisations makes accumulation of capital possible. ... Its ultimate aim is ... to establish the exclusive and universal domination of capitalist production"(ibid)

but:

"Just as soon as reality begins to correspond to Marx's diagram of production (i.e. when the world is composed exclusively of capitalists and wage labourers, ed.) the end of accumulation is in sight, it has reached its limits ... the development of the productive forces is arrested, and the collapse of capitalism follows inevitably, as an objective historical necessity." (AC pp 416-417)

To Luxemburg's credit she did not say that socialism would arise automatically from capitalism's collapse nor did she argue that the proletariat should wait for that collapse before making the revolution. The fact remains, though, that her theory did nothing to revive Marx's own theory of accumulation based on the law of the falling rate of profit and does not explain how capitalism has continued to accumulate since the 1st World War.(6)

Contemporary attempts to defend Marx against Luxemburg tended to dwell on the Volume II debate. One such was Otto Bauer, an Austrian Social Democrat who accepted Luxemburg's criticisms of the "arbitrariness" of Marx's reproduction schema and proceeded to replace the original table with his own. On the basis of this new set of figures Bauer constructed a peculiar version of crises arising



from disproportionality - not between the two departments of production but between the accumulation of variable capital and population growth. Bauer's unique theory led to a familiar conclusion: capitalism's crises were no more than a means for restoring a temporary imbalance so that accumulation may continue. Luxemburg had a field-day attacking the absurdities of Bauer's population theory (in the "AntiCritique") and Bauer's tables would have been relegated to the dustbin of history if Grossman had not used them to illustrate the effect of the falling rate of profit in his "Law of Accumulation and Collapse in the Capitalist System" (1929).

With the publication of this work the 'breakdown controversy' was at last returned to the sphere indicated by Marx: that of production of surplus value and the capital-labour relationship. Grossman used Bauer's figures as the axis for his own model of the accumulation process in order to disprove the thesis that there were no intrinsic limits to capital accumulation. He did this, not on the basis of disproportionality arguments nor the exhaustion of non-capitalist markets but in terms of the fall in the rate of profit which accompanies the rise in the organic composition, itself an intrinsic part of accumulation. We need not go into the details of the argument here which is explained clearly in the text and has been dealt with before many times in IBRP publications. As far as Grossman's table is concerned, it clearly shows that capital accumulation IN THE ABSTRACT leads eventually to a dearth of surplus value in relation to the requirements for a new cycle of accumulation.(7) But, as the text emphasises, capitalism in the abstract is not capitalist reality. In reality capitalism generates a series of counter-tendencies to the falling rate of profit whose effect, Marx explained, is to turn the fall into a tendency rather than an absolute law. Many theorists (including Luxemburg) have understood this to mean that since the falling rate of profit is 'only' a tendency the limits to capital accumulation cannot be found here. But it is a vulgar kind of Marxism which seeks assurances in an absolute and automatic limit to capitalism. The validity or otherwise of Marxist theory must be sought, not in its ability to predict the exact date and time of capitalism's collapse, but in the strength of its explanations of present-day reality: not just in an immediate sense but in terms of the overall historical development of the capitalist world economy.

The text below ties together Marx's abstract analysis of how "the same forces which at first made the rise of capitalism possible at a certain

phase of accumulation lead to over-accumulation and its consequences" with an examination of the pre-war crisis which followed the 1929 Wall St. crash.

The reader will recognise essential similarities between today's crisis and that described below. The article tells us, for example, that a characteristic feature of crisis under monopoly capitalism is that productive machinery lies idle without being destroyed. Today in the U.S., the world's most powerful state, a recent report states that only rarely is there more than 60% utilisation of plant(8), unemployment world-wide has reached massive levels as a result of industrial restructuring which has not solved capitalism's 'growth' problem; the division of profits between industrial and banking capital "in favour of the latter" has led to colossal international debts with the unprecedented amounts owed by the "debtor countries who can't pay their debts" only surpassed by the extend of debt piled up by the world's largest creditor: the U.S.(9) In this last respect and others the manifestations of crisis differ from the Thirties. Indeed, it would be foolish to expect an exact repetition of history, especially since the whole of the economic mechanisms set up at the end of the 2nd World War were designed to avoid what the bourgeoisie fears most: a repetition of 1929 and the trade wars which followed.(10) But these mechanisms which are helping to prolong the crisis only spell more serious problems for capital in future. As Engels wrote during the Great Depression:

"... every factor which works against a repetition of the old crisis carries within itself the germ of a far more powerful future crisis." (footnote in Vol III of Capital, p.489)

And the more powerful crisis which lies ahead can only be resolved by capitalism in world war. This, if anything, represents the point of capitalism's collapse. But, as history shows, capitalism has survived two world wars. The text explains the economic function of war for modern capitalism, not simply in terms of predators fighting over the spoils, but as the means of devaluing capital and reducing the organic composition to the extent necessary for a further round of accumulation to begin.(12)

The text is by no means definitive. It does not deal with all the problematical areas today's Marxists have to confront, but its significance is not just as an historical document. It provides an outline of how Marxist economics can be utilised to explain the reality of capital accumulation today

without having to produce a theory of breakdown which is separate from Marx's own explanation of accumulation.

For those of us who are engaged in laying the basis for a revival of revolutionary Marxism we present this article to our readers as it was presented by International Council Correspondence over fifty years ago: "For theory and discussion."

#### FOOTNOTES TO THE INTRODUCTION

(1) Quoted in F.R.Hansen "The Breakdown of Capitalism" p.46

(2) Quoted in P. Mattick "Economic Crisis and Crisis Theory" p.80

(3) Hansen op. cit. p.46-7

(4) "Marxism and Revisionism" Lenin (SEL WKS) p.53

(5) "Imperialism, the Highest Stage of Capitalism" ibid p.53

(6) For a more detailed critique of Luxemburg's accumulation theory see "The Accumulation of Contradictions, or the Economic Consequences of Rosa Luxemburg" in 'Revolutionary Perspectives' 6

(7) Grossman's table, for example, can be found in "The Economic Foundations of Capitalist Decadence", originally published in 'Revolutionary

Perspectives' in 1974. This text, along with 'Money, Credit and Crisis' is still available in pamphlet form from the CWO.

(8) Quoted from 'Le Monde Diplomatique' in 'Ancora previsioni di recessione' 'Battaglia Comunista' 3,1987

(9) The OECD has calculated that on a PER CAPITA basis U.S. debt is 75 times that of the '3rd World'

(10) See "1945: New Imperialist World Order in WV 25 and 26 for an analysis of these mechanisms and the strains imposed on them by the present crisis.

(11) The economic function of war was also understood by Bukharin in his "Imperialism and World Economy" (1915) and "Economics of the Transformation Period" (1920). Neither of these works is directly related to the breakdown debate but "Imperialism" in particular is an all-embracing study of imperialism arising from the "race for higher rates of profit". In both these works Bukharin points out that war serves the same function as previous industrial crises "differing from the latter only by a greater intensity of social convulsions and devastation" (IWEp.148) but "in the last analysis, every crisis expands the frame of further development of the capitalist system. The same is the case with war." (ETPp.47)

## The Permanent Crisis

According to Marx, the development of the productive forces of society is the motive power of historical development. In acquiring new productive forces men change their mode of production and in changing their mode of production, their manner of gaining a living, they change all their social relations. The transformation of the spinning wheel, the hand loom and blacksmiths sledge into the self tending mule, the power loom and the steam hammer was not only accompanied by a change of the small individual shops of the craftsmen into huge industrial plants employing thousands of workers, but also resulted in the social overturn from feudalism to capitalism: ie not merely a material revolution, but also a cultural revolution.

Capitalism as an economic system had the historic mission of developing the productive forces of society to a much greater extent than was possible under any previous system. The motive force in the development of the productive forces in capitalism is the race for profit. But for that very reason this process of development can continue only as long as it is profitable. Capital

becomes a barrier to the continued development of the productive forces as soon as that development comes into conflict with the necessity of profit.

"Then the monopoly of capital becomes a fetter upon the mode of production which has sprung up and flourished along with, and under it. Centralisation of the means of production and socialisation of labour at last reach a point where they become incompatible with their capitalist integument".

Marx always considers the economic laws of motion from two points of view: first, as "a process of natural history"; second, in its specific social form. The development of productive forces went on in every social system, a process consisting of an ever increasing productivity of labour due to better tools and methods. The productive process under capitalism, in addition to producing the necessities of life, also produces value and surplus value, and it is only due to this fact that capitalism has been able to accelerate the development of the productive forces so tremendously. These are not only machines, raw

materials and labour power, but also capital. The development of the instruments of production means the expanding of production and reproduction of capital and this is only possible when surplus value or profit is the result of the productive process of capital. By analysis of the process of producing surplus value, Marx finds the tendency of a conflict between the material productive forces and their capitalist integument. When insufficient surplus value results from production, if capital cannot be "utilised", there is no possibility of continuing the development of the productive forces. The capitalist forms must burst asunder to make way for a higher, more advanced, economic and social system.

In the capitalist system wage labour is necessary for the production of surplus value. In buying labour power, the capitalist acquires the right to use it for his own benefit. By his labour the worker is able to produce a greater value than he consumes, ie he produces more value than the capitalist pays him in the form of wages. Since the capitalist buys labour power at its exchange value and has full control of its use value, the result is the creation of surplus value out of which he takes a part for additional capital, for accumulation, pays interest to the banker and rent to the landlord, allows the merchant his commercial profit and retains the rest for his own consumption.

All commodities have in common the quality of being products of labour, they are measured and exchanged in proportion to the socially necessary labour time incorporated in them; this includes also the commodity labour power. The development of the productive forces means increased productivity of labour, and increased productivity means less labour incorporated in each commodity, or less value, and consequently less surplus value. The decrease in the value of one single commodity can only be compensated by the increase of the quantities of commodities produced, which means an increase in the exploitation of labour. This is done by two methods: by lengthening the working day ('absolute surplus value'), or by shortening the labour time necessary to reproduce the wages of the workers ('relative surplus value'). If the lengthening of the working day is impossible then there only remains the shortening of the necessary labour time which can only be done by decreasing the value of labour power. The decrease in the value of commodities is the only means of reducing the value of labour power, but this in turn can only be the result of increased productivity. This process is, at the same time, an accelerator forcing technical development at an ever increasing tempo

towards mass production and gigantic and costly machinery, concentrated in huge industrial plants eliminating individual and small capitalists in favour of big capitalists and corporations.

Since wage labour is the source of his profit, the capitalist should be interested in exploiting as many workers as possible. The more workers, the more surplus value, the more profit. But it is nevertheless a fact that, from the beginning of the capitalist epoch, the number of workers employed relative to the capital employed has been falling. Even if their number has absolutely increased for a period they have increased more slowly than capital has accumulated. Today the number of workers employed has fallen, not only relatively, but absolutely. (Since 1918 the number of those employed in American industry has continually decreased though production increased until 1925.) Increased productivity coupled with the process of concentration of capital thus results in a constantly growing mass of commodities produced by fewer and fewer workers - increased production and increased unemployment. This fact, in the face of the urgent capitalist need for more extensive exploitation, indicates the limits of capitalist production. The more exploitation intensifies, the quicker these limits are reached.

"The same circumstances which have increased the productive power of labour, augmented the mass of produced commodities, expanded the markets, accelerated the accumulation of capital, both as concerns its size and value, and lowered the rate of profit, these same circumstances have also created a relative over-population and continue to create it all the time, an over population of labourers who are not employed by the surplus capital on account of the low degree of exploitation at which they might be employed, or at least on account of the low rate of profit which they would yield with the given rate of exploitation."

The law of value is, according to Marx, the regulator of the production of commodities and determines in what proportion the work of society is distributed, but this only holds good for society as a whole, not for individual capitalist units. In reality the law of value is only enforced through the competition of individual enterprises; actual exchange of commodities does not take place according to value but according to price or production. If the capitalist sells above value, another sells below. Competition which resulted in the establishment of the average rate of profit, also established the law of value as the final and general law which underlies the sum total



of individual transactions at the prices of production.

Without this the rate of profit would differ from one branch of production to another according to the rate of surplus value, period of capital turn-over, and the organic composition of capital. The greater the rate of surplus value, the higher the rate of profit. (The rate of surplus value or exploitation is the surplus value divided by the capital invested in wages - the variable capital. The rate of profit is the surplus value divided by the total capital including the constant capital - means of production, and variable capital.) The quicker the turnover of capital, i.e., the quicker the capitalist gets his capital outlay plus surplus value back - the higher the rate of profit, and vice versa. The ratio between the means of production and labour power expressed in value form as constant and variable capital, we call the organic composition of capital. The higher the organic composition, the lower the rate of profit. As not only the rate of profit for individual capitals, but also the average rate of profit sinks continuously due to the rise in the organic composition of capital, small capitals would be destroyed if they were unable to increase their capital sufficiently. The existence of the capitalist depends upon a continuous increase of his capital by lowering production costs below normal. He strives to gain an extra profit by producing and selling his products over their individual but below their social value. Each capitalist has of necessity the same desire and all must accumulate. If he stops reinvesting some of his surplus value in his enterprise he runs the risk of his capital becoming valueless, if its technical form is falling behind the general level of development of the productive forces. This fact results in again raising the organic composition and further lowering the rate of profit and thereby hastens the tempo of development by stimulating the search for extra profit. To resist would mean economic suicide for the capitalist.

To understand the action of the law of value and accumulation we must first disregard these individual and external movements and consider accumulation from the point of view of total capital, since the total social capital values and total prices are identical.

"The most important factor in this inquiry is the composition of capital and the changes it undergoes in course of the process of accumulation."

In the capitalist mode of production, and in that

alone, is the development of the productive power not only expressed as a growth of means of production in order to have more results with less labour (as it is expressed in all systems) but as a rise in the organic composition of capital, more constant capital, less variable capital and a consequent fall in the rate of profit.

"A fall in the rate of profit and a hastening of accumulation are insofar only different expressions of the same process as both indicate the development of the productive power. Accumulation in its turn hastens the fall of the rate of profit, inasmuch as it implies the concentration of labour on a large scale and thereby a higher composition of capital."

The fall in the rate of profit is at the same time accompanied by an increase in the mass of profit as long as capital accumulates faster than the rate of profit falls. The sinking of the rate of profit and the growth of the mass of profit are therefore both caused by capitalist accumulation. At the same time the sinking rate of profit acts as an index to the relative fall of the mass of profit. When the accumulation of capital reached a certain point, the mass of profit will fall not only relatively to the total capital invested, but also absolutely: a larger social capital will bring an absolutely smaller profit. But this point only appears at the end of a certain period of accumulation. Up to that point,

"The same development of social productivity of labour expresses itself in the course of capitalist development in the one hand in a tendency to a progressive fall of the rate of profit, and on the other hand in a progressive increase of the absolute mass of the appropriated surplus value or profit; so that in the whole, a relative decrease of variable capital and profit is accompanied by an absolute increase of both."

This is the characteristic expression of the progressive development of the productive power of labour under the capitalist mode of production.

## II ACCUMULATION AND CRISIS

The fall in the rate of profit has thrown bourgeois economy off balance. For Marx

"the falling rate of profit turns into an antagonism of this mode of production at a certain point and requires for its defeat



periodic crises."

Accumulation and a higher organic composition of capital are identical. With it goes the fall of the rate of profit. With an organic composition (1:1) say 30 constant capital and 30 variable capital, and a rate of exploitation of 100% the rate of profit will be 50%. With an organic composition (5:1) say 250 constant capital and 50 variable capital and the same rate of exploitation the rate of profit will be 16.6% <as stated before the rate of exploitation (here 100%) is determined by the proportion between necessary and surplus labour time. But the rate of profit is surplus value divided by total capital, i.e. both constant and variable capital>. In the above example both variable and constant capital is increased. Not only is the scale of production expanded but the number of workers exploited also increased. We began with a low organic composition (1:1) and ended with a high one (5:1). This is both a cause and expression of the increased productivity of labour that also must be expressed in an increased rate of surplus value. We had a rate of surplus value of 100%, but the increased productivity shortens the necessary labour time and increases the rate of surplus value which counteracts the fall in the rate of profit. If the rate of surplus value is increased from 100% to 300% then even a high organic composition of capital (5:1) would yield the same rate of profit, that is 50%, as the low organic composition (1:1) with a rate of surplus value of 100%. Besides this, through the increased productivity of labour the rate of surplus value may also rise due to other causes and thereby compensate for the increase in the organic composition. We shall later investigate this but in whatever way this may be accomplished, the fact is that the falling rate of profit is accompanied by a rise in the mass of profit that counteracts the danger implied in a falling rate. But this growth of capital in turn implies a further fall in the rate of profit. Thus the sinking rate of profit creates further attempts to raise the surplus value.

Since at first the fall in the rate of profit is accompanied by an increase in the mass of profit, it is difficult to understand how the collapse of capitalism would result from the decline in the rate of profit, and what is the relation between periodic crises and the falling rate of profit. An explanation of this connection has often been attempted but all of these attempts have failed because in each case the explanation was based on, and limited to, the investigation of the falling rate of profit alone. Henryk Grossman was the first to point out that the crisis and the final

collapse must be explained not only by the falling rate of profit, the mere index of profit, but by the actual mass of profit underlying it. According to Marx, capitalist accumulation is determined not only by the rate of profit but also by the mass of profit. In other words, the surplus value may absolutely increase, but it will nevertheless be insufficient for the needs of accumulation because the rising organic composition constantly swallows an ever greater part of surplus value.

Capital accumulation initiated a series of great booms interrupted by periodic crises. As the rate of accumulation grew the intensity of the crises grew with it. The capitalist process of reproduction repeats itself, not in the form of a circle, but as a spiral, narrowing to a point. The production of values must, due to its inherent contradictions, lead to its own negation: but only the accumulation of these contradictions can transform them into something qualitatively different i.e. revolution. The same laws which had at first constituted the motive force of a rapid development of capitalism, now become the driving force of capitalist collapse. But this collapse does not develop evenly in a straight downward line. It is constantly interrupted as capitalist reality modifies the general abstract law of capitalist accumulation. Marx elaborated no special theory of crises, but his analysis of the laws of capitalist reproduction, or accumulation, was also a theory of crisis. Let us illustrate the law of capitalist reproduction with an abstract table.

In order that accumulation may be possible, the surplus value must be divided into three parts; one to be invested in additional constant capital, one in additional variable capital, and the remainder to be consumed by the capitalist class as individuals. During the rise of capitalism variable capital grows as well as constant capital, only more slowly. We begin in our table below with an organic composition of 2:1. The constant capital (C) grows at a yearly rate of 10%, the variable (V) at 5%. The rate of surplus value remains 100%. (The consumption fund of the capitalists we call R. AC is surplus available for accumulation of constant capital, AV for variable. The value of the yearly product we call VYP, the percentage of surplus value consumed by the capitalist we call R%, the rate of accumulation A% and the rate of profit P%.)

We see how in this table accumulation increases despite a falling rate of profit. Accumulation pays for the capitalists, for while their revenue becomes smaller relative to the surplus value as a



whole, it increases absolutely. During the first year the capitalists command 75,000 as revenue (R): during the fourth year they command 83,374.

Table 1

Year	C	V	R	AC	AV	VYP	R%	A%	P%
1	200,000	100,000	75,000	20,000	5,000	400,000	75	25	33.3
2	220,000	105,000	77,750	22,000	5,250	430,000	74.05	25.95	32.06
3	242,000	110,250	80,539	24,200	5,511	462,500	73.04	26.96	31.3
4	266,200	115,762	83,374	26,600	5,788	497,524	72.02	27.93	30.3

This table is a fiction that should in no way be mistaken for reality. A progressively higher organic composition accompanied by a constant rate of exploitation is an impossibility, nay an absurdity. The table is only meant to illustrate the tendency of accumulation with no disturbing and complicating tendencies. Even with a constant rate of surplus value, accumulation can take place. It would, however, take place much faster with an increased rate of exploitation. This table also reflects accumulation only in its value form, not expressed in the quantity of use values; to express it thus would cause many modifications. the devaluation of capital necessarily connected with accumulation has here been disregarded.

If we, like Grossman, extend this table to the 35th year, we shall be able to show if not actual capitalist accumulation, at least its "inner law". But to arrive at capitalist reality, we must in addition to basing ourselves on the inner law of capitalist accumulation also take into account the elements disregarded in the illustrating table. It must however be borne in mind that the elements disregarded in the table merely determine the tempo of the process of accumulation. Let us follow the table.

This table shows that the same forces which made the rise of capitalism possible will, at a certain phase of accumulation, lead to over-production and its consequences. the constant capital that in the

first year (Table 1) was 50% of the year's production becomes in the 35th year (Table 2) 82.9%. The revenue (R) that until the 20th year only increased relative to the total mass of surplus value from then on decreases absolutely. In the 35th year it disappears completely. It is only after the 20th year that the fall in the rate of profit is at first felt as an absolute fall in that part of the mass of profit which the capitalist class had at its disposal for its own private consumption. Until the 20th year accumulation was a paying proposition as measured by the returns. From the 21st year those returns dwindle to a vanishing point. Besides that, from the assumption made that the additional variable capital increases 5% yearly, AV has a deficit. Instead of the required 26,266, in the 35th year only 14,381 is available, leaving a deficit of 11,885. This deficit would represent the industrial reserve army as the inevitable outcome of the capitalist process of accumulation. The capital accumulated in the 35th year cannot function completely. Because 11,885 workers cannot be employed the whole additional constant capital (AC 510,953) cannot be reinvested. On the basis of our assumption a population of 551,601 in the 36th year would require a constant capital of 5,620,487;

Table 2 (Years 5 to 35)

YEAR	C	V	R	AC	AV	VYP	R%	A%	P%
5	292,820	121,550	86,191	29,282	6,077	535,921	70.93	29.07	29.3
6	322,102	127,627	89,036	32,210	6,381	577,358	69.70	30.30	28.4
10	471,589	155,132	100,217	47,158	7,756	781,855	64.6	35.4	24.7
20	1,223,181	252,695	117,742	122,318	12,634	1,728,571	46.59	53.4	17.12
21	1,345,499	265,329	117,513	134,549	13,266	1,876,159	44.28	55.71	16.47
25	1,969,946	322,509	109,389	196,994	16,125	2,614,966	33.9	66.08	14.06
30	3,172,618	411,613	73,771	317,261	20,580	3,995,845	17.9	82.07	11.5
34	4,645,030	500,318	10,799	464,503	25,015	5,645,668	2.15	97.84	9.7
35	5,109,533	525,334	0	510,953	14,381	6,160,203	0	100	9.3



consequently for a population of 539,716 only 5,499,385 constant capital could be invested. There is a capital surplus of 121,101 that cannot be used. Insufficient capital "utilisation" has led to over-accumulation. We have a surplus of capital unable to expand and an unusable surplus population. (Empirical research, e.g. that of W.C. Michel in the USA, has shown that in times of economic expansion profit is uninterruptedly increasing, whilst a crisis is preceded by a decrease of profits.) Thus increasing "utilisation" of capital is the chief cause of capitalist accumulation and the lack of sufficient "utilisation" of capital is the cause of crisis.

The theoretical formulation of the theory of over-accumulation as here presented was first undertaken by Henryk Grossman who considers his work as only a reconstruction of Marx's theory of accumulation which is the theory of crisis and collapse. According to Grossman, if accumulation is to take place, the organic composition of capital must increase and then a relatively ever greater part of the surplus value must be taken for the purpose of the additional constant capital (AC). As long as the absolute mass of the total social capital of a low organic composition is small the surplus value is relatively large, and leads to a rapid increase in accumulation. For example, by a composition of 200 C: 100 V: 100 S (surplus value), the constant capital can (assuming the total surplus value to be used for the accumulation) be increased by 50% of its original size. At a higher stage of capital accumulation with a considerably higher organic composition, eg 14,900 C, 100 V 150 S, the increased mass of surplus value is only sufficient, when used as additional capital (AC) for an increase of 1%.

By continued accumulation on the basis of an ever higher organic composition, a point must be reached when all accumulation ceases. Not every fragment of capital can be used for expansion of production. A definite minimum proportion is needed which grows continually with the progressive accumulation of capital. Therefore, since in the development of capital accumulation a not only absolutely but also relatively greater part of the mass of surplus value must be used for the purpose of accumulation. At a high stage of accumulation where the total social capital is of huge size the part of surplus value demanded for additional constant capital (AC) must become so great that it finally absorbs all of the surplus value. A point must come where the parts of surplus value to be used for additional workers and for capitalist consumption (AV and R) must decrease absolutely. This would be the turning point at which the previously latent

tendency to collapse begins to be active. It is now evident that conditions necessary for the progress of accumulation no longer can be met, that the mass of surplus value, though grown absolutely, is insufficient to take care of its three functions. If the additional constant capital (AC) is taken from the surplus value in necessary quantity then the disposable revenue is insufficient to take care of the consumption of workers and employers at the prevailing scale. A sharpened struggle between the workers and employers over the division of the revenue thus becomes inevitable. If, on the other hand, the capitalists, by pressure from the workers, are forced to maintain the wage scale and the part earmarked for accumulation (AC) thus decreases, the tempo of accumulation slows down, and the productive apparatus cannot be renewed and expanded to keep pace with technological progress. All further accumulation must, under such conditions, increase the difficulties, since for a given population the mass of surplus value can only be raised by a trifling amount. Surplus value flowing from the previously invested capital must therefore lie fallow, and there arises a surplus of idle capital vainly looking for possibilities of investment.

Thus accumulation is a process that inevitably leads to overproduction of capital, to ever increasing unemployment, to a surplus of CAPITAL UNABLE TO FUNCTION PROFITABLY and an unusable surplus population. And this is the final great contradiction of capitalist production that causes it to go to pieces:

"the fact that the means of production and the productivity of labour increases more rapidly than the productive population expresses itself therefore, capitalistically, in the inverse form that the labouring population always increases more rapidly than the conditions under which capital can employ this increase for its own self-expansion".

On the basis of this analysis of accumulation, the question is no longer whether the capitalist system will collapse, but rather why it has not already collapsed. We have hitherto followed the process of accumulation in a fictitious capitalism. Reality is different. The law of capitalist collapse as demonstrated by us functioned in a "pure" capitalism - a capitalism that actually does not exist. In order to best illustrate the law of capitalist accumulation and consequences following therefrom, we have had to disregard the secondary features and tendencies that are characteristic of the real capitalism. For the purpose of our



investigation up to now they were irrelevant as they only obscure the inner law of the process of capitalist accumulation. Outside of the already mentioned simplifications we dealt only with the process of production, disregarding modifications of accumulation by the process of circulation. Only the dynamics of the society as a whole interested us, so that we did not consider the individual spheres of production and disregarded competition and its modifying effect on the tempo of accumulation. In our analysis of accumulation there was no foreign trade which from the point of view of capitalist production is of greatest importance. We disregarded the middle class groups, and spoke only of capital and labour. There was, in our analysis, no credit problem. In short, our analysis of accumulation is based upon a non-existent capitalism. All that we set out to do was to demonstrate that by following the process of accumulation in such a pure capitalist system the result would with mathematical certainty be the collapse of the system.

However, in reality, the pure tendency of capitalist accumulation is slowed down in its dizzy pace by counteracting tendencies which also arise from capitalist development. The tendency towards collapse which is expressed through crises is also slowed down and temporarily halted by these very crises that are the embryonic form of the final collapse. These counter-tendencies can only postpone the collapse of the system, which is nothing other than a crisis which is fully developed and unhindered by any counter tendencies.

If the causes of crises are over-accumulation which makes the "utilisation" of capital impossible, then new means must be established to ensure again the necessary capital "utilisation" in order to end the crisis. According to Marx, a crisis is only a process of healing, a violent return to further profitable expansion; from the point of view of the capitalist, a "cleaning-out". But after this purge, with its series of bankruptcies, and starvation of the workers, the process of accumulation continues, and after a while the "utilisation" of capital again becomes insufficient. The self expansion stops as the accumulated capital again becomes too large on its new basis. The new crisis sets in. In this manner the tendency towards collapse is broken up into a series of apparently independent cycles.

### III

#### HOW CRISES ARE OVERCOME

The changing periods in the economic cycle may be longer or shorter, but their periodicity is a fact.

It is furthermore a fact that the boom periods are always growing shorter, while the duration and intensity of the periods of crisis is increasing. This reveals the fact that the tendencies which serve to delay the collapse of capitalism, while being an integral part of capital accumulation, are nevertheless greatly weakened with every passing cycle; and the overcoming of crises becomes ever more difficult. The United States has passed through a series of industrial crises followed and preceded by boom periods. The crisis of 1887 was preceded by a feverish activity of construction. A nationwide network of roads was built, canals were constructed and steamship traffic developed. Gigantic amounts of capital were imported and a general optimistic anticipation of profits developed speculation. By the first sign of insufficient profit-production, "business" flowed into speculation that then took the most bandit like forms. A crisis followed shortly. To bourgeois economists, the crisis appeared to be caused by the "impossibility of paying interest on borrowed capital, as the rate of profit that could be yielded was too small". The panic of 1857 was preceded by a period of intoxication due to the discovery of California gold and the large railroad construction aiding industrial development in general. Again prosperity was transferred into intensified speculation which is always the case when profits become small. The crisis was again explained by the problems of "interest". According to bourgeois conceptions, the railroads were constructed too quickly, industry developed too hastily, and it became impossible to pay interest on the money invested in industry. Capital had grown faster than the possibility of "utilising" this growth. This was followed by the crises of 1873, 1893, 1907, 1921 - to name only the most important.

In whatever manner these crises were explained, each individual explanation suggested that profits were insufficient, that further expansion of industry was unprofitable and for that reason could not take place, so that each explanation, unconsciously it is true, gives over-accumulation as the cause of the crisis. But no one spoke of this as the inevitable outcome of the capitalist process of accumulation: this fact was always disguised as "overproduction of commodities", "a too heavy burden of debts and inability to pay interest". The fall of prices, therefore, was accepted as the cause of the crisis.

According to Marx, in times of crisis, the rate of profit and with it the demand for industrial capital almost disappears. There is no lack of purchasing power with which to expand production

but no use is made of this purchasing power because it does not pay to expand production since expanded production does not bring in more, but less surplus value than on the previous scale. Though expansion of production has become unprofitable, production at first continues at its previous volume. By this continuation of production at its previous rate each year, a surplus is produced, part of which is intended for accumulation, but with no chance for such application. Thereby the stock of unsold means of production, of unsold goods in general, grows; cost of storing increases, plant equipment is unnecessarily tied up since there is no reflux through sales of commodities produced. The capitalist must at any cost sell, to obtain the means of continuing production at its previous scale. This leads to price cutting and limited operations of factories. Enterprises go bankrupt and unemployment grows.

The capitalist solution to this problem lies in the re-establishment of the "utilisation" of capital. to do this, either the value of the constant capital must be decreased, or the surplus value increased. Both possibilities are found in the sphere of production as well as in the sphere of circulation. We shall deal here only with a few of the tendencies that overcome crises and delay the collapse of the system.

We said that the capitalist always sees the fall of prices as the cause of the crisis, and consequently he sees a rise in prices as the beginning of recovery. Bourgeois economists claim that as prices fall, bankruptcies increase proportionally, and they offer statistical demonstrations of this fact. According to them, price stability is the guarantee of social stability. But what they really show is only the increased productivity of labour expressed in prices. The bemoaning of bankruptcies only illustrates the process of capital concentration. In spite of this, bourgeois economists have always, in their superficial manner, pointed to the fall of prices as the cause of the crisis, and they still hold to this stupid explanation in spite of the fact that in the US since 1925 a boom period took place with falling prices. It is also a fact that the expansion of the productive apparatus takes place in times of depression when prices are low. Only when the demand created by the expansion exceeds supply will prices increase. Therefore, the rise in prices, if it takes place, which is not absolutely necessary, is the effect and not the cause of recovery. Nay, profitable operation must be made possible at the low price level before a recovery can begin. This demands increased productivity of labour which again means higher organic composition of capital

or the reproduction of the crisis on a higher plane.

Increased productivity is, besides other things, a process of concentration and centralisation accompanied by amalgamation of industrial units and general rationalisation. So that the crises, even though they are accompanied by "overproduction", are always overcome by a further expansion of production. That this leads to increased laying-off of workers (at first relatively to capital employed, and later absolutely), does not alter its necessity. Statistics show that in periods of upswing in the United States those bankruptcies which occurred involved small enterprises and that while these bankruptcies increased, the trusts made superprofits despite falling prices. Trustification made larger profits at lower prices possible, while the small enterprises outside this movement of "rationalisation" succumbed. Prof Eitemann writes:

"The low prices which had prevailed during the depression of 1873, encouraged the introduction of labour-saving devices by industry in order to cut cost of manufacture. This search for cheaper methods of production continued even after the return of prosperity, and resulted in a steady downward trend of prices."

The increased productivity of labour, and the thereby relatively diminished cost of constant capital makes the "utilisation" of capital again possible. This tendency is apparent during the present crisis. Reports like the following are not infrequent:

"General Electric's new power plant of \$4,000,000 will be ready for operation next spring. According to the estimates of the engineers the plant will produce steam and kilowatt hours of energy at a lower cost than has ever before been attained."

At the same time that as "Merchant Fleet Corporation" allowed 124 ships of approximately one million tons to be destroyed the construction of 20 million tons of new ships is planned, though "overproduction" will leave many of these idle in port. In the crisis, in spite of "over-production", the apparatus of production is enlarged rather than restricted. Nevertheless previous crises have passed. The crisis, then, is not a restriction on the real apparatus of production but a breakdown of an accepted system of prices and values and its reorganisation on a new level.



According to Marx, the tendency of the rate of profit to fall is accompanied by an increase in the rate of surplus value, or of the rate of exploitation of labour. By the development of the productive forces, commodities are made cheaper. Insofar as this happens to commodities consumed by the workers, the elements of variable capital are made cheaper. The value of labour power sinks and the rate of exploitation increases. The same effect is achieved by intensifying labour by technical rationalisation and by more pitiless modes of speed-up, or by lengthening the working day. One of the most important means is by forcing wages below the value of labour power by taking advantage of the growing army of unemployed during a crisis. (The lowering of wages below value has already become a basis of existence for the whole system.) The ridiculous conception that the crisis can be overcome by increasing the purchasing power of labour has always been answered by capital by reducing that purchasing power still further. It is exactly in this manner, by wage cutting, that capitalism tries to overcome the crisis. Thus, the Commercial and Financial Chronicle writes:

"The manufacturer is no longer able to produce goods at a profit and accordingly he stops producing at all and as a consequence, hosts of wage earners find themselves idle and out of employment. If the President could be induced to prevail upon the wage earners to adjust wages to a lower basis, one more clearly in accord with the times, trade depression would soon become a thing of the past."

Statistics, for example those of the US Steel Corporation, show that crisis and increasing exploitation run parallel.

Table 3

1 Aug 1918	10% wage increase
1 Oct 1918	8 hour basic day adopted
1 Feb 1920	10% wage increase
16 May 1921	20% decrease
6 June 1921	8 hour day abolished
29 Aug 1921	Decrease to 30 cents per hour
1 Sept 1922	20% wage increase
16 Apr 1923	11% increase
1 Oct 1931	10% decrease

The crisis of 1921 destroyed the previously adopted 8 hour day and led to sharp wage cutting. In 1931 this was repeated. The intensification of exploitation is one of the strongest tendencies working against capitalist collapse.

The shortening of the time of capitalist turnover

is also a force acting against collapse. the main means of accomplishing this, apart from increased productivity, are better and more direct means of communications, especially transport, and diminution of stock in storage etc. Furthermore an increase in use-values at the same exchange value, and the founding of new spheres of production with lower organic composition weakens the tendency to collapse since these branches of production yield exceptionally high profits. As the capitalist class cannot dispose of the appropriated surplus value alone but must divide it with the middle class groups the crisis is always the beginning of an intensified fight between these groups in the form of a fight of "actual" producers against ground rent, commercial profits, and all other "parasitical" elements. In short a fight of industrial capitalists against all other capitalists and the middle class groups who exploit labour indirectly through the industrialists.

An important element in re-establishing profitable operations is the devaluation of capital. This devaluation is expressed by the same amount of means of production being represented at a smaller value. The technical composition (M.P.:L) remains the same, the organic composition (C:V) sinks. The mass of surplus value remains the same but as it is now calculated on a smaller capital basis the rate of profit has risen. In practise devaluation takes the place of sale at ruinous prices. Crisis and capitalist wars are gigantic devaluations of constant capital by violent destruction of value as well as use-value forming its material basis.

Even by drawing in new foreign use-values capitalist production is expanded and the tendency towards collapse weakened. The import of cheap foodstuffs lowers the value of labour power and increases the rate of surplus value proportionally. By the furnishing of cheap raw materials the elements of constant capital are made cheaper and the rate of profit increased. This is why the struggle for the sources of raw materials constituted one of the main objectives of international capitalist politics. Through the tendency of the equalisation of profits the more highly developed countries can appropriate part of the surplus value created in the less developed countries. This extra profit counteracts the sinking of the rate of profit. By foreign trade the movement towards collapse is slowed down and as this, with the development of accumulation, becomes a matter of life and death to the capitalist system it leads imperialist expansion to become more and more violent.

The international character of crisis develops with

foreign trade. The same factor also leads to the development of world monopolies, yet even though so much capital has been accumulated that further accumulation, though necessary, is unprofitable, a collapse of the system need not follow as long as sufficient capital in the form of foreign loans and investments can find a new and satisfactory basis for "utilisation". This makes the export of capital characteristic of imperialism. All these elements, concentrated in imperialism, are remedies against the insufficiency of capital. The final consequence of imperialism is the political annexation of foreign territories so that the securing of an additional stream of surplus value helps to postpone capitalist collapse. As the progress of accumulation makes the threat of collapse more imminent the imperialist tendencies are proportionally strengthened.

#### IV PERMANENT CRISIS

We have shown previously that the Marxist theory of accumulation is the law of the collapse of the capitalist system. We have further demonstrated that this law is overcome by counter-tendencies in certain periods. But these counter-tendencies are themselves overcome in the course of development, or they lose their effect through over-accumulation. Rationalisation becomes failing rationalisation. Amalgamation, or merging of industrial units, is made unfavourable by the dead weight of closed down units. Wage cutting and intensified exploitation also have their limits. The workers cannot permanently be paid below their cost of reproduction. Dead and starving workers produce no surplus value. The shortening of the time of capital turnover has its limit beyond which it breaks the continuity of production and circulation. Even if commercial profits were eliminated altogether the sinking of the

rate of profit would continue. Foreign trade as a counter-tendency eliminates itself by turning capital importing countries into capital exporting countries by forcing their industrial development through a hot house growth. 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.

In previous crises it has been possible to regain sufficient capital "utilisation" without permanent cutting of real wages. Marx said:

"in the measure as capital accumulates, the situation of the workers, whatever its pay, must become worse."

All statistics available show that accumulation and pauperisation of the workers are two sides of the same process. But in the period of the rise of capitalism only a relative, not an absolute, pauperisation of the workers took place. This fact formed the basis for reformism. Only when the proletariat must necessarily be absolutely pauperised are objective conditions ripe for a real revolutionary movement.

If instead of misleading ourselves by the actual increase of nominal wages in the United States during the last three decades we examine the trend of wages in relation to production we shall have a true picture of the relative pauperisation of the American proletariat. If we divide the index of real wages by the index of production we have the index of the purchasing power of the workers.

1899	100	1922	73
1904	91	1923	68
1909	70	1924	76
1914	70	1925	68
1919	65	1926	68
1920	67	1927	71
1921	91	1928	70

The purchasing power of factory workers in the United States has not increased in proportion to the total product of the factories; it has lagged. The workers' position is relatively worse. This is true in spite of real wages having increased from 100 in 1900 to 123.6 in 1928. The workers lived better, but were more exploited in 1928 than in 1900. To Marx this relative pauperisation was only a phase of absolute pauperisation. If wages at first only decline relatively to general wealth



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they later decline absolutely. This relative worsening of the workers position in the face of absolute improvement only continues as long as conditions permit sufficient increase in the mass of surplus value to allow sufficient "utilisation" of capital. In the final phase of capital the surplus value is insufficient for the maintenance of both previous wage levels and to allow sufficient "utilisation" of capital. Therefore the crisis can now be overcome only by a satisfactory rate of accumulation and the re-establishment of profits at the cost of the workers. What differentiates the final from all previous crises is that with renewed profitable operation the wage level cannot be re-established - that the latter will sink permanently in times of "prosperity" as during the crisis. While capital "overcomes" the crisis the workers remain under its sway and if they refuse to let themselves be destroyed they have no recourse but the abolition of the capitalist system.

The level of world industrial production is today (1934) below the scale of 1904. The depression is world wide. Relative to the high stage of accumulation the crisis may vary from country to country but the international character of the crisis is everywhere perceptible. The shrinking of the domestic market sharpens competition in the world market which likewise shrinks due to protective tariffs. The shrinking of world trade intensifies the crisis by making their economic and financial status more precarious. These events are paralleled by a heavy loss in profits. The condition of bank capital is catastrophic. The number of unemployed in the United States alone in 1933 was about 16 millions. All this indicates that the present crisis in the United States as elsewhere differs from all previous ones in both extent and intensity. It is the greatest crisis in capitalist history: whether it will be the last depends upon the action of the workers. The Roosevelt policy in the United States, referred to by the bourgeois press as the end of the depression, was of a temporary character and did not affect the world crisis at all. Anything the US did gain for a short while was a loss to some other country. The inflationary policy allowed the United States to compete better on the world market but only as long as the other countries were not ready to hit back, by inflating their own money or finding other means of fighting American competition, such as general wage cutting and the elimination of the middle class. Another means of fighting competition was to eliminate the profit-eating bank capitalists, which may spur production as it again becomes profitable for a

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short while. This profit is however only gained by a pauperisation process, not only of a relative but also of an absolute character. It is a boom in the death crisis, a gain indicating not development but decay. It shows we are not at the end, but only at the beginning of the crisis.

The actual beginning of the present depression in the United States is always connected with the stock market crash, though the latter was the effect rather than the cause of the crisis which had already begun. As far back as 1927 the "utilisation" of capital in the US had become more and more difficult. The falling rate of profit indicated the over-accumulation. But in spite of that, expansion of industry took place until 1929, though not at such an extent as would have been necessary according to the rate of accumulation in previous years, and on the basis of accumulated capital already existing. Industrial profits, which could not be more fully reinvested in industry, flowed to the banks. The surplus lay fallow there: deposits in the Federal Reserve banking system increased by 17 billions of dollars in 1927. This was an increase of 8%, with 5% being considered normal. Simultaneously, credit became more readily available. Speculative loans for the stock market and speculatively inflated stock quotations were the result, bringing on the Wall Street fever which ended in the stock market crash. But the speculative fever was only the index of the lack of possibilities for sufficient productive investments. As the surplus of capital lowered the rate of interest to 1%, the industrial crisis was followed by a bank crisis, and in spite of the low rate of interest, from which bourgeois economists expected the turn to prosperity to come, no credit was demanded by industry. The Chicago Daily Tribune writes:

"What idle money has piled up in banks had difficulty in finding safe outlets, interest rates dropped but loans and investment did not increase."

This situation is not peculiar to the United States, but general throughout the world. J P Morgan testified at a Senate inquiry:

"The depression, for the first time so far as I know in the history of the world, is so widespread no country can lend in any other. At the present time there is no demand for capital for industry."

This situation can however only be overcome by further accumulation, i.e. expansion of the

productive apparatus or renewal of the fixed capital on a larger scale. The mass necessary for accumulation is dependent on the previous volume of fixed capital regardless of whether this has only been utilised at half its capacity, because accumulation is determined by the rate of speed it has previously gained, and this accumulation must take place on a lower price level as expansion of production is coupled with a fall in prices. Therefore, if accumulation is to continue, then the expansion of production must lower the cost of production so that the expected mass of profit will compensate for the fall in the rate of profit. For this reason "Barrons Weekly" says in its yearly survey:

"The extent to which the pressure of accumulating capital may be effective in promoting economic recovery depends on whether the necessary adjustments have been made in other parts of the mechanism - in cost of production and prices, in supply and demand relationships for individual commodities, and in the government services, in their cost to the tax payer and their real value to the country; in short, on whether capital can earn a profit and keep it."

A static system of capitalism is an impossibility: capitalism must either go forward i.e. accumulate or it will collapse. Accumulation presupposes re-establishment of profitable operation; hence we see violent efforts on an international scale to achieve this end. But all previous measures taken to overcome the depth of the present crisis have failed miserably.

As we have said before, the resumption of profitable operations depends on the lowering of the organic composition of capital, or the increase, by other means, of the surplus value. The devaluation of capital lowers the organic composition. In practice, this means the ruin of many individual capitalists; from the point of view of the system, it means rejuvenation. The devaluation of capital is a continuous process, and expression of increased productivity of labour, but in the crisis it progresses violently. The increased rate of bankruptcies show that the devaluation of capital is also taking place today. But bankruptcies, while expressing the speedy and violent devaluation taking place, are not symptoms of the intensification of the crisis; up till now they have been aids in overcoming it. In all previous crises the number and the speedy growth in the number of bankruptcies were connected with a speedier overcoming of the crisis. That today this



effect is gone merely proves that accumulation has reached a point where devaluation ceases to be an effective element in overcoming the crisis. There are not enough bankruptcies, or the devaluation accomplished is insufficient to lower the organic composition of capital enough to make continued profitable accumulation again possible. This fact is closely connected with the structural change in capitalism from competition to monopoly capital.

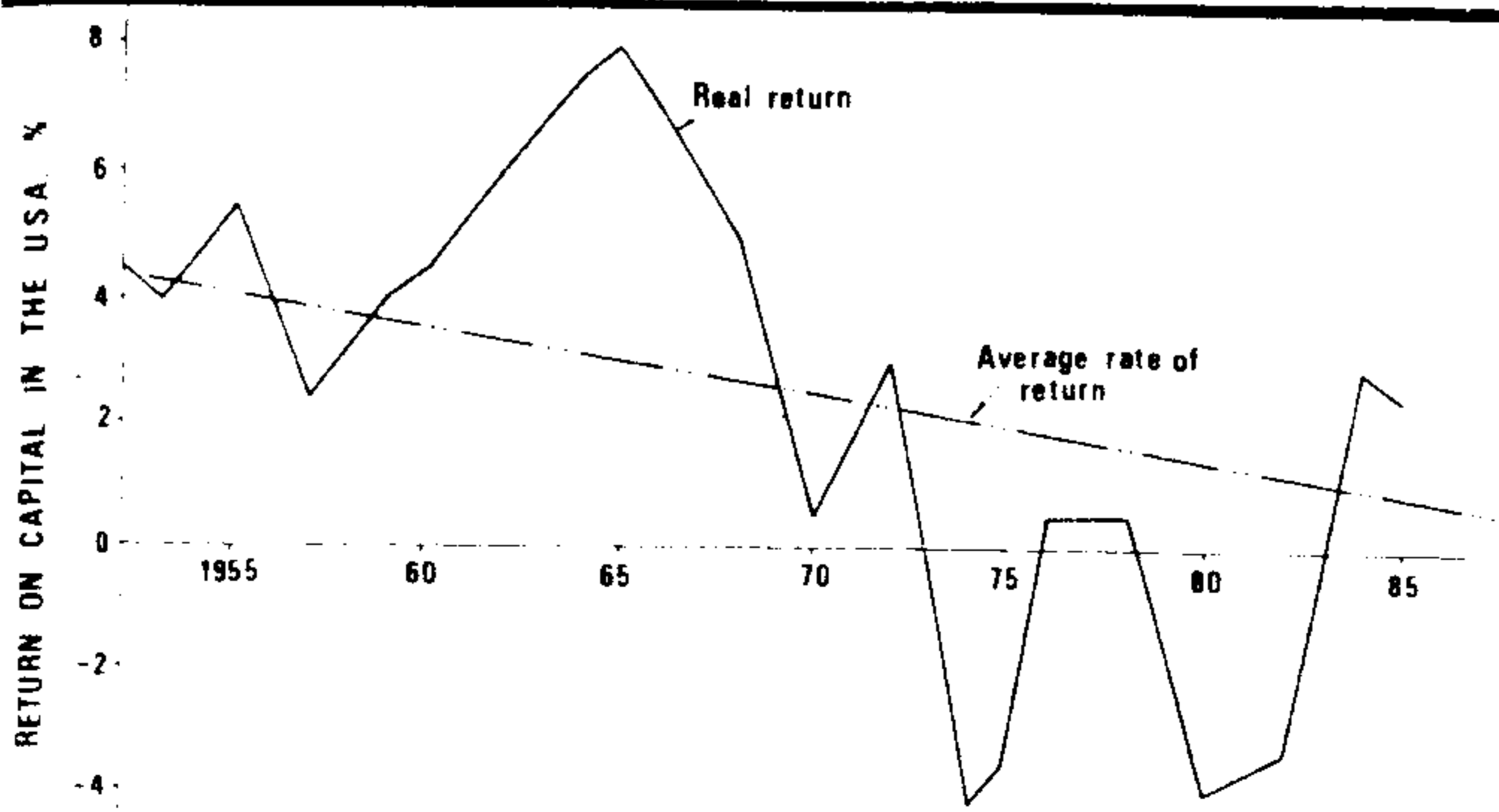
Classic capitalism answered a crisis with a general fall in prices that led to widespread bankruptcies and forced the survivors to adapt themselves to the new price level by installing new machinery. The demand of fixed capital felt in some industries caused other industries to be drawn into the boom. But in monopoly capitalism, or as Lenin called it, stagnant capitalism, the crisis does not have the same results. Here we have a prolonged condition of huge masses of productive machinery lying idle without being destroyed. This is the characteristic feature of crisis under monopoly capitalism. The reserve funds of fixed capital created by monopoly capitalism are, in boom periods, put at the service of production and make the construction of additional enterprises unnecessary, and thereby increase the difficulties of a transition to expanding production. When the crisis comes, production is restricted, and when later the demand increases it is supplied by opening the closed enterprises. In this manner technical progress is hindered by monopoly capitalism and the market for means of production narrowed. How small the importance of violent devaluation of capital is can be seen when one compares the monopolies with the total of socially productive forces. We have in the US 37 tyre producers: 5 account for 70% of total production, the other 32 divide the remaining 30% among themselves. In the automobile industry, 75% of total production is accounted for by two enterprises: General Motors and Ford. Two steel trusts control 52% of total production: US Steel and Bethlehem. In the meat packing industry 70% of total production is controlled by four firms: Swift, Armour, Wilson and Cudshy. In other industries similar situations are found. What effect can the collapse of smaller enterprises have here? The fusion of capital and the resultant strengthening of monopolies strengthens this tendency towards stagnation and decay, which really means that permanent depression is a characteristic of monopoly capitalism. Even the huge writing down of capital values is only a raid on the small shareholders, not a move towards recovery. It is also clear that a technical revolution scrapping huge masses of capital by antiquating them cannot be expected today as the restriction of productive

forces has become a necessity of capitalism. To expect an end of the depression through devaluation is to pin hope on a still higher form of capitalism within monopoly capitalism, and that is impossible within the framework of private property in the means of production. (State capitalism is not a higher economic form of monopoly capitalism but only a different political mask trying to straighten out the maladjustments of class forces which, due to the narrowing down of the ruling class and its retainers under monopoly capitalism needs more direct state interference to maintain class rule.)

To increase the mass of surplus value, the cost of production must be lowered. This is attempted through the process of general rationalisation: but increased rationalisation leads to irrationalisation. After a time the profits of individual enterprises are increased by its application but the net income from the total social labour is diminished. Individuals become

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## THE ECONOMIC FOUNDATIONS OF CAPITALIST DECADENCE

&

## MONEY, CREDIT AND CRISIS

COMMUNIST WORKERS ORGANISATION

richer, society poorer. How far this sort of rationalisation has gone can be seen by the researches of the technocrats. Rationalisation is only effective when the possible saving in wages is greater than the necessary increased cost of fixed capital. Rationalisation causes the shut down of many enterprises and therefore the saving in wages must exceed not only the increased cost of fixed capital in the rationalised enterprises but in addition balance the loss caused by depreciation of fixed capital in idle enterprises. If the costs of fixed capital are increased all enterprises become more sensitive to downward fluctuation of economic activity. Rationalisation, therefore, leads to an increase instead of a decrease of costs of production and thus increases the difficulties of overcoming a crisis. By overdeveloping the productive apparatus rationalisation at a high stage of accumulation hastens the collapse of capitalism instead of delaying it. The American productive apparatus was rationalised in the years of prosperity following 1931 and this was one of the causes of the length of this phase. In spite of continued rationalisation the crisis arrived and created a situation which hardly allowed the utilisation of 50% of the rationalised enterprises, and thereby annulled the increase in surplus value gained by rationalisation. This case of irrationalisation shows definitely the impossibility of recovery through further rationalisation.

Increase in surplus value through shortening the time of capital turnover likewise finds its objective limits in the development of accumulation. The period of turnover of total capital has been prolonged by the decreased utilisation of fixed capital. The same rate of profit for one period of turnover becomes thus a much smaller yearly rate of profit. The fall of

prices, though limited by monopoly capitalism, today outweighs the still remaining possibilities of reducing the period of turnover. Decreasing the stock to raise the rate of profit is limited by the demand for continuity in production and circulation. Outside of this the action of the crisis causes an increase in the stock of unsold commodities that further decrease the rate of profit both by the cost of storing and causing a further fall in prices through forced sales. The net effect is that stock in hand increases, the period of turnover is prolonged and the rate of profit falls. The increased stock is especially evident in raw materials. The world supply of raw materials was 192 at the end of 1929, and 265 at the end of 1933. To reduce these to normal, world production would have to cease completely for

months.

The cost of circulation increases due to sharpened competition during the crisis. While the number of workers engaged in production permanently decreases, the number of those in distribution increases. Advertising expenses alone have lately been over a billion dollars a year in the US. This naturally further decreases profits.

In the crisis of 1920-21, 30% of all US enterprises were idle, representing approximately a 30 billion dollar investment. If depreciation and maintenance is estimated at 10% this means a clear loss of three billion dollars or the value of the labour of one and a half million workers. This takes place today on an even larger scale causing a further fall in the rate of profit. As 16 million workers are unemployed in the US, it becomes necessary for those employed, besides compensating for the causes already mentioned, also to produce as much additional surplus value as these workers would have produced if employed, or the mass of profit will decrease and sufficient accumulation will become even more difficult. The decrease in the mass of profit sharpens the struggle for its division. The banks have advanced capital to industrial enterprises during the period of prosperity; credit that was based on prices as they were. Falling prices freeze these credits and cause firstly industrial bankruptcies and secondly bank failures, hastening the process of the concentration of capital. At the same time there has been an enormous change in the division of profits between industrial and money capital in favour of the latter. The acuteness of the crisis and the price fall makes the load of debts unbearable for industrial capital. Only a general reduction of debts makes general bankruptcies unnecessary. This is done through inflation which unloads the liquidation of these debts on the workers, the professional middle class, and money capital.

The depth of the crisis is also shown in the vicious attacks of capital on the standard of living of the middle class groups. In spite of increasing expropriation of the middle classes, reducing those catering directly to capitalist consumption, the crisis continues to deepen, nullifying those methods of retaining a greater part of surplus value in the hands of the capitalist class. But after all, these groups could only be eliminated once, and even before this was done, another barrier would have been set up against further expropriation of them by the fact that the continued rule of the capitalist classes depends upon their existence. In contradiction to



strenuous efforts to eliminate expenditure on unproductive activity, this expenditure is increasing. The growth in taxation was more rapid than the growth of the national income in the US.

Increasing pauperisation causes increasing relief expenditure, increasing expenditure for the purposes of violent repressions of revolt and imperialist designs.

In the present crisis a fall in ground rent "has to some extent softened the fall in the rate of profit" but at the cost of raising the threat of agrarian revolt. As a matter of self preservation, it has been necessary for the capitalist class to counteract these tendencies favourably to themselves by allotment plans, agrarian protective tariffs, price subsidies etc. A sufficient increase of profit can no longer be expected from a decrease in ground rent can no longer be expected.

In this crisis, all forces working towards overcoming it have thus either neutralised each other, or been insufficient. This even applies to the strongest imperialist means of recovery, capital export. During the last years there has been practically no capital exported from the US. The situation is similar in other imperialist countries. This has sharpened the competitive struggle for the world market tremendously. The profit flowing back to the US from previous capital export, in the form of interest on foreign investments, can be invested neither here nor abroad. Simultaneously, the US makes it impossible for the debtor nations to pay interest by forcing them out of their markets for means of production. This also makes it impossible for them to buy raw materials and foodstuffs as they are unable to sell means of production to pay for them. The end of this development must be either an insoluble, irrational crisis or a new world scale butchery.

The law of accumulation is the law of collapse of capitalism. A collapse delayed by counteracting tendencies until these tendencies have spent themselves or become inadequate in face of the growth of capital accumulation. But capitalism does not collapse automatically: the factor of human action, though conditioned, is powerful. The death crisis of capitalism does not mean that the system commits suicide, but that the class struggle assumes forms that must lead to the overthrow of the system. There is, as Lenin said, no absolutely hopeless situation for capitalism: it depends upon the workers as to how long capitalism will be able to vegetate. The Communist Manifesto sounds the alternative: Communism or Barbarism!

Today, half the workers in the great industrial countries are unemployed and the enormous increase of exploitation does not compensate for the smaller number of workers employed, and still there is no other way for capitalism but continuous attacks on the workers. The general, absolute and permanent pauperisation of the workers has become an absolute necessity for the existence of capitalist society. Thus, according to Marx, the final and most important consequence of capitalist accumulation and the final reason for every real crisis is the poverty and the misery of the broad masses, in contradiction to the essential driving force of capitalism to develop the productive forces to such an extent that only the absolute consumption possibilities of society be its barrier. Under such conditions the bourgeoisie can rule no longer, since, as The Communist Manifesto pointed out:

"it is unfit to rule because it is incompetent to assure an existence to its slaves within their slavery, because it cannot help letting them sink to such a state that it has to feed them, instead of being fed by them".

The analysis of capitalist accumulation ends, as Marx wrote in a letter to Engels:

"in the class struggle as a finale in which is found the solution of the whole smear."

In the phase of accumulation where the further existence of the system is only based on the absolute pauperisation of the workers, the class struggle is transformed. From a struggle over wages, hours and working conditions or relief it becomes, even as it fights for these things, a struggle for the overthrow of the capitalist system of production - a struggle for proletarian revolution.

The CWO plans to hold a series of educational meetings on the theme of crisis theory and its relevance for today's reality. This article and others will be the basis for the discussion. Readers wishing to take part are welcome to attend. [Write to the CWO address or watch out for adverts in Workers Voice for further details.] Correspondence, of course, is also welcome.

# GRAMSCI: MYTH AND REALITY

## Introduction

In the period following the Russian Revolution no other country in Europe produced such a strong independent marxist tradition as that which founded the Communist Party of Italy. Perhaps most well-known of the marxist thinkers, at least in English-speaking countries, is Antonio Gramsci. This year is the fiftieth anniversary of his death and it will not just be in Italy that he will be saluted as a martyr of the working class. Hailed as the originator of a less vulgarly materialistic marxism than that of the Communist International of the late 1920s, Gramsci is today claimed by the Italian Communist Party as the ideological precursor of today's "Eurocommunism" and a specifically Western European "road to socialism".

It is for this reason that we are printing a two-part examination of his life and work to demonstrate that Gramsci's political innovations amounted to an attack on the revolutionary essence of marxism and on the role of the proletariat as the emancipator of all humanity. For us the real essence of Italian Communism lies not with Gramsci but with the Italian Left, associated initially with the name of Amadeo Bordiga, which provided the founding core of the original Communist Party of

Italy in 1921. Whilst the text makes use of Bordiga's contemporary criticisms of Gramsci we do not have an uncritical approach to his contribution either. As we have stressed many times before the Italian left was not simply Bordiga and today's heirs of that tradition can no longer call themselves "Bordigist" since the Italian left current has maintained the revolutionary core of Bolshevism whilst the Bordigists have lapsed into an idealism which in its assertion that the class and the party are synonymous is merely an inversion of Gramsci's own obsession with the form of councils. However whilst Bordigism has become merely a deformed tendency within the proletariat the writings of Gramsci have been used by the new social democracy within the Italian Communist Party and even in the British Labour Party to justify the attempt to reform capitalism, not to do away with it but to better preserve it. However before looking at how Gramsci's ideas have come to provide a justification for emptying marxism of its revolutionary core we will begin by examining the context in which those ideas were formed.

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## FORMATIVE INFLUENCES

It is instructive to take a look at Gramsci's early development, because the intellectual formation of his youth was subsequently to play a decisive and continuous part in the shaping of his mature social and political theory. Contrary to the claims of certain interpreters, there were no radical ruptures in Gramsci's thought, but instead the persistence of an idealist integument underpinning both his theoretical work and his political practice. What is more, the claims of much later hagiography, e.g. Togliatti, that Gramsci stood fully within that tradition of materialism forged and developed by Marx, Engels and Lenin, has little real foundation. A failure to assimilate either the theoretical direction or the political meaning of the tradition of historical and dialectical materialism meant that Gramsci's attacks on the gradualism and economism of the Second International - and this was to be the sustained butt of his criticisms throughout - always had an idealist and voluntarist character. Naturally this was not a trait peculiar to Gramsci but was the ideological hallmark of a whole generation. In order to understand the motive forces behind what was essentially a re-orientation of the attack on Marxism, a brief sketch of the historical background is necessary. [1]

Owing to the fragmentation of Italy before 1870 and its relative economic backwardness, the workers' movement took shape there much later than in the rest of Western Europe. Confronted by the powerful opposition of the Catholic Church and clericalism, socialists and bourgeois radicals found themselves on 'the same side of the barricade' for much longer than in the more advanced parts of Europe. Socialism in Italy first conquered a sector of the middle class; it emerged from a left wing of the republican and democratic movement but had great difficulty in struggling to establish an identity distinct from the widespread anarchist context, a quasi-Bakuninist tradition of populist dissent, later to develop into a revolutionary syndicalism. The socialist leadership itself was formed in the universities during the celebrated 'Marxist' decade of the 1890s around the philosopher Antonio Labriola, who despite his Hegelianised Marxism, was the first to present socialism as a scientific doctrine and not as an outgrowth of the Risorgimento. With the crises of imperialism and the approach of the First World War and the coincident decline of liberalism and parliamentarism, however, it was varieties of openly idealist, anti-positivist and anti-democratic thought which began to capture the

literary and university world. [2]

Since the whole of their modern history was a proof to the contrary, it was especially difficult for Italians, whether Marxist or not, to believe in a theory of uninterrupted historical progress. The hopes aroused by the Risorgimento were not such as to encourage acceptance of the Second International orthodoxy, whereby the beneficent operation of historical laws would naturally and 'inevitably' assure humanity of a socialist future.

In Italy the polemic against positivist mediocrity and the quietism associated with it took the form of an increasingly radical anti-objectivism, which ignored the real conditions to which people were subject and the ways of overcoming them. However it was inconceivable that during a period of extraordinary technical-scientific development that the ruling classes of advanced Europe could, for any length of time, adopt an ideology which liquidated the objective validity of the sciences. But in marginal Italy, despite its industrially developed north, it was possible for a neo-idealism that denied all cognitive value to the sciences, to predominate through thinkers organically related to the southern agrarian bourgeoisie. Foremost among these was the Neapolitan Benedetto Croce, who for over half a century "exercised a kind of benevolent dictatorship over Italian literary and philosophical life." [3] Professing himself to be a Marxist between 1895 and 1900, despite his pronouncement of "the death of theoretical Marxism in Italy", his ideas continued to exert a strong influence among young intellectuals of the pre-fascist period, not least of whom was the young Gramsci. Such then was the historical-cultural context to Gramsci and his generation's idealist-voluntarist reaction to the preponderant fatalism of the Second International.

## EARLY POLITICAL CAREER

Gramsci's attachment to Croceanism stretched back to his schooldays in Sardinia, where he was an avid reader of Prezzolini's *La Voce*, a journal opposed to "every form of positivism, materialism and industrialism". This tendency was strengthened on entering the University of Turin in 1911, as nearly all his teachers were combatants in the revolt against positivism. Some who were active in socialist circles, encouraged their students to take the new philosophy of idealism into the socialist movement and into the working class.

After some initial resistance due to a residual Sardinian nationalism, Gramsci joined the Italian

Socialist Party (PSI) in July 1913 and by late 1915 he was writing regularly for the party newspapers Avanti! and Il Grido del Popolo. Despite having broken from his Sardinism however, he was never to abandon the theme of 'Southernism' and of the peculiar importance of the opposition between north and south in Italian history. Up until 1918 there was little evidence of Marxism in his writings, permeated as they were by the tenets of the idealist revival: that thought is paramount in history, that change for the better can be effected by strength of mind alone and that socialism constituted essentially a moral yearning for a noble future. In his first important article he was to write:

"Man is above all spirit, that is he is a product of history, not nature...only by degrees, layer by layer, has humanity acquired knowledge of its own value... And this knowledge has been formed not under the brute stimulus of physiological necessity, but through intelligent reflection." ("Socialism and Culture" [4])

Continuing in a mythic, semi-utopian idiom, he calls for a redemption of society from corrupt values and an intensification of moral life, and in May 1916 he continued this Sorelian [5] theme in a somewhat more transcendental vein:

"Socialism is precisely the religion that must overwhelm Christianity. [Socialism is] religion in the sense that it too is a faith with its mystics and rituals; religion because it has substituted for the consciousness of the transcendental God of the Catholics, the faith in man and his great strengths as a unique spiritual reality." ("Audacia e Fede" in Avanti!)

Despite the fact that this was a fairly common form of discourse in the leftist milieu of the time, it is hardly surprising that the PSI leadership regarded the newcomer as something of a maverick, to whom the concerns of the humble and meek, i.e. wages and conditions, were quite foreign.

Gramsci's first political initiative was a blunder, and one that was to cost him dear. His article of 31st October 1914 "Active and Operating Neutrality" was a denunciation of the reformists for their passivity in face of the war. Once again his motive was to break out of the strait-jacket of Second International mechanical determinism:

"Revolutionaries see history as a creation of their own spirit, as being made up of a continuous series of violent tugs at the other forces of society - both active and passive, and they prepare the maximum of favourable conditions for the definitive tug (revolution); they must not be content with the provisional slogan 'absolute neutrality', but must transform it into that of 'active, operating neutrality'."

While the argument did not in fact advocate intervention, it was obviously sympathetic to the position of Mussolini, who had begun to shift from the party's official line of "Neither support, nor sabotage" towards a more interventionist line. Arguing that a policy of neutralism was a denial of the conditions necessary for developing in the proletariat, a sense of "national consciousness", his position was a far cry from Lenin's revolutionary and international defeatism. With Mussolini's expulsion from the party, Gramsci retreated into silence for over a year.

In a series of articles in 1916 he began to pursue what was to be for him a singular theme, that 'education is the most important class problem'. As to the method of this process it was entirely traditional and idealist: indoctrination was to proceed through lectures and seminars and the press. In practice this meant engaging in a programme of 'Cultural Messianism', with Gramsci lecturing frequently to the Youth Federation of the PSI and to the workers of Turin, urging them to read Croce, Bergson or even to reflect on the character of Marcus Aurelius! These pedagogic ventures in raising moral and cultural standards went completely against the current of a period of a rising tide of class struggles. In December 1917 Gramsci helped form the 'Club di Vita morale'; it lasted three meetings. Such 'culturalist' endeavours had earned a scornful reproach from Amadeo Bordiga:

"The need to study should be proclaimed in a congress of schoolteachers, not socialists. You don't become a socialist through instruction, but through experiencing the real needs of the class to which you belong." [6]

Written on the eve of the 1917 February Revolution in Russia, Gramsci's first pamphlet, La Citta Futura, still 'instrumentally Crocean', continued to stress the theme of the power of the will over a law bound fatalism inscribed in objective reality; socialists were enjoined to fight for 'ideals' and



not concrete demands. The full import of the logic of his voluntarism and of his identification of Marxism with the passive materialism of the Second International was, however, to be revealed in his response to the October Revolution: his December 1917 article, "The Revolution Against Das Kapital":

"The Bolshevik Revolution consists more of ideologies than events. This is the revolution against Karl Marx's Capital. In Russia Marx's Capital was more the book of the bourgeoisie than of the proletariat... The Bolsheviks reject Karl Marx, and their explicit actions and conquests bear witness that the canons of historical materialism are not so rigid as had been thought.... And yet there is a fatality in these events and if the Bolsheviks reject some of the statements in Capital, they do not reject its invigorating, immanent thought...that thought which is eternal, which represents the continuation of German and Italian idealism, and which in the case of Marx was contaminated by positivist and naturalist encrustations." [7]

Such a reading exemplified: a) a complete misconception of the nature and method of historical materialism; b) a consequent failure to understand the scientific meaning of Marx's work; c) a misapprehension of the historic significance of either Bolshevism or the Russian Revolution. In what might be considered the first statement of 'Gramscism', none of the passages in this article ever mention the need for Western revolutions to come to the aid of the isolated proletarian bastion of "backward Russia". In the idiom of a subjective humanism, Gramsci's emphasis is always exclusively on the creative role of simply the Russian - and by implication the Italian - fraction of the world proletariat. Years before Stalinism, Gramsci was anticipating the prospect of "socialism in one country". [8] Communism as a 'national force' was one of Gramsci's favourite themes, variations of it appearing in numerous articles of the time.

Though there were problems gaining accurate information about events in Russia due to the censorship, Gramsci's misconceptions about the true character of the revolutionary personnel were deep-seated, as e.g. he saw Chernov (a Social Revolutionary) not Lenin, as the leading practitioner of revolution:

"Russian Maximalism [Bolshevism was nearly always referred to as Maximalism, misunderstanding its real nature] has found its leader. Lenin was the master of life, the stirrer of consciences, the awakener of sleeping souls. Chernov is the realiser, the man with a concrete programme to put into practice...which permits no collaboration."  
[9]

From July 1917, Lenin was variously dubbed as the "tomorrow of the revolution" standing for the "heroic will to liberation" and in true Hegelian fashion, was ascribed the dubious task of preventing any compromise between the 'Idea' and the incubus of the past.

In contrast to Gramsci, Bordiga's political development was in a Marxist framework. Before the First World War he had been a major figure in the PSI's Youth Federation, urging a revival of Italian socialism through a return to Marxist sources and insisting on the importance of militant political activity. Bordiga's opposition to the war was unambiguous and on a firm internationalist basis. He ascribed the causes of the war to capitalist imperialism rather than to the popularly held view of Austro-German militarism.

"In reality the bourgeoisie of all nations is equally responsible for the outbreak of the conflict, or rather the capitalistic system is responsible, in that by its need for economic expansion it has produced the system of great armaments and the "armed peace" which today has collapsed...into this horrifying holocaust." ("Al Nostro posto" in Avanti!, 16th August 1914)

In articles for L'Avanguardia he was intransigently in favour of turning the war into socialist revolution, and called for the formation of a new international. This important common ground with Lenin became decisive in 1917 with the establishment of a national fraction of Bordiga's followers in July. Bordiga declared himself a Leninist, was enthusiastic about the October Revolution on Marxist grounds, and was the first in Italy to make a serious study of Bolshevism and bring Leninist theory to the Italian working class.

#### THE ORDINE NUOVO AND COUNCILISM

With a major part of their capital invested in what had become redundant war industries, for Italian capitalists, the immediate post-war period saw a drop in profits and production, and a collapse of

exports. The same period was one of a shortage of food and fuel, together with huge price rises. This situation was to provoke the 'bienno rosso' of 1919-1920, two years of unprecedented class struggle, which at first took on insurrectionary dimensions, but which ended with the workers locked in the factories and then passively evacuating them. Remarkable for their militancy, these struggles above all, however, lacked a political direction. Although thousands of factory councils (committees) had sprung into existence, there had been no widespread formation of soviets, the basic organs of proletarian political power. As long as the class struggle remained confined to the factories, there was no threat to the capitalist state and so no possibility of proletarian revolution in Italy.

It was the cataclysm of the Turin workers' rising of 1917 that precipitated Gramsci into the local leadership of the PSI and many interpreters present this as the definitive rupture with the idealism and political immaturity of his youth and the advent of his 'true Marxism'. This Marxism was however to take the form of councilism, and it was the ideology of councilism, of which Gramsci was a leading and enthusiastic proponent, that was to prove to be such an important factor in delimiting the horizon of class struggle during this period.

If Gramsci knew little of Lenin, he certainly knew of Daniel de Leon, whom his French sources presented as having much the same theory as Lenin. It was probably through his reading of the IWW journal The Liberator, that Gramsci conceived of Leninism as a theory of the primacy of the role played by the soviets - as opposed to the party - in the raising and development of revolutionary consciousness. In a purely formal sense, it is here that germinated his own brand of councilism that was to be a recurring theme of his political thinking throughout his life.

At this time, Gramsci's writings demonstrated a significant misconception of how the 'October Russian Revolution was made. Basically, Gramsci argued that factory committees and soviets had effected a gradual takeover of Russian society. But in reality the movement of factory committees was part of the soviets' developing political opposition to the Provisional Government. It was following the October Revolution that the working class could begin to transform economic resources. Factory committees demanding 'workers' control' had actually been pushed by the soviets in a political direction. Gramsci's ideas on Russia's council system and his rejection of the leading

role of a disciplined and cohesive revolutionary party were distortions of the Russian experience, and his exclusive stress on the economic sphere and the stimulation of a 'productionist' consciousness, was to lead Bordiga to point out that Gramsci had lost sight of the fact that the state had to be overthrown and that revolutionary politics was therefore primary.

From 1917 Gramsci became informed on the development of the shop-stewards' committees of the British trade union movement, publishing a long article on their evolution in Il Grido del Popolo of April 1918, to which he appended the November 1916 Leeds Conference of shop-stewards' resolutions. Anticipating a more fully fledged council theory, he implied that the shop-stewards' committees would become organs of socialist control after the revolution, and that through them "the working class must win complete control over production".

Despite their involvement with the Turin workers' movement, the founders of Ordine Nuovo (ON) - Tasca, Terracini, Togliatti and Gramsci - were still in thrall to the elitist cultural policies of their earlier years. So much so that Gramsci was later to describe it as "...nothing but a rag-bag anthology - a collection of abstract cultural items and a strong leaning towards nasty stories and well-intentioned wood-cuts." [10] After an editorial change, however, in which Tasca was ousted, Gramsci was to make ON a distinctive mouthpiece for councilist policies.

During the war there had been a growth of 'internal commissions' - small groups of workers in a particular factory, either chosen by local union officials, or less often elected by all union members, to negotiate with management. By 1919 many of the internal commissions had broken away from the official trade unions, and workers, particularly in the metallurgical industries, were demanding that they be recognised as the official negotiating bodies. In Turin the Ordine Nuovo fraction of the PSI, saw this as a potential basis for the formation of workers' councils and in their view a step towards communism. With the immense impact of the Russian Revolution, taking in a one-sided manner, the example of the soviets as a model, ON saw the councils as means for the working class to gain experience in self-management, which they thought would prepare the class for the seizure of power.

By October 20th 1919, car workers' and metal workers' "workshop commissars" had elected a "Study



Committee for Factory Councils" to prepare a programme for the council movement. With Hegelian overtones, reflecting Gramsci's direct influence, the programme had three main elements: defence of the rights of labour, education of the workers, and preparation of seizure of power 'in the factories'. Every worker had the right to vote, but only those workers organised within the various trade unions might serve as commissars. This clause was justified by the 'political immaturity' of many of the unorganised workers (which did not stop Gramsci appealing for their 'immature' support in many subsequent campaigns), and by the need for frequent council intervention in matters concerning the trade unions. The essentially reformist substance of the "Programme of Workshop Commissars" is shown by the fact that one of its main concerns was in establishing the rights of the commissars in negotiating the price of labour as well as promoting 'workers' control' in the factories.

In the midst of the rapid spread of the councils, the ON group pursued a doctrinaire pedagogy by setting up in December 1919, a "School of Culture and Socialist Propaganda" amongst whose task was to instil into the working class a belief that "it was in their interest to submit to a permanent discipline of culture..." (quote from the "Programme of WSC"). Over and above a syndicalist perspective, this organisation dealt with such life and death matters as Togliatti's translations of Walt Whitman and Oberdorfer's study of Leonardo da Vinci.

The educational programme was directly related to the 'preparation for the seizure of power in the factories'. This task was primarily one of preparing the workers to become 'autonomous producers'. Commissars were required to suggest ways of accelerating production by eliminating unnecessary work. If technical innovations - even those proposed by management - seemed useful, workers should be urged to accept them, even at the cost of 'temporary damage' to their interests. In this way workers would begin to think not merely as wage-earners, but as producers, with an awareness of their precise place in the process of production: "as an inseparable part of a whole system of labour summed up in the manufactured object." [11]

Gramsci urged his followers to study the factory unit "as the 'national territory' of working class self-government", an ouvrierist orientation which was to lead him to advocate the formation of factory councils as the necessary and sufficient

political institutions for the building of communism 'within' capitalism. Socialist workers would stand in the same relation to the factory council as bourgeois citizens did to the commune or electoral district. The actual unfolding of the revolutionary process would take place not on the political level but "underground in the obscurity of the factory" where there was said to exist a "spontaneous unity between theory and practice".

Bordiga's paper Il Soviet made some trenchant criticisms of Ordinovisti politics and the factory council movement, always stressing the centrality of political power. He asserted that the idea of councils as economic-technical instruments for the control of production was sheer reformism: "the error that the proletariat can emancipate itself by gaining ground in economic relations while capitalism still holds political power through the state". In September 1919, he argued that attempts to create organs of workers' power in the factories before the capitalist state had been overthrown were:

"...a formal imitation of a future institution, but one which lacks its fundamentally revolutionary character. Those who can today, represent the proletariat which will assume power tomorrow, are the workers who are fully conscious of this historical perspective, that is to say, workers inscribed in the Communist Party. The proletariat which struggles against bourgeois power is represented by its class party, even if this is only an audacious minority." (Il Soviet, 21st September 1919)

Furthermore:

"...in Russia, even after the proletarian seizure of power, the factory councils frequently placed obstacles in the path of revolutionary measures; to an even greater extent than the trade unions, they counterposed the pressures of narrow interests to the unfolding of the revolutionary process...according to Marxist doctrine, the revolution does not occur as a result of the education, culture or technical capacity of the proletariat, but as a result of the inner crises of the system of capitalist production... . The soviets are the form, not the cause, of the revolution." [12]

Gramsci's political thinking moved in quite a contrary direction: advancing what was essentially

a Menshevik conception of the party, as a 'voluntary' or 'private' institution, in relation to that of the councils, which were 'representative and public' proletarian organisms, for Gramsci a complete identity of the working class and the party would be possible only after 'a long period of education'. In the meantime, as only the councils were capable of organising the entire working class, it is they who should attempt to control the revolutionary process - which in effect they did, with such defeatist consequences. "The Party", i.e. the PSI, was therefore urged not to impose its own judgements on the councils, lest they 'lose contact with the mood actually prevailing among the masses'. The Ordinovisti's lack of political coherence, therefore, meant that far from being able to act as a vanguard for the class, their political positions tended to be a barometer reading of where the class movement was at any particular juncture.

Gramsci's response to the incompetence and paralysis of the PSI during the strikes of the telegraph and railway workers, in January 1920, was to point solely and exclusively to the sabotaging role of the reformists. Rather than explaining the need for the formation of an independent class party organised on communist principles, his perspective was for more of the same - the extension of the council movement. This was the logical development of an undialectical, indeed inverted conception of the relationship between politics and economics: "Any form of political power can be conceived and justified historically only as the juridical apparatus of real economic power." ("Due Rivoluzione" in ON, 3rd July 1920) Extrapolating from the historical experience of the bourgeoisie's advance to power, the gradualism and mechanism of the Second International, about which he was so recently derogatory, is here used as a theoretical justification for councilism: first 'economic power' and then 'sometime later', as the 'icing on the cake', political power; or in other words the 'councilist cart' before the 'counter-revolutionary horse'. The emphasis on these ideas derived from Gramsci's desire to prepare workers for their 'hegemony' over other social classes; a concept which was later to assume central importance in his political thought.

It was only after the defeat of the strikes and the occupations of April 1920, that ON began to seriously consider the need for political direction from a revolutionary party. As the consequence of the absence of political leadership

became apparent to Gramsci, the Ordinovisti, along with the Turin abstentionists drew up an "Action Programme", followed by Gramsci's article "First Renew the Party" - essentially a last-ditch attempt to inject a 'communist' policy into the PSI:

"The Socialist Party must be reinvigorated if it does not wish to be overturned and crushed by the rush of events. It must be reinvigorated because its defeat would mean the defeat of the revolution."

The inherently protean nature of the Ordinovisti was revealed when, as soon as they moved towards a clearer definition of the need for a communist party and of its crucial role in the class struggle, the group began to break up. Further defeats of the class precipitated the disintegration of the group. With the demise of the spectre of proletarian revolution and the abating of the post-war crisis, ON had served an indispensable function for the Italian ruling class, in the form of an extreme left faction of social democracy: that of acting as a syndicalist dam against the potentially revolutionary energies of the most militant Italian workers. [13] The failure to understand the bankruptcy of social democracy meant, however, that Gramsci continued to hold out the prospect of winning over the PSI - even after the formation of the Communist Party of Italy (PCd'I).

#### GRAMSCI AND THE FORMATION OF THE PCd'I

Even though the Ordinovisti tried to assume an autonomous political line, they never broke the umbilical cord which tied them to the reformists. In 1920, Gramsci had objected to the organisation of factions in the PSI, on the basis of "utterly secondary tactical elements", i.e. electionism versus abstentionism, in favour of concentrating on "fundamental questions of the communist revolution". This was a misconception of the political context of these tactical issues, as in reality, ever since their formation at the Rome Convention of June 1919 [14], and despite their subsequent weaknesses, the Bordiga faction, in contrast to the Ordinovisti, had based their work on the new perspectives opened up by the Russian Revolution, i.e. the beginning of "an epoch of wars and revolutions". The so-called fundamental questions for Gramsci continued to be the organisation of education groups which "can offer the proletariat for its emancipation...work in the field of mass action", an activity he typified as one which escaped from the "magic circle" of concern with political leadership.



A recurrent theme in Gramsci's criticism of the PSI was an ouevrierist and basically functionalist explanation based on the assertion that its leaders never "lived immersed in the reality of working class life". The bureaucratic distance of the PSI from the post-war wave of struggles, together with the underlying presupposition that the councils would be the organs through which class consciousness would be generated, lent weight to a conception of the party as mere 'agent', as strategic and tactical 'adviser' to a spontaneously burgeoning mass movement (see the text "Il Partito e La Rivoluzione" in ON).

Failure to understand the true role of the party in the revolutionary process, was compounded by a failure to grasp that the onset of capitalism's historic decline - its decadence - had opened up a qualitatively new perspective for the proletariat: that of establishing its political and tactical independence from all other social classes. For example, Gramsci's increasing disenchantment with the PSI had in no small part been founded on the conviction that it had been doing nothing to further a "coalition of workers and peasants". He believed that the winning over of the peasants was absolutely essential since they alone possessed the numerical strength to overthrow the bourgeois state. An immediate task of the councils would be the spread of propaganda in the countryside.

Despite the repudiation of any possible councilist interpretation of the nature and role of the party by Lenin at the Second Congress of the Communist International (CI) [15], Gramsci continued to regard Lenin as fundamentally a 'conciliar' theorist, and to equate the Russian Revolution with the primacy of the soviets over the party. Throughout the spring and summer of 1920, Gramsci's published work was full of oscillations on the question of the party and the councils and of their inter-relation. For instance, ON of 4th September contained an article ascribing to the party the educative and directive function previously attributed to the councils. Yet on the following day there appeared a text in Avanti! reviving all the main themes of councilist doctrine and not once mentioning the party. Such zig-zags are only explicable as an opportunist hanging on to the coat-tails of the PSI, who, after sailing into the wind during the storms of the class struggle, came out in open opposition to the Piedmont general strike. Compare this to the record of Bordiga's Il Soviet, which from December 1918 had denounced the inept maximalist leadership of the PSI for their lack of concrete revolutionary preparations, and argued initially

for a change in the party's structure and programme in order to divest the PSI of reformist influence. By June 1919 Bordiga had become the first leader on the PSI left to call publicly for the expulsion of the reformists, and immediately after the party's Bologna Congress in October 1919 (at which the abstentionist platform was defeated and the reformists allowed to remain) began to make plans for a schism of the communists in the PSI and for the formation of a new independent communist party as the fundamental organ of socialist revolution. [16]

However, unlike Lenin's scission with the Mensheviks and the founding of the Bolsheviks in 1903, Gramsci never clearly recognised the need for an organisational split. The rupture with the PSI took place only after the leadership refused to assist the Turin workers in the 1920 lockout. In other words, it was only after they began to attack Gramsci and hence seriously threaten to undermine the enclave of his councilism, and not before, that he was forced to embark on a serious critique of the unions and the PSI. And in the course of this conflict Gramsci turned particularly to the anti-party workers, both anarchist and abstentionist, whose leaders now controlled the FIOM (metal workers union).

While declaring his alignment with Bordiga and making a formal agreement on the need for a new party, Gramsci still held a much more restricted view of the role that this party would play. On his return from the Florence Conference of the abstentionist fraction (January 1920), Gramsci was still refusing to openly call for the formation of a new party, arguing that "the party [PSI] is undergoing a process of organic transformation and the elements of this neo-formation are the communist groups in the factory". The party was to be in his view, a disciplined 'association', which controlled delegates from the factories who had imperative mandates. He made clear that this was to be a party controlled from the bottom, not "a party which uses the masses in heroic imitation of the French Jacobins", a frequent critical caricature of Bordiga's position and by implication Bolshevism. It was only in a situation which he described as the "chaos and collapse" of Italian socialism, when he felt himself "overwhelmed by events", that he agreed to split the PSI.

Gramsci's support for Bordiga was always ambivalent, but when Bordiga threatened to 'go it alone' at the Imola Conference of the national fraction (28th November 1920), Gramsci quietly accepted Bordiga's policy of a small party of

professional revolutionaries, which was clearly distinct from the mass and was directed to a political assault on the state. Bordiga made it quite clear that for such a party there is no room for compromise with social democracy and that the only road was for a split at the forthcoming PSI conference and "took up a knotty club and beat terribly on the table with it" when the unitary faction attempted to put forward the conciliatory view. [17] Gramsci did nothing in the six weeks between the Imola meeting and the Congress of Livorno to reverse his self-effacing and ambiguous position. The few articles he wrote were directed against Serrati and the centre.

In 1920 Gramsci had in effect held 'two' views of the party: 1) that it was no more than an 'agent' of the masses, and 2) that the party could conduct the revolution almost by itself. These views corresponded with a rejection of the abstentionist position before 1920, and then an acceptance of the same position for contingent reasons after September 1920. Later when left unity was not the superficially overriding issue, the first view emerged as clearly his own. Wishful thinking in retrospect, and a failure to comprehend what was involved at a crucial juncture in the development of both the class struggle and the communist movement, are reflected by Gramsci when he wrote in 1924:

"We were not willing to give that sort of autonomous leadership to the Turin factory councils...because we feared that there would be a split in the unions - that we would be expelled too soon from the PSI... . In truth, if after the April split we had taken up positions which I thought necessary even then, we might have arrived at a situation different from that of the factory occupations and could have put it off to a more suitable time." (sic!)

With Serrati's refusal to accept the Twenty-One Points passed at the Second CI Congress in July 1920 (which called for the expulsion of the reformists), the communists led by Bordiga left the PSI at the Congress of Livorno in January 1921 to form their own party. In the organisation of the PCd'I Bordiga's principal role was reflected in the abstentionists' domination of the first Executive Committee.

But no sooner had the PCd'I been created than it came into conflict with the CI over its shift to the right - a process begun at least as early as the Third CI Congress. The specific issues were

two: the united front and the fusion of the PSI (from which the communists had only just split) with the PCd'I. In this conflict Bordiga resisted the volte-face which the united front tactic represented, and because he felt that the schism at Livorno had been both principled and irrevocable, he was adamantly opposed to fusion with the PSI and resisted suggestions for the creation of a political alliance with parties on the bourgeois left. However, although it was around Bordiga that the PCd'I had formed, and clarity on some vital issues, notably on the united front, were to push the party into a left opposition to a degenerating CI, his arrest by the fascist government at the beginning of 1923, his lack of effective party leadership in the face of CI manoeuvres and his over formal submission to its discipline, enabled Gramsci, who was totally isolated on the first Central Committee, to emerge by 1924, as the leader of the PCd'I under CI domination. We shall now turn to a charting of the political events leading up to this.

#### THE ROME THESES AND THE UNITED FRONT

In June 1921, at its Third Congress, the CI formally launched its united front policy, thereby throwing open the whole question of the PCd'I's future development and leadership. The united front policy called for collaboration on specific issues with reformist social democracy; it meant common action between rival internationals, rival left parties and in the trade union field. Radek, Zinoviev and others went to great pains to show that the programme did not contradict the policy of schism advocated by the Second Congress, but in effect the adoption of a united front tactic was to mark a watershed in the history of the CI, the first telling symptom of its degenerative decline. Immediately after the first Plenum of the ECCI, the PCd'I held its Second Congress (at Rome in March 1922). Its main task was to define in theoretical terms the party's position on the united front tactic. These were to be the Rome Theses. [18]

The Rome Theses took as their starting point the programme adopted in January 1921, that the proletariat could only take power violently through its political class party, which emerged as an organic development of the proletariat at a particular stage of its history. The Theses asserted that the Communist Party's policies must be determined by the nature of the historical period, not by short term tactical manoeuvres designed to recruit a mass following; according to the CI view, a united front would combat the growing counter-revolutionary offensive of

capitalism, while at the same time encouraging recruitment into the communists' ranks. And although Lenin and Trotsky saw the united front as a holding action to retain working class support in a period when the revolutionary tide had ebbed, Bordiga declared:

"It is an error to suppose that one can, by expedients and manoeuvres, expand the party base among the masses at any time, since relations between the party and the masses depend in great measure on the objective conditions of the situation. The controversy between us leftists and other factions lies in our belief that variations in the situation should not change the fundamental programme, organisation and tactics of the party. As we see it, party influence among the masses will grow when the situation becomes more revolutionary.... The other factions apparently see the problem of 'conquering' the masses as a problem of will; but actually they fall into opportunism by continually adapting themselves to specific situations. Thus they so deform the nature and functions of the party that it is incapable of conquering the masses, or of performing its supreme tasks when the right situation does occur." [19]

Against the distortions and slanders of the leftists, we maintain that the politics of the PCd'I as embodied in the Rome Theses represented a dynamic reading of the crisis of imperialism and bourgeois democracy. The party's membership was 98% working class, and it saw itself as an organ of the international proletariat in the Italian sector. Hence its name was the Communist Party of Italy and not Italian, stressing territory not 'nationality'. The party was established as a class instrument of the consciously communist. So while it was an expression of the working class and an organ of the proletariat, it could not be immersed in it. The party aimed to mobilise the commitment of individual militants to communism, transcending any sectional loyalties in the historical service of the working class.

The fundamental basis of the PCd'I's action was the proletariat, no matter its numerical weaknesses, the party strove to realise the communist programme. Therefore, its axis was a permanent offensive against the treachery of the social democrats and the democratic bourgeois left in order to free the working class, and the non-proletarian strata which could be regrouped under working class leadership, from the

democratic delusion. Although the party prepared for direct action, this did not mean that it should not be involved in everyday struggles. The point was that indirect action could never be in contradiction with the party's programme. So the party could not accept bourgeois democracy or make efforts to secure partial reforms via alliances or through parliament. The PCd'I saw fascism as a temporary phase of re-integration in a capitalist system which, in order to survive, could assume social democratic form. In this case, the party would not defend such a government.

For leftists today, the above was no more than a recipe for 'pure sectarianism' which led to the victory of fascism. For them it was Bordiga's refusal to form a united front with the social democrats that was to blame for fascism's victory, and explicit comparisons are made with the 'ultra-left' policies of the CI's later 'Third Period' (see below for a discussion of Gramsci's attitude toward it). But the PCd'I's policy was no 'sectarian lunacy'. It was because Bordiga saw the party's duty to look through fascism to the developing structure of capitalism underneath, and while closely controlling its activity amongst the proletariat, to guard against bourgeois infection and loss of its independent political terrain and purpose, that he made the PSI and democracy its main target. The comparison with the CI's 'Third Period' orientation is also erroneous. Despite some superficial similarities, this call for an offensive against social democracy by a Stalinised CI was made at a time when the struggles of the working class had already been defeated, and the proletariat had largely withdrawn from revolutionary politics. This 'adventurism', no more than the previous advocacy of 'unity' with reactionary social democracy, did not represent a way forward for the working class.

The Rome Theses were products of that same school of revolutionary intransigence which created that other landmark in the history of communist political thought - Lenin's What is to be Done? and were quite removed from Gramsci's notion of the party as an 'association' immersed in the masses. Those sections which argued from 'practical issues' upwards, were contained in the theses on the trade unions, drawn up by Gramsci and Tasca. Once again the orientation was factoryist, with the stress that union work should be linked to that of the factory council, which would be the main 'critical' organ of the working class: "The struggle for control represents for the councils the specific ground on which the working class places itself at the head of other oppressed classes of the



population and succeeds in obtaining their consensus in its own dictatorship." In short, only through the councils could the social collapse of the time be overcome.

Despite serious misconceptions about the feasibility of a united front 'from below', and the possibility of capturing positions in the unions as part of a revolutionary strategy and despite certain mechanical formulations which contained the seeds of subsequent 'Bordigism' [20] (e.g. the party in its 'normal state' was to be completely homogenous, disciplined and 'unchanging in programme'), the Rome Theses was a seminal document of the communist left tradition, defining in a clear and unambiguous manner the political acquisitions of the communist movement and the programmatic dividing line, on the other side of which lay an increasingly embourgeoisified social democracy and an International sliding towards the positions of this self-same social democracy. Attacked vociferously at the time by Trotsky and Radek on behalf of the CI Executive, and by Kolarov, their representative at the Rome Congress, the Theses were to constitute that kernel of the PCd'I's politics which was to survive the ideological and organisational disaster which was to befall the International after Lenin's death, and which today still remain a series of reference points rich in the exposition of tactical principles and their implications for revolutionary practice.

Although Gramsci succeeded in having the Theses presented to the Rome Congress, only as a "basis for future discussion" at the next CI Congress, and managed to modify two articles, they were endorsed by a vote of 31,089 to 4,151. Bordiga was to claim that Gramsci originally accepted the basic ideas of the Rome Theses wholeheartedly, but later rejected them for opportunistic reasons. It is probably closer to the truth to say that Gramsci initially approved them for opportunistic reasons and then later disowned them. Certainly his subsequent theorisations and political actions effectively abandoned all the central tenets of the Theses.

Kolarov's speech had a considerable effect on the delegates at the Rome Congress, provoking the emergence of a right-wing minority opposition around Tasca, in support of the CI's position. On the face of it, Gramsci appeared to be defending Bordiga and Terracini in rejection of the united front slogan, but in actuality was arguing from a different standpoint, speaking of the 'peasant' character of the PSI and expressing fears that a

united front would lead to the drowning of the PCd'I in a peasant context. His conception of the united front was from the outset equivocal because it was not based on the historically discovered principle, outlined in the Rome Theses, that the tactic of the united front had been rendered fruitless for the proletariat because of the passage of social democracy into the enemy camp. For Gramsci, the united front was applicable in countries like Germany, for instance, where a parliamentary majority of the 'proletarian' Socialist Party could act as a defender of the more backward workers, whereas in comparatively underdeveloped Italy, this was not the case because the PSI was a 'two-class' party, drawing support from the proletariat and the peasantry.

According to Togliatti, Gramsci accepted the Rome Theses for 'contingent' reasons - the weakness of his own group compared to Bordiga's and the danger of giving the right-wing minority an opportunity to split the party. In the light of recently published correspondence which shows that Gramsci was in effect opposed to the Theses from the start, such reasoning has a specious flavour, doing little to hide Gramsci's manoeuvrism. The following extracts from a letter from Gramsci to Togliatti, Terracini and others in February 1924 [21] serves to demonstrate Gramsci's dishonest attitude to the Rome Theses and to throw some light on his real political motives, even though the reasoning may be a post hoc rationale (the emphasis is ours):

"...I deny emphatically that the party's tradition is that which is reflected in the manifesto [of the communist left] .... In the same way I deny that there exists a crisis of confidence between the International and the party as a whole. The crisis only exists between the International and a part of the party leadership. The party was formed at Livorno not on the basis of a conception which then continued to exist and develop, but on a concrete and immediate basis: separation from the reformists.... The wider basis, that which brought the Imola provisional committee the sympathies of a section of the proletariat, was loyalty to the Communist International.... I, at least before the Rome Congress, in the speech I made to the Turin assembly, said clearly enough that I was accepting the theses on tactics only for contingent reasons of party organisation, and declared myself in favour of the united front right through to its normal conclusion in a workers' government." [22]

## GRAMSCI'S RESPONSE TO THE ADVENT OF FASCISM

The defeats of the working class in Italy brought with them a growing fascist movement that was being quickly appropriated by the industrialists. Bordiga, in his report to the Fourth CI Congress of November 1922, refused any distinction between the general capitalist counter-offensive and fascism and also the need for a united front. On the contrary, he emphasised that it was useless for the proletariat to ally with one faction of the bourgeoisie against another, and hence was one of the first communists to recognise that, in relation to the proletariat, liberal democracy and fascism have the same class interests, and that the only way the class could make an offensive against fascist attacks was to remain strictly on its own terrain, which implied no inter-class alliances.

Gramsci, despite the clarity of his initial prognosis on the possibility of fascism coming to power, by April 1921 had begun to analyse fascism in terms typical of 'mass-psychological' or 'cultural' historians, indicating that fascism was tending to become uncontrollable because of its 'decadent qualities'. Basing himself on the assumption that it could not be viewed as part of the bourgeois state, Gramsci's political orientation was one which attempted to drive a wedge between its 'radical' and 'conservative' wings. However, while the response of communists to the onset of a serious reflux in the class struggle was not something definitively conceived, in arguing for the formation of alliances with bourgeois forces (even of the ultra-right) against fascism, Gramsci was to go against established proletarian principles and point the PCd'I towards a complete renunciation of its political independence.

Gramsci thought that it might be possible to have an organised mass resistance to fascism's offensive and that to reinforce, extend and increase the influence of this resistance, contact with the Fiumian Legionaries could prove to be a useful tactic. It is not certain who arranged a meeting with D'Annunzio, but Gramsci was reportedly ill and worried about the consequences if news of his mission got out. Danieli, his go-between, asked him to spend a few days recovering at a hotel near Como. There apparently he was greatly impressed by Gramsci, who, he claimed, hid neither his support for the 'patriotic war' of 1914, nor his admiration for D'Annunzio. [23] "Throughout our conversations he recognised the revolutionary and disinterested

spirit of the legionaries which he distinguished sharply from the pragmatic and reactionary spirit of the fascists." [24]

Gramsci continued to press for some sort of entente with the populist wing of the mass movement, an orientation which grew stronger with the emergence in June 1922 of the 'Arditi del Popolo'. These were groups of much the same composition as the legionaries, with more of an anti-state programme and more of an anti-fascist bent. They received enormous support from the rank and file of the PCd'I and the PSI, but after the Arditi arranged a pact of peace with the fascists, PCd'I members were instructed not to join them. Significantly, Gramsci disagreed publicly with the Central Executive on this issue, despite the anarchist and D'Annunzian overtones of the Arditi, insisting on the opportunist line that their anti-fascism should be "expanded as much as possible".

With the demise of the Arditi, Gramsci concentrated on the notion of a mass, inter-class, opposition as the only way to combat the triumph of fascism. After the March on Rome and the fascist accession to power, he was to take the next logical step in a political trajectory that led to calls for an alliance with the PSI based on the need "to elaborate a programme for a worker and peasant government which can satisfy the mass of the peasants who have experienced the fascist terror the most." [25] In turn, this led to attempts to organise a "democratic united front" against the fascist dictatorship, and in spite of Bordiga's objections, he was to participate in the Aventine opposition of bourgeois democratic forces that followed the assassination of Matteotti in June 1924, until it became clear that the liberal and socialist parties intended to limit their 'opposition' to a moral protest. He then returned the PCd'I to the regular bourgeois parliamentary forum, where he hoped to win a "national audience" for a "direct confrontation" with the fascists. Since fascism's success was only possible because of the defeat of the working class, which in turn was chiefly the result of the treachery of both the PSI's reformist and maximalist fractions, Gramsci had clearly embarked on a road which, in principle as well as in fact, was to lead to the abandonment of the only social force capable of stemming the tide of fascist reaction: the militant and independent proletariat.

Gramsci, together with those other PCd'I leaders under his influence, had shown a continuous

uncertainty in their analyses of fascism, stressing now its petty-bourgeois origins, now its agrarian component, now its internal contradictions or its function as an expression of the entire ruling class. So that by mid 1924 what had been a superficial and spurious support for the Rome Theses, had become an increasingly despairing attempt to reach alliances not only with the PSI but with such traditionally anti-communist institutions as the Catholic Church! Despite attempts at the beginning of an organisation of the party for an underground existence, pursuit of the policy of a united front could only succeed in further mystifying a class already in retreat, and at the same time served to underline a more open turn in Gramsci's theoretical outlook, implicit since 1920.

#### GRAMSCI'S ACCESSION TO THE LEADERSHIP OF THE PCd'I

The Fourth Congress of the CI (November 1922) went beyond the united front policy of the previous Congress and proclaimed the slogan of a 'workers' and peasants' government'. In countries where the slogan could be applied: "communists must declare themselves ready to form a workers' government with non-communist workers' parties and organisations." At the same time the CI leaders had accepted that the PSI's belated acceptance of the Twenty-One Points (qualifications for adherence to the CI) called for a fusion of Italian socialists and communists. Bordiga was as unequivocally opposed to fusion as he was to the formula of a 'workers' government'; Tasca and the right-wing minority accepted the plan; Gramsci compromised, arguing that the Third Internationalists (I Terzini) faction of the PSI should be merged.

On 24th November an ultimatum over the signatures of Lenin, Trotsky, Zinoviev, Bukharin, and Radek was delivered to the PCd'I, demanding a decision on the implementation of CI directives. It was then, for the first time, that a rift appeared in the Bordigan majority. Whereas Bordiga was for a purely formal acceptance of discipline, and an effective non-application of CI instructions, Gramsci disagreed, fearing that continued resistance would bring the right-wing minority and Tasca to power. The upshot was that Gramsci together with Scoccimarro and Tasca, participated in the Fusion Committee; Bordiga boycotted it. Gramsci later insisted that the bleak outlook for the party at the beginning of 1923 left him no choice but vacillation and compromise - complete support for the International was essential.

Infuriated by the failure of the fusion in April 1923 (for which the CI blamed the Italian communist leaders, particularly Bordiga), the ECCI took the occasion of Bordiga's arrest following his return to Italy to make serious probings with respect to the possibility of changing the PCd'I leadership. Gramsci was approached by the then Secretary of the ECCI, Rakosi, with the offer of the leadership of the party, "with the diplomatic delicacy that was characteristic of him". Although genuinely embarrassed, it would appear, by the bluntness of the offer, Gramsci did concede that in view of Bordiga's prestige and position, he would not be able to be replaced without a great deal of preliminary work. [26] Gramsci was to spend over a year in Moscow, from mid 1922-23. Little is known of his political activity in this period, but we can safely assume that it is unlikely that any presumed ingenuousness on his part, would have lasted long in contact with such figures as Zinoviev or Radek. Although many commentators, in the light of his subsequent writings, deem it as over simplistic to see Gramsci as simply the CI's man pushed into the leadership to replace the refractory Bordiga, it was his express intention on leaving Moscow to work for a CI annunciated 'Federal Soviet Republic of Workers and Peasants' for Italy. One of the most surprising features of his published writings then and subsequently, is the absence of any reflections or even descriptions of Russia, during what was a crucial period in the history of the defeat of its revolution.

Shortly before leaving Moscow, Gramsci outlined in a letter to the PCd'I Central Executive his plans for a new daily paper, to be published jointly with the Terzini group. The influence of the CI's new turn is evident:

"I propose that the paper be called l'Unità, both because it means something to the workers, and more generally because I believe after the decision of the ECCI in favour of a 'workers' and peasants' government', that we must lay special stress on the Southern Question, that is, on the question in which the problem of worker/peasant relations is not only a problem of class relations, but is also a special territorial question, that is, one of the aspects of the national question..."

This letter was Gramsci's first practical move towards the implementation of those 'flexible' tactics that later became identified with his political approach, and to bring into the open themes central to his political thinking between



1924-26.

In November 1923 Gramsci was moved from Moscow to Vienna, to take charge of a newly founded CI bureau for 'anti-fascist action'. In actuality it was the penultimate step towards the formation of a new centre majority without Bordiga. In June of that year, the ECCI had already - against the wishes of a majority of its nominees - appointed a new party leadership. Bordiga, Fortichieri and Grieco of the original PCd'I Executive, favoured a policy of non-collaboration with any such imposed Executive. However, Togliatti, Terracini and other doubters were persuaded by Gramsci to accept it, once again on the grounds of avoiding a right-wing leadership. Up until this time, Bordiga and Gramsci had shared a common estimate of the dangers of 'liquidationism'. Bordiga's position - in the light of a degenerating International - was to form an opposition within it, in an attempt to steer it back on a revolutionary course. Gramsci, on the other hand, was to conclude that the party should concentrate on the task of 'making the revolution in Italy', if need be, despite the International. In a letter from Vienna he was to write to his CE comrades: "Amadeo approaches things from the viewpoint of an international minority, but we must approach things from the viewpoint of a national majority." [27]

Pursuing this perspective, Gramsci began to urge that the party give up the 'dry and doctrinaire' positions which separated it from the masses (i.e. the Rome Theses) and seek to 'immerse itself' in the masses - a formula for liquidation certainly as virulent as Tasca's, in the last analysis. The solution to the impasse with the International was to go beyond both Bordiga and the minority by shifting the discussion from 'formal and organisational questions' to 'issues of effectively working in an Italian environment'. Fundamental to such a reorientation was a recognition that Livorno had proved to be 'the greatest triumph of reaction' and that the foremost need now was for 'unity' in the face of fascism. To this end, Gramsci was to return to beating the drum of the importance of the workplace, of shop-stewards and factory councils, and of the need to take control of the internal commissions.

After the ECCI had turned down a proposal to publish a journal based on Croce's Critica, in March 1924 the first in a new series of Ordine Nuovo came out under Gramsci's editorship, where, among other things it was announced that Gramsci no longer adhered to a Bordigan conception of the

party, but instead preferred the regressive, essentially social democratic perspective of a 'mass party', albeit based on the workers' councils: "Ordine Nuovo takes up publication in the same format and with the same orientation it had when it started publication in Turin on May 1st 1919." So much for having come to terms with the most vital lessons of the previous five years of Italian history!

On May 12th, after having been elected to the Italian Parliament, Gramsci returned to Italy to take up his duties as leader of the PCd'I. A few days later, at a secret meeting held near Lake Como, local party delegates passed resolutions which backed Bordiga's position on the party's programme, the fusion and the united front - even though they also ratified the CI imposed Executive. But if most of the party cadres were still solidly Bordigan (now dubbed 'ultra-leftist'), Gramsci's leadership (labelled 'centre') made it clear that the major task for the immediate future was winning over the middle cadres of the party. This was done by making the slogan of a 'workers' and peasants' government' into a 'truly national question', by concentrating on the centrality of the Southern Question and hence by 'widening' organisational objectives. Still, the CI and Gramsci were unable to diminish the Bordigan standpoint to a marginal position until the latter part of 1925.

While Gramsci was engaged in winning the party to his policies, the Fifth CI Congress was under way (June-July 1924) and revolved around a struggle between Zinoviev and Trotsky for the succession to Lenin's leadership. The conflict between Bordiga and Gramsci later in the year, took the form of a dispute over the views and treatment of Trotsky. Bordiga went onto the offensive against the 'centre' and the CI in opposition to the way the International attempted to stifle Trotsky's views. In this sense Bordiga, not Gramsci was the supporter of Trotsky in Italy. [28] The main topic of debate was Trotsky's contention that there had been a relative stabilisation of capitalism in Western Europe, under the aegis of US imperialism and Bordiga also recognised this to be the case. Gramsci refused to accept this thesis, or that the revolutionary wave had subsided or the practical politics that were bound to flow from this view. In the absence of any serious infrastructural or economic analyses, a glaring hiatus in his thought throughout his life, Gramsci was to maintain that capitalism was collapsing in Italy and that a revolution was still possible [29] if sufficient mass support could be mobilised, a position that was in substantial disaccord with the CI's

assessment. Theoretical error was translated into voluntarist practice, when, in the wake of the Matteotti assassination, Gramsci really thought the system was on the verge of collapse. Italy became an "erupting volcano" and he talked openly with constitutionalists like Amendola and Bencivenga about the possibility of armed insurrection. Despite the fact that the workers themselves felt that it was too risky at this juncture to follow the PCd'I line, Gramsci continued to call at Central Committee meetings for the necessary preparations for a violent struggle to overthrow fascism. Before the Fifth Congress of the CI, the policy had been to call for a 'workers' government' and after to call for 'committees of workers and peasants'. Gramsci translated both into renewed calls for factory councils. Even the demand for 'Bolshevisation' of the party was given a 'Gramscian interpretation'.

#### BOLSHEVISATION

The Third or 'Lyons' Congress of the PCd'I (January 1926) had the specific task of isolating and defeating the Bordigan group, but also the more general task, part of a gigantic Stalinist operation, of 'Bolshevising' the party, in accordance with the decisions of the ECCI's fifth Plenum (March-April 1925). The Lyons Theses which Gramsci delivered to the Congress were to give the PCd'I a definitive 'national profile' (hence its change in name to Italian Communist Party - PCI), and were the formalisation of a departure from class principles already under way. Thereafter the PCI imagined itself to be the only force capable of completing the work of the Risorgimento, of creating a 'vigorous, democratic Italy'. Such a clear rupture with revolutionary Marxism, was a definite signal to the bourgeoisie that the PCI was a future candidate for a place in its political apparatus.

The Theses began by declaring that the "transformation of the communist parties into Bolshevik parties, is the fundamental task of the CI". Attacks by the extreme left against the CI "as an organ of the Russian state", were to be fought by demonstrating how the Russian party was historically justified in playing the "leading role in building the CI". Bolshevisation meant unifying and centralising the party, ideologically and organisationally; a complete acceptance of 'Leninism' was mandatory. Gramsci was to justify the application of this process within the PCI, by alleging that it "did not find in the history of the Italian labour movement, a vigorous current of Marxist thought to which it could appeal."

Internal democracy was limited by pointing to the threat of fascist repression and to the "political capacity of peripheral organs and single comrades", i.e. by the degree of 'bordighismo' still inherent in party cadres. The process of centralisation would not rule out "contrasts and tendencies" but "organised groups that assume the character of factions" were to be forbidden. Stalinist Bolshevisation was to provide for Gramsci the concrete historical experience, later transcribed in the Prison Notebooks, where the party was treated in terms of a religion, as the focus of an "absolute laicism", as the celebrated "Modern Prince", which would take the place of the divinity in peoples' conscience; and the party as the "categorical imperative", providing the ultimate reference for all aspects of existence, leading to 'statolatry' - albeit temporarily we are assured. [30]

The CI was to become a true 'world party' in which the interests of each particular section were subordinate, not to the cause of the proletarian revolution as a whole but in effect to a state capitalist USSR moving towards a new realignment of imperialist power-brokers. Gramsci, however never strictly adhered to the CI formula - though not for reasons of revolutionary intransigence - and maintained that PCI policy could not be subordinate to the interests of general developments: praxis always started from 'the particular'. The Bolshevisation Gramsci initiated took on a different overall character from that envisaged by the CI, although coinciding on particular points. Moreover he was to give his own peculiar slant to the translation of CI imperatives. The demand for the establishment of factory cells became, for example, a return to the practice of the ON of 1919-20 and renewed calls to turn the internal commissions in a 'revolutionary direction'; his understanding of centralisation in effect meant a continuing commitment to councilist practice.

The left, organised around the Committee of Entente, pointed out that Gramsci was importing petty-bourgeois ideology into the party through his emphasis on 'mass work', and that his 'Leninism' was no more than 'Leninism alla moda'. [31] Gramsci's stance was that the 'purism' of Bordiga's line was responsible for the ease with which Mussolini had come to power and that the Rome Theses, rather than the policies of his own group, were inspired by Crocean philosophy (!) and that the Bordigan line was unrealistic, pre-Hegelian and pre-Marxist in its lack of concern with real conditions.

It is interesting to remark on Gramsci's definition of 'Leninism'. Citing from "Left-Wing" Communism, an Infantile Disorder, one of the most frequent reference books in those years, he indicated that he regarded Bolshevisation as a work of suasion, rather than compulsion, which was rather ironic considering his threats of expulsion at the Como Conference. According to Gramsci, the process of obtaining discipline, of Bolshevisation, meant no more than organising the workers in the factories, from below, and of "subjecting intellectual elements to a rigorous process of selection." Gramsci demanded a study of the tactics of the Russian party between 1905-22 - note the first date. What is significant is that he regarded the years 1907-9 as important, i.e. not the early years of What is to be Done?. He showed a good deal of knowledge of this history with particular emphasis on the defeat of the left-wing. It was in the context of the struggle against 'leftism', and here he quoted Zinoviev, that the "Bolshevik Party acquired its definite character..." [32], - the parallel with the new turn of the PCI is obvious. Yet Gramsci still managed to interpret 'Leninism' in terms of his own councilist policy of 1919-20, when the whole issue of the nature and role of a vanguard party, the question of how to give a political lead to the working masses, was reduced to the problem of how to encourage a councilist spirit in the factories.

Criticism from the left provoked from Gramsci the response that there had been no right-wing degeneration in 'Leninist' theory since Lenin's death. What is more he denied that there had been any deviation from communist policies with the introduction of Russia's NEP. With copious quotations from Lenin's speeches after 1917, he stated that it had never been maintained that Russia would pass immediately to socialism after the revolution but that steps to control production and distribution would be facilitated through the development of a 'peasant revolution'. This kind of one-sided interpretation, together with use and abuse of Lenin's theories on the national question and on imperialism, were to be Gramsci's justification for that other main theme of the Lyons Congress: the centrality of the Southern Question.

According to Gramsci, since northern industry assumed the role of a 'capitalist metropolis', the great landowners and the middle bourgeoisie of the south had essentially the same function as those colonial groups - feudal elements and compradors - who "ally themselves with the metropolis to hold

'the mass of the working population in subjection.'" The main effect of this relation, by dint of Gramsci's reasoning, was thus to make the southern peasantry the chief political "ally" of the proletariat. It also imparted a "national character" to the social revolution in Italy, since only such a revolution could be said to be capable of completing the unification of the country, by ending the "colonial" subjection of the south. The affinity if not direct affiliation with the reactionary thought of Mao Tse-tung is discernable. For him, the whole of the underdeveloped world was likened to one vast 'Mezzogiorno', whose liberation from the shackles of imperialism would require a 'four class bloc' comprising workers, peasants, intellectuals and the 'progressive' national bourgeoisie.

An exclusive concentration on the so-called Southern Question meant that Gramsci became more and more detached from the real situation of the party, which he was later to liken to a 'shipwreck'. Abstract and erroneous analyses of Italian development came to replace an analysis of the actual isolation of the international revolution and a strategy for the Italian proletariat within this perspective. Instead, at a point when the very fate of the party was at stake, the need to forge an alliance with the southern peasantry became the strategy of the 'epoch'. On the eve of his imprisonment Gramsci had steered a course for the PCI which, though not entirely congruent with the trajectory of the CI, meant its fateful recuperation into the overall strategy of the bourgeoisie and an emptying of its proletarian content.

#### IMPRISONMENT 1926-37

The political logic implicit in Gramsci's nationalist perspective - encapsulated in his saying "the proletariat must nationalise itself" - was to develop into a prescription for broader alliances, and was interrupted only by the Stalinist 'Third Period' with which he disagreed, though not for revolutionary reasons. As might be expected under his new circumstances his voluntarist tendencies became somewhat attenuated, but were still not analysed in the light of any attempt at a radical reappraisal of the new era of defeat.

The central thesis of the Third Period was that in the immediate future (1929) the imperialist world would go into a new period of crisis and economic collapse, like 1917-20, and that these conditions would lead automatically to a renewed series of



revolutions in the West. In this period the social democrats would play the main part in shoring up the system and were consequently to be seen as the worst enemies. The theory, for which Stalin was largely responsible, reeked of historical fatalism and political dogmatism, but was duly taken up in 1930, by the PCI under the leadership of Togliatti, and soon the party was talking of the imminent collapse of fascism.

Gramsci's main slogan for this period, was the rather mundane demand for a Constituent Assembly, whose purpose would be in winning "allies for the proletariat" which, since the PCI's organisational framework had almost been destroyed, he justified as very necessary:

"The 'Constituente' represents an organised framework in which the most advanced claims of the working class can be made. It is in the bosom of the 'Constituente' that the action of the party...can and indeed must be undertaken through its representatives."

This perspective was given sanction by recalling that in Russia, Article One of the Programme of the Government of the Bolshevik Party took account of the 'Constituente'.

Under circumstances where the party could rely on at most 6,000 organisational leaders on a provincial level, the most favourable outcome, according to Gramsci, would be a 'period of transition', rather than a conquest of state power, and hence the need to join an anti-fascist coalition. Future developments would give the party ample time and opportunity (viz. the Second World War) to demonstrate the futility of reformist programmes to meet the needs of the working class. For now he was advocating solidarity with the impoverished peasants and disenchanted intellectuals, as well as with the "brooding, restless petty-bourgeoisie", including, e.g., "the lower ranks of the officer stratum, discontented about lack of promotion, precarious conditions of existence, etc." [33]

In the present situation, the peasantry and the rural petty-bourgeoisie were not prepared to accept the Communist Party, with its full programme (in effect a version of the social democratic 'minimum' programme). They could be won to this programme only by 'stages'. By raising the "constitutional and institutional problem", as a first step, the PCI could make common cause with all Italian anti-fascist parties, i.e. with other factions of the Italian bourgeoisie whose

interests at the end of the day were equally opposed to those of the subordinate classes. After the establishment of a new liberal democratic regime, the proletariat could then, with the benevolence of its mentors, prepare for 'the final struggle'. The affinity between Gramsci's proposals and the actual strategy adopted by the Stalinist Togliatti towards the end of the Second World War, is striking.

Gramsci was thus asserting the importance of "immediate democratic objectives" even more forthrightly than at the Lyons Congress and believed that such a programme was needed so that the PCI could acquire a mass influence and eventually "exercise its national ruling function". In 1930, in the midst of the 'ultra-left' swing, such a platform was entirely unpalatable to either the CI or the PCI, but a few years later, the entire leadership was to accept this line, culminating in August 1934 in the pact of united action between the PCI and the PSI. A year later the programme of the Popular Front was established at the Seventh Congress of the CI. Gramscism had been vindicated.

It was also in prison that Gramsci wrote extensively on issues of philosophy, sociology, history, literature and political theory. The publication of his Prison Notebooks after 1945, their elliptical idiom, their constant re-interpreters, their 'true' significance in the light of Gramsci's previous writings, and so on, has provided for the leftist intelligentsia, a many sided and fascinating 'growth industry' whose intellectualist sophistication has developed in tandem with its divorce from the real concerns of the class struggle. In the second part of this article we shall attempt to steer a path through this marvellous ideological labyrinth, where Antonio Gramsci is variously, according to the fashion and needs of the moment, presented as a 'Crocean', 'Leninist', 'Stalinist', 'populist', 'anti-Jacobin', 'Sovietist', etc., - in short as 'a man for all political seasons' - in order to outline what has significance for our tradition: the political meaning of the post-war uses of Gramscism.

#### NOTES AND REFERENCES

- [1] See Sebastiano Timpanaro, On Materialism (London, New Left Books, 1975), ch.1.
- [2] See L. Kolakowski, The Main Currents of Marxism, Volume Two (Oxford, Clarendon Press),

ch.8.

[3] Quoted from H. Stuart Hughes, Consciousness and Society, ch. on Croce.

[4] From Il Grido del Popolo (January 29th, 1916), in Antonio Gramsci, History, Philosophy and Culture in the Young Gramsci, ed. by P. Cavalcanti and P. Piccone (St. Louis, Telos Press, 1975), p.21.

[5] George Sorel (1847-1922), French socialist whose 'Marxism' was a blend of romanticism, ethical responsibility and 'social poetry' and whose apocalyptic expectations were to find their way into fascist ideology.

[6] Quoted in Alastair Davidson, "Gramsci and Lenin 1917-22", in R. Miliband and J. Saville (eds.), Socialist Register (London, Merlin Press, 1974). Later, Bordiga's supporters, boasting of their leader's anti-intellectualist virtues, were to pronounce that he had never so much as seen a cover of a book by either Croce or Gentile.

[7] Quoted from Antonio Gramsci, Selections from Political Writings, 1910-1920, ed. by Q. Hoare (London, Lawrence and Wishart, 1977).

[8] See John M. Cammett, Antonio Gramsci and the Origins of Italian Communism (Californina, Stanford, 1967), p.61.

[9] Quoted in Alastair Davidson, Antonio Gramsci: Towards an Intellectual Biography (London, Merlin Press, 1977), p.83.

[10] Quoted in ibid., p.115. See also G. Williams, Proletarian Order (London, Pluto Press, 1975) and P. Spriano, The Occupation of the Factories (London, Pluto Press, 1975) for an account of the period.

[11] Quoted in Cammett, op.cit., p.84.

[12] Quoted from Selections from Political Writings, 1910-1920, op.cit., ch.4.

[13] On the concrete role played by the councils, see Davidson, Towards an Intellectual Biography, op.cit., p.143: "The bourgeoisie who were sceptical or contemptuous of the workers' ability to run the factories were soon cured of these attitudes... The councils were able to enforce their directive that all workers continue production and the factories actually raised production levels above those of the "go-slow" period which had preceded the occupation."

[14] See the PCInt's article "Frazione, Partito nell'Esperienza della Sinistra Italiana", in Prometeo, n.2 (March 1979).

[15] For a fuller account of this episode see Theses, Resolutions and Manifestos of the First Four Congresses of the Third International (London, Pluto Press), second section, and Davidson, Towards an Intellectual Biography, op.cit., ch.4. It was at this Congress that Lenin told Serrati that the reformists in the PSI must

be expelled.

[16] For more information see the PCInt's article "La Sinistra Italiana, da Imola a Livorno", in Prometeo, n.5 (September 1981).

[17] Quoted from G. Berti, "Il gruppo del Soviet nella formazione del P.C.I.", Stato operaio, v.IX, n.1 (January 1935), p.68, in Davidson, Towards an Intellectual Biography, op.cit., p.152.

[18] The CWO has published an English language translation of the most important of the Rome Theses in Revolutionary Perspectives, n.22 (1985), pp.23-29.

[19] Quoted by F. Bellini and G. Galli, Storia del Partito comunista italiano (Milan, Schwarz, 1953), p.65, in Cammett, op.cit., p.161.

[20] For an explanation of this term and in particular, our criticisms of the Bordigists' undialectical conception of the relationship between class action and its interpretation by the revolutionary party, see especially the articles on Bordigism and the collapse of the PCI (Programma Comunista) in Communist Review, n.2 (Spring 1985).

[21] The letter "Towards a New Leading Group", in Antonio Gramsci, Selections from Political Writings, 1921-1926, ed. by Q. Hoare (London, Lawrence and Wishart, 1978), pp.195-196.

[22] Moreover, an extract from the later Prison Notebooks provides another revealing example of Gramsci's 'wisdom in hindsight': "One may term 'Byzantinism' or 'scholasticism' the regressive tendency to treat so-called theoretical questions as if they had a value in themselves, independently of any specific practice. A typical example of Byzantinism were the so-called Rome Theses, in which a kind of mathematical method was applied to each issue as in pure economics." Sic! See Antonio Gramsci, Selections from the Prison Notebooks, ed. by Q. Hoare and G. Nowell-Smith (London, Lawrence and Wishart, 1971), p.200.

[23] Gabriele D'Annunzio - poet, novelist, romanticist of the right, leader of the Fiumian Legionaires.

[24] Quoted in Davidson, Towards an Intellectual Biography, op.cit., p.192.

[25] Quoted in ibid., p.196.

[26] Letter of March 1st 1924, in P. Togliatti, La Formazione del gruppo dirigente del PCI nel 1923-1924 (Rome, Riuniti, 1962), p.229.

[27] Quoted from Selections from Political Writings, 1921-1926, op.cit., "Towards a New Leading Group".

[28] For an account of our criticisms of Trotsky see the article "Trotsky and Trotskyism", in Revolutionary Perspectives, n.22, op.cit., pp.9-22.

[29] A 'revolution' which, however, was taking on more and more the shape of a national, not a proletarian revolution as Gramsci combined his

calls for an 'anti-fascist' struggle with the notion of the need for an 'anti-feudal' struggle in the south. See the section on 'Bolshevisation' below.

[30] See Prison Notebooks, op.cit., "Statolatry", p.268.

[31] Advancing coherent criticisms of the policies imposed by the CI, the Committee of Entente was also to mark an important point of demarcation, in terms of theoretical disagreement, between the Italian Left and Bordiga. See the article "Bordigism and the Italian Left", in Communist Review, n.2, op.cit., pp.15-22.

[32] Quoted from Zinoviev, Against the Current.

[33] Gramsci's attitude towards the lower middle classes had certainly changed since his Ordine Nuovo days, when he dismissed them as "social rubbish and debris deposited by centuries of servility and the domination of the Italian nation by foreigners and priests." The function of these classes could only be regressive: "The petty and middle bourgeoisie is in fact the barrier of corrupt, dissolute, rotten humanity, a humanity of lackeys and cut-throats..." (ON, 6th-13th December 1919). When it came to picturesque invective, Gramsci had few equals.

# THE ICC AND THE "HISTORIC COURSE" — A MISTAKEN METHOD

[Translated from Battaglia Comunista #3 1987]

One of the central points of debate with groups from various countries (who are showing an increasing interest in organisations which are already operating on an international level) is that of the 'course of history'. Basically the discussion is whether the historic course is towards war or towards a general confrontation of classes; or whether posing the alternative in this way makes any sense at all. We must make it clear immediately that we defend the latter position. The ICC (International Communist Current) defends the second and nobody, as far as we are aware, defends the first and sees war as inevitable. We also think it is necessary to place responsibility for posing the question in terms of this mechanical alternative firmly on the ICC - which depicts the IBRP as defending the thesis that war is the only possible outcome of the present historical course to whoever it comes into contact with. Comically, the ICC accuses us at the same time of either lacking the will or the ability to decisively point out the direction of present and future events. For the nth time we will briefly respond with our

actual position and then go on to look at the ICC's method.

## THE CHARACTERISTICS OF AN HISTORICAL COURSE

A proper application of Marxist method to an historical period means it is examined in its diverse aspects (economic, social, ideological, political), the reciprocal relations between these, and the interplay of tendencies and counter-tendencies which express themselves in individual but interrelated situations, in order to arrive at the widest possible description of the tendencies and counter-tendencies which are acting on the historically significant developments in the situation. When a past period is examined it is naturally easier to establish the relative strengths of the tendencies and counter-tendencies, once these have been determined. The stronger was that which prevailed! Here Marxism attempts to individuate the specific causes, the particular facts, the objective and subjective conditions which enabled the most powerful tendency to become



concrete. For the sake of brevity, we leave it to the reader to find appropriate examples and extracts from the historical works of Marx and Engels or others, where all this is clear.

We mentioned objective and subjective conditions. In relation to the problem the ICC has set us of being precise prophets of the future the difficulty lies in the fact that subjectivity does not mechanically follow objective movements. Although we can precisely follow tendencies, possible counter-tendencies and their reciprocal relations in the structures of the economic world, this is not the case for the subjective world, neither for the bourgeoisie nor the proletariat. No-one can believe that the maturation of consciousness, even the most elementary class consciousness, can be rigidly determined from observable, rationally correlated data. By 'elementary class consciousness' we mean the class' recognition of its unitary nature, which is the sine-qua-non for concretely bridging the chasms which today still separate workers in different sectors, factories or categories. It is the precondition for the minimum unity of class movements.

Thus, if the development of revolutionary pressures, linked as they are to the subjective life of the proletariat, is a priori incalculable - especially in relation to the development of the objective forces pushing capitalism towards war - we should limit ourselves to saying that the crisis in the accumulation cycle objectively functions as a stimulus towards workers' struggle. But this objective pressure does not always and does not necessarily translate itself into a real movement. It is also the case that the objective force which is pushing capitalism towards war (due in the last instance, but only the last instance, to the crisis in the accumulation cycle) passes through a series of mediations in the sphere of bourgeois subjectivity (more precisely, of the decision-making layers of the bourgeoisie) and these are neither predetermined nor predeterminable.

In essence, capitalism's accumulation crisis simultaneously generates two tendencies which are antithetical but always present, until one or the other is realised. These are capital's tendency towards war and the tendency towards revolution: the historical expression of the proletariat's very existence and the contingent expression of the conscious activity of revolutionaries. Of course, the inquiry can and should be extended to the reciprocal relations between these two opposed tendencies. But this is not the aim of this article, and so we shall limit ourselves to a few

general considerations. Above all, we make the observation that the bourgeoisie's tendency towards war does not reflect a particular war-loving attitude held by the spokesmen of this class (although sometimes this is obviously the case) or their obstinate desire to resolve the cyclical crisis through the destruction of means and forces of production.(1) War breaks out when one of the contending powers attacks with the aim of defeating the enemy and destroying its economic power. The result of imperialist war is the opening of a new cycle of accumulation, but it is not with this aim that the various bourgeoisies make war and fling themselves against their respective proletarians. As long as it is possible to postpone direct armed clashes (where these concern its metropolitan territories or threaten the involvement of its political and administrative centres) the bourgeoisie does so. The confirmation of this can be seen in the ease with which the metropolitan bourgeoisies, without hesitating an instant, unleash wars, civil wars, acts of violence and massacres in peripheral countries where the coming together of internal and international conditions provide the minimum possible guarantee that the conflict will remain localised.

A second point to note is that the form of war, its technical means, its tempo, its characteristics in relation to the population as a whole, has greatly changed since 1939. More precisely, war today has less need for consensus or working class passivity than the wars of yesterday. Here we must make it clear that we are not theorising the complete separation of the 'military' and the 'civil' which are, especially on the level of production, intersecting more and more. Rather, we wish to put the speed and high technical content of warfare in relation to its economic, political and social background. This relation is such that involvement in the actions of war is possible without the agreement of the proletariat. Every bourgeoisie is able to rely on its victory for the re-establishing of consensus as well as for the other things that victory brings: occupation of territory, etc. And it is obvious that every bourgeoisie enters a war thinking of victory.

A third observation regards the proletariat's subjective situation today. Although it is true that the counterrevolutionary period following the defeat from within of the October Revolution has ended, it is also true that it has left a vacuum in proletarian consciousness, a vacuum that still needs to be filled by direct experience of proletarian struggle, by the revival of the revolutionary programme, by the maturation of revolutionary political forces within the class. The historical

tendency towards proletarian revolution, even when freed of the obstacles to proletarian consciousness in the form of Stalinist counterrevolutionary ideologies, finds further obstacles which are no less effective in the direct domination of bourgeois ideology over proletarian consciousness.(2) Certainly, there are no lack of signs of a revival of class struggle and we do not fail to point them out. These demonstrate that capitalist society is "by its own contradictory nature, compelled sooner or later to create crisis conditions and, in that crisis, the preconditions for the intensification of the class struggle", one of the "necessities for its overthrow".(3) It is therefore possible that revolution will come before war, just as it is possible for war to "arrive first." We refer once again to the article cited in note (1) for an account of how the first hypothesis could be realised. We remind the reader that when we wrote it we were thinking of the ICC, but not only of them.

#### FALSE ALTERNATIVES

For the ICC, on the other hand, the antithetical nature of these two tendencies, war or revolution, carries with it their mutual exclusivity; either towards one or towards the other. This is their basic argument. It is true that the ICC recognises that capitalism in crisis inevitably pushes the bourgeoisie towards the chasm of war, but this argument only confirms their thesis that if war has not yet broken out it is because the "preventive annihilation of all workers' resistance, ideological or material"(4) has not yet been achieved. It is therefore the workers' resistance to their own annihilation that prevents war, that blocks the course which on its own would be irresistible, of capitalism towards war.

Many comrades are tempted to ignore such an acrobatic distortion of reality. Certainly, there is a huge gulf between those who look at reality and see a class giving the very first signs of a response to the copious blows raining down on it in every corner of the world, and those who see that class boldly engaged in its struggles to the point of blocking the bourgeoisie's economic plans and drive to war. Incurable stupidity of the latter? No. The comrades of the ICC could not possibly be so stupid and continually prove that they are not. It is not by accident that we are discussing the ICC's theses and not those of some other group. They labour under a methodological error which is implicit in their way of proceeding and is seldom exposed.

We are not trying to demolish the explicit thesis

that working class struggle blocks bourgeois war today, because this is not necessary. Here it will suffice to simply register the fact that up to now workers' replies to the social and economic attacks of the bourgeoisie have been completely disproportionate to the attacks themselves and have allowed the bourgeoisie to proceed undisturbed with its political and economic decisions. There is not a single policy in political economy in any of the metropolitan countries (with the possible exceptions of Poland and Romania) which has been modified by the bourgeoisie in the wake of the struggle of the proletariat or of any of its sections. Instead we want to uncover what lies behind the ICC's acrobatics. We therefore ask ourselves: "What does the ICC want to demonstrate?" We have seen that their basic thesis is that the working class "shows a growing determination ... to ever more consciously refuse the living conditions that decadent capitalism offers it; it thus prepares from today the future generalisation of its struggles in the mass strike"(5). That is, the course is unequivocally towards the generalisation of class conflict. The tendency towards war will have the field free only after a proletarian defeat in this conflict. All these acrobatics to overvalue the still-limited and isolated episodes of class struggle, to see connections in consciousness and political growth where there are none; all these frightening constructions on the supposed alerted state of the class which, rather, passively submits most of the time under the weight of capital's shameless attacks; all this is intended to sustain the basic thesis: the course of the class struggle is THE alternative in the sense that it obstructs the course towards war. This is in fact the thesis postulated. The arguments about daily reality are there to support this. It is necessary to go back nine years in the ICC's press to find an article containing a list of the reasons why the course is open only towards a general class conflict. We quote:

"But this general, necessary warning in no way signifies that the perspective today is towards world war or that we are living through a period of triumphant counter-revolution. On the contrary, the balance of forces has tilted in favour of the proletariat. The new generations of workers haven't suffered the same defeats as the previous ones. The dislocation of the 'socialist' bloc as well as the workers' insurrections in the Eastern bloc have considerably weakened the mystifying power of bourgeois Stalinist ideology. Fascism and anti-fascism are too used up and the ideology of the 'rights of man' ... isn't enough to replace them. The crisis ... has provoked a general

reawakening of the proletariat. The wave of struggles between 1968 and 1974 was a powerful response to the beginnings of the crisis, and the combativity of the workers has left no country untouched. This rebirth of workers' combativity marks the end of the counterrevolution and is the touchstone of today's revolutionary perspective."(6)

After both '74 and '79 the crisis pushed the bourgeoisie into more serious attacks on the working class but the much-exalted workers' combativity did not in fact grow. In its ideological war the bourgeoisie is always in a position to substitute other themes for the fascism - antifascism campaign of the Thirties. Today it has many more means to drive its ideology into proletarians' homes and psychologies. Everything presented by the ICC as 'proof' is extremely weak and is insufficient to characterise an historical course. If one poses the two alternatives as automatically excluding one another, the evidence to sustain the view that one prevails over the other needs to have greater consistency, needs to be thicker on the ground than one finds in reading the ICC's literature (or in anyone else's). Of course we don't want to appear as supporters of the symmetrically opposite view by responding to the ICC's frightening contortions. We only want to properly underline the weakness of their arguments to show the arbitrary nature of the axiom that the ICC defends so doggedly. But there remains the question we asked ourselves: "Where does the ICC's thesis come from?"

#### ERRORS IN METHOD

In our Fifth Congress Theses (see 'Prometeo' IV/7) we wrote:

"The general collapse of the economy immediately translates itself into a fork in the historical road: war or revolution. But war itself, which signals a turning point, itself catastrophic, in the life of capitalism and which involves a sharp upheaval in the system's superstructural framework, opens the possibility of the collapse of the frame and therefore, within the war itself, of revolutionary situations and the strengthening of the Communist Party. The factors which determine social disintegration where the Party finds the conditions for its rapid growth in numbers and influence, whether in the period preceding the conflict, during the conflict or even after it, are not quantifiable. Thus the moment in which such disintegration occurs is a priori indeterminable (e.g. Poland)."

How does the ICC respond?

"What a vanguard - that does not even know how to tell the class whether we are going towards world war or revolution!"(7)

We posed the question methodologically, pointing out the fact that while the bourgeois urge towards war was maturing, for the same reason (the crisis) the objective conditions were emerging for the "social disintegration" in which there matures massive proletarian struggles and the possibilities for revolutionary growth. We said that the factors which determine this social disintegration are not quantifiable; and we concluded that the war might come first and the revolution might come first. Amongst other things, revolutionaries play a role here as an active factor, but this is another question, the source of other ancient polemics with the ICC.

How does the ICC reply? With nothing. Its "quantification" we have seen is not sustainable. They limit themselves to indignation, shouting that something must be said. But, according to the ICC, "In any case the Italian Left would have made a fine sight if it had said, in the face of the events of Spain '36: 'It is necessary to consider the situation in a "dialectical" manner; since the factors in this situation are not "quantifiable", we must tell the workers clearly that we are going towards war or towards revolution or towards both at once!' By following this route the entire Fraction and not just its minority would have enlisted in the antifascist brigades!"(8) And this is the gist of the question. The way of thinking implicit in the ICC's thought is this: throughout the '30's the course was unequivocally towards imperialist war, as the Fraction in France claimed. That period is finished, overthrown: now the course is unequivocally towards revolution (or towards the conflicts that make it possible). It is at this point, at this methodological juncture, that we have the deepest divergences.

It's worth the trouble going to the roots of the problem. The ICC's error today is symmetrically opposed to the methodological error of the Fraction, to which we have already drawn attention. The Fraction (especially its EC and in particular, Vercesi) in the '30's judged the perspective as being towards war in an absolute fashion. Did they have reason to do so? Certainly, the facts in their entirety gave them reason. But even then the absolutisation of a "course" led the Fraction to make political errors, whose importance it is certainly difficult to ascertain (we would have to work on the hypothesis of what would have happened



had the errors not been made), but which remain errors that revolutionaries - and especially those who claim to be the political inheritors of this experience - should recognise and overcome.

The political error was the liquidation of any possibility of a revolutionary political intervention in Spain before the real defeat of the proletariat, with the consequent hardening of the differences between the minority and majority on a basis which held little advantage for either of them. The "interventionists" allowed themselves to be absorbed by the POUM militia only to then be rapidly disillusioned and return to the Fraction. The majority remained watching and pontificating that: "There is nothing to be done". On the other hand, this attitude became part of the Party's 'vexato quaestio', which is discussed in 'Prometeo' IV/2, 3 and 4.

The methodological error the Fraction suffered from was precisely the absolutisation of the course, the exclusion of any possibility of significant proletarian insurrections and any perspective of linking the active intervention of communists with them, the denial of what is always possible in the imperialist phase, of a revolutionary rupture. All attention was turned towards the war, to which part of the Fraction at times (see the 'Prometeo' already referred to) even allocated the task of reopening waves of class struggle. Today the ICC's error is substantially the same, even if its object has been stood on its head. Absolutisation of the course towards class conflict before war; all attention is turned on this in the most ingenious and irresponsible undervaluation of what is if front of everyone's eyes as regards the bourgeois course towards war.

To summarise: The ICC's axiomatic assumption is either we are going towards war OR we are going towards revolution. In the '30's they were going towards war, according to the Fraction, today the ICC - the "ideological heirs" of the Fraction - say we are going towards a general conflict of classes because the preceding course is closed. At this point the ICC should point out the terms in which the course they have adopted presents itself: the revival of combativity, the fall of old myths, the tendency to shake off union shackles. When passing to practical, journalistic activity for "intervention" it is necessary to find and point out the confirmation of all this. As there are no real pieces of evidence (no more than for the opposite alternative) it is necessary to tamper with reality, exaggerate it, distort it ... invent it.

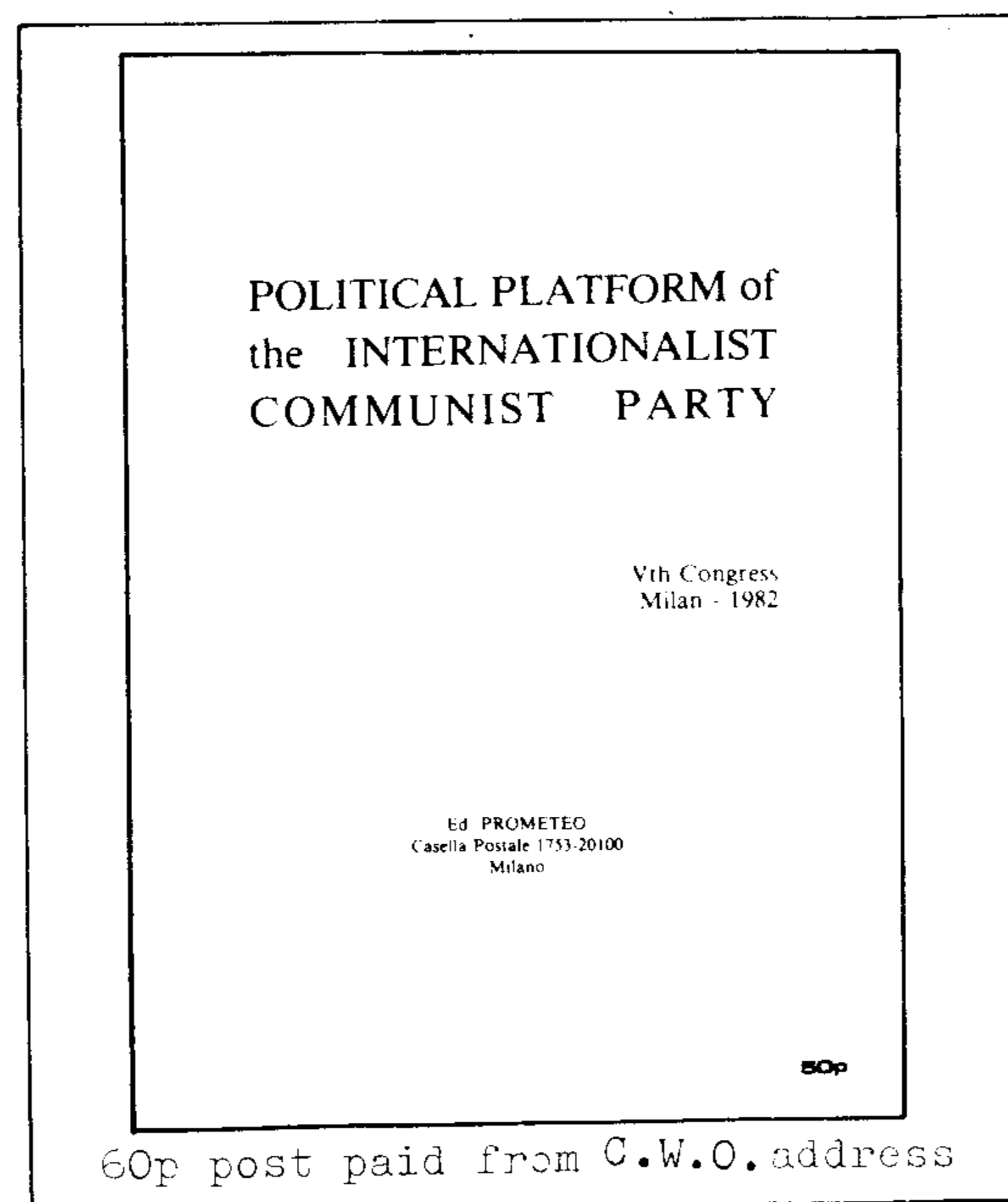
## CONCLUSIONS

From this falsified view of reality, these distorted interpretations, instrumental theories aimed at supporting the basic thesis (an example of which is the ICC's theoretical principle about the 'left in opposition') it is more than easy for internal dissension, polemics and finally splits to emerge. There have already been examples of this and there will be further ones. But what is important, and what we wish to draw to the attention of the ICC comrades, is to relate this to the basic question: that of methodology. Only by abandoning this method and returning to the dialectical and materialist method can the splits from this organisation (if not the organisation as such in the face of such fragmentation) be useful to the international communist movement towards the reconstruction of the political instrument of the class.

C.W.O.

## FOOTNOTES

- (1) See the article "Prime note sulla guerra prossima ventura" in 'Battaglia Comunista' 4 1986.
- (2) See the article "Oggettività e soggettività nella fase presente" in BC 11 1986.
- (3) See "La lotta di classe non è un ricordo romantico" in BC 1 1987.
- (4) "La necessite et la possibilite de la revolution" p.4 'Revue Internationale' 48 (1987)
- (5) ibid
- (6) "The Course of History" 'International Review' 15 (1978) p.4.
- (7) "La methode marxiste et non l'empirisme" in RI 41 (1985), p.5.
- (8) ibid.



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