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# **SUBVERSION**

## **DISCUSSION PAPER No 3**



ROBB

## **DECADENT CAPITALISM**

**35 p**

## PREFACE

This is the third discussion paper produced by SUBVERSION in a series leading up to a conference in Manchester on the 1st July 1989

The paper contributed here by the Communist Bulletin Group (and also reproduced in the latest 'Communist Bulletin') seeks to provide an historical framework for the discussion, the main theme of which is: "the importance of the market and bureaucracy for capitalism and its enemies".

It also looks briefly at the recent experience of 'Keynesian' and 'Thatcherite' policies in Britain.

The first short introductory paper explained the basis of the capitalist economy. It identified two primary laws: a "law of value" and a "law of command", in line with Capital's twin but contradictory needs of "generalised competition" and "structured order".

It went on to examine these basic concepts in relation to the modern day USSR. This will be followed up with a paper on class struggle in the USSR available at or just before the conference date.

The second paper looked specifically at the relationship of bureaucracy and the market in Japan.

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# CAPITALIST DECADENCE

## — A RESTATEMENT

The following article is written as a specific contribution to the Conference "The Market and Bureaucracy in Capitalism". At first glance it might seem that an exposition on the meaning of capitalist decadence was only of marginal relevance to the subject of the conference. However the **CBG** believes that there is a certain amount of confusion among participants. We are of the opinion that important as the questions of market and bureaucracy are, they can only be understood within a broad historical-political context ie. the decadence of capital. It seems that such an understanding does not underpin the political frameworks of elements participating in the conference. Additional to this there is the particular case of the **Communist Workers Organisation**. Over the past two years it has visibly panicked in the face of the so-called Thatcherite Revolution and in the process appears to have abandoned a central plank of the theory of capitalist decadence.

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In the midst of the Russian Revolution Nikolai Bukharin and Evgenii Preobrazhensky wrote that:

"We are thus confronted by two alternatives, and two only. There must either be complete disintegration, hell broth, further brutalisation and disorder, ABSOLUTE CHAOS, OR ELSE COMMUNISM."

(ABC of Communism 1919/20)

These few words sum up not only the nature of the deadly struggle then being fought out but also the idea that at a given moment the historical validity of capitalism evaporates to be replaced by that of Communism. In a phrase the capitalist mode of production ceases to be a progressive formation, it enters its decadence and communism becomes a real possibility. Undoubtedly debates on the nature of capitalist progress-decadence are generally strewn with theoretical concepts and structures. This however does not mean that they are simply of academic interest. Quite the contrary is true. The way in which revolutionaries in the past, and those of today, approached and answered the questions associated with the debates guided them in their revolutionary activities. Problems such as what is the meaning of national liberation, social democracy and state capitalism are resolved according to how one sees the historical development of the capitalist mode of production.

### Marx and Progress.

It is not my intention to give a history lesson on the "idea of progress" and its obverse, decadence.(1) Suffice it to say that belief in the rise and fall of societies is one which is of great antiquity and crosses diverse cultures, stretching, for example, from Greek slave society through feudalism to Nineteenth Century industrial capitalism. My concern here is to sketch out some of the elements which were to be found in revolutionary philosophy, specifically that of Marxism. I choose the writings of Marx because his body of work is that which underpins our present day understanding of capitalist decadence. If it is thought by some that this smacks of genuflecting

before The Master then so be it. Such a belief is born of a misapprehension of Marx and the contribution he made to revolutionary thought.

Marx, drawing upon both secular and christian philosophies, adopted and adapted notions of progress to analyse and explain the mechanics of social organisation. Marx's philosophical guide Hegel believed that the progress of world history was the "development of the idea of freedom" and to the extent that social organisation was rationally developed then so the goal of history would be achieved. For Marx this idealism of Hegel was wrongheaded (but not the structure). In the marxian mode progressive development was posited upon the movement of material forces ie. social and economic organisation. Just as Hegel believed that there was a goal in history so also did Marx.(2) Using Hegelian terms he wrote of the goal thus:

" Communism as the positive transcendence of formal property as human estrangement, and therefore as the real appropriation of the human essence by and for man . . . Communism is the riddle of history solved, and it knows itself to be this solution."

(Econ. Phil. Manuscripts.)

As Marx developed his historical materialism so he demonstrated that this revolution was to be achieved by the action of the working class for it was the carrier of the subjectivity necessary for solving the "riddle of history".

It's worth saying here that whilst Marx's historical materialism is a philosophy which logically demonstrates the necessity (not to be confused with inevitably) of capitalist crisis and socialism this in no way means that his work is cold, isolated, "scientific rationality". Marx had a moral sense which was outraged by the depravities of class society. He raged against the murderous consequences of the capitalist mode of production just as other Nineteenth Century socialists did. However, unlike those socialists who were content to remain at the general level of moral outrage, Marx stepped further and demonstrated that the

class system, specifically the capitalist mode of production, had a political and economic logic which gave the possibility of its dissolution and transcendence.

In **The German Ideology** Marx depicted the patterns of social change:

" in the place of an earlier form of intercourse, which has become a fetter, a new one is put, corresponding to the more developed productive forces and, hence, to the advanced mode of the self-activity of individuals - a form which in its turn becomes a fetter and is then replaced by another. Since these conditions correspond at every stage to the simultaneous development of the productive forces, their history is at the same time the history of the evolving productive forces taken over by each new generation, and is, therefore, the history of the development of the forces of the individuals themselves."

Whilst Marx did not devote himself to systematically delineating the history of the progress of class formations it is undoubtedly true that his belief in a particular typological/stadial pattern to history underpins much of his writings. Basically he broke progressive class formations into four modes of production: Asiatic, Slavery, Feudalism and Capitalism. Just two examples of where this typology occurs. Firstly the **Communist Manifesto**:

" the modern bourgeoisie is itself the product of a long course of development of a series of revolutions in the modes of production and of exchange."

And this bourgeoisie sprang from the "ruins of feudal society."; probably the best known example of Marx's (and perhaps his most schematic) is found in his **Preface to the Critique of Political Economy** where he notes that:

" At a certain stage of their development, the material productive forces of society come into conflict with the existing relations of production ... Then begins an epoch of social revolution ... No social order ever perishes before all the productive forces for which there is room in it have developed; and a new, higher relations of production never appear before the material conditions of their existence have matured in the womb of the old society itself ... The bourgeois relations of production are the last antagonistic form of the social process of production."

In **Capital** Marx explores the mechanics of bourgeois production and in doing so pinpoints the elements which constitute its progressive nature and at the same time establish the basis for decadence. Capitalism is driven by the need to accumulate capital, is inherently competitive and is founded upon the exploitation of wage labour. The combination of these circumstances produces a

particular social formation with its own particular problems.

Via the competitive mechanism capitalists are constantly forced to develop the productive process:

" Hand in hand with this centralisation (a product of capitalist competition), or this expropriation of many capitalists by a few, develop, on an ever-extending scale, the co-operative form of the labour process, the conscious technical application of science, the methodological cultivation of the soil, the transformation of the instruments of labour into instruments of labour only usable in common, the economising of all means of production of combined socialised labour, the entanglement of all peoples in the net of the world-market, and with this, the international character of the capitalist regime."

(Capital Vol. 1)

And:

" Development of the productive forces of social labour is the historical task and justification of capital. This is just the way in which it unconsciously creates the material requirements of a higher mode of production."

(Capital Vol. 3)

Working within this general abstraction Marx foresees the situation where the capitalist economy extends itself globally and manufactures a cooperative form of labour to the extent that it has at one and the same time created the objective basis for socialism as well as the class which will attack and destroy it. It is then that the progressive "tasks" of capitalism are completed; it is then that the system enters its dotage; it is then that socialism becomes a real possibility. Once again to quote Marx:

" Thus the integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated."

(Capital Vol. 1)

Much work has gone into showing how Marx's typological view is justified by historical events. It is no easy matter to map the general abstractions employed by Marx onto complex historical reality. But historical study has shown that a materialist approach which employs the theory of stadial social development has great validity. This is not to say that all Marx claims is demonstrably true: for example the so-called Asiatic mode of production is notoriously difficult to handle; one problem it seems to face, among others, is that unlike other modes of production it does not seem to have its own internal logic of rise and fall but is subject to decline through external forces. (3) But having said this the general approach is valid and is specifically so in the case of capitalism.

At another level Marx's idea of the progress and decadence of social formations seems to be problematic to the extent that it apparently commits revolutionaries to accept a political

paradox: on the one hand to call for the overthrow of capital and on the other to promote the moral degradations of capitalism. The very idea that capitalism was in any sense progressive seems to fly in the face of the reality of the brutal class reality of the system. How is it possible to describe the capitalist mode of production as progressive when, for example, it plunges both Indian and British weavers into penury, which ruthlessly exploits child labour and which in the middle of the Nineteenth Century condemned hundreds of thousands of urban workers to disease and early death? As I noted above the progressive nature of a system is defined by its socialisation of the labour process and the development of larger productive forces. This happened despite, or rather because of its ruthless exploitation. As Marx put it:

" More than any other mode of production, it (capitalism) squandered human lives, or living bread, and not only blood and flesh, but also nerve and brain." (Capital Vol. 3)

But if this is the case does it not follow that in the progressive epoch of its development revolutionaries were bound to support the system and all its horrors? If one wills the end then surely one must will the means? Yes, but let's be clear about what this means. The end that revolutionaries desire is that of communism and the means to achieve this is the revolutionary working class. In other words, our concern is not with the development of capitalism per se but with the development and extension of a proletarian movement. The capitalist system develops as a result of its own exploitative and competitive logic. It is a system which is characterised by the inability of its bourgeois agents to penetrate its historical realities. This contrasts with the proletarian movement which, whilst it is an unintended consequence of the system, is constituted by its revolutionary consciousness. It follows from this that Nineteenth Century communists were not duty bound to support the ruthless exploitation of child labour in the textile industry despite the fact that this was a factor in the accumulation of capital. Rather it was to be there with the working class, to expose not only the specific inhumanities of the system but also the class goals which confront workers. In the concrete this meant building up the combativity of the working class, encouraging it to form trade unions and political parties. When Marx came out against the slave owning Confederate States in the Civil War he gave as his reasons:

" every independent movement of the workers was paralysed so long as society disfigured part of the Republic. Labour cannot emancipate itself in the white skin where in the black it is branded."

This is not a defence of capitalist wage labour over that of slave labour but rather an allying with the working class in the struggle against capitalism. Thus the dialectic of revolutionary commitment proceeds and thus the paradox is resolved: in supporting a necessary component of capitalism (the working class) communists ally themselves with the defeat of that society.(4)

It should be noted that the move from the realm of "necessity" (class society) to that of "freedom" (communism) is not guaranteed. Although the language of Marx's progressive philosophy speaks of

inevitability and necessity it does not follow that the working class will in some pre-ordained manner achieve its historical goal. When Marx examined the struggles of 1848 he showed that he was aware of the extent to which historical circumstances delineated historical possibility. Marx concluded that given the relatively low level of development of French capitalism its working class was unable to attain the consciousness necessary to frontally assault capital with its revolutionary alternative. The working class, he wrote:

" makes no theoretical inquiries into its own task. The French working class had not attained this level; it was still incapable of accomplishing its own revolution."

(The Class Struggles in France)



#### DECADENCE AFTER MARX

Marx mapped the way forward. He lived and died in the period of capital's ascendancy, the time when it spread its tentacles to all parts of the globe and subjugated tens of millions of people. It was left to other revolutionaries to take up the tasks of describing and analysing the bourgeoisie's historical bankruptcy. A leading figure in this was Rosa Luxemburg.

Luxemburg, as early as 1898, a mere fifteen years after the death of Marx, discerned the real decay of the capitalist mode of production. In the anti-Bernstein text, known as *Reform or Revolution*, she pinpointed the conditions which indicated that the system was entering the era of historic crisis. In contesting Bernstein's view that capitalism was no longer subject to crisis Luxemburg was forced to look at the manifestations of capitalism in decline. Foremost amongst the indicators of this crisis was the emergence of imperialism, that is, the situation where national capitals fought both militarily and economically for given markets. For her the shrinking of available markets, the cartelisation of capital and the overall sharpening of international competition pointed to the decline:

" When capitalist development has reached a certain level, the interests of the bourgeoisie, as a class, and the needs of economic

progress begin to clash even in the capitalist sense. We believe that this phase has already begun. It shows itself in two extremely important phenomena of contemporary social life: on the one hand the policy of tariff barriers, and on the other militarism."

Luxemburg believed that these conditions of decline "in the last analysis aggravates the anarchy of the capitalist world and expresses and ripens the internal contradictions." Luxemburg devoted a great deal of effort to analysing the specific nature of the historical-economic crisis of capitalism. Simply stated, she came to the conclusion that the fatal flaw in the capitalist system was its need for a market which was external to the capitalist mode of production. Given the finite nature of the global economy and the all-embracing need of capital to expand and extend capitalist relations inevitably a point is reached when markets are "saturated" and surplus value can no longer be realised:

" As it (capital) approaches the point where humanity only consists of capitalists and proletarians, further accumulation will become impossible."

(Anti-Critique)

Not surprisingly, in such a situation capitalism is torn by crisis as it fights over shrinking third markets. This leads to the point where:

" raids turn into a chain of economic and political catastrophes: world crises, wars, revolution."

(Anti-Critique)

And this imperialism was explicable and signified:

" the last chapter of its (capital) historic process of expansion: it is in the period of universally sharpened world competition between the capitalist states for the remaining non-capitalist areas on the earth."

(Anti-Critique)

Events validated Luxemburg's views. She saw the "Mass Strike" of 1905 as a sign of the historical maturity of the working class. She recognised that in the Russian proletariat's fight were the seeds of political emancipation insofar as a new way of organising political power was born. The construction of Soviets by the working class showed that there was an organisational and fighting form appropriate to the era of communist revolution. As the intensity of imperialist struggles grew so the threat of "World War" presented itself. When this broke out in 1914 it confirmed Luxemburg in her belief that the corruption of the system was there for all to see. Writing from prison in Germany and driven by her hatred of the system she described it as:

" Shamed, dishonoured, wading in blood and dripping with filth, thus capitalist society stands. Not as we usually see it, playing the roles of peace and righteous-

ness, of order, of philosophy, of ethics - but as a roaring beast, as an orgy of anarchy, as a pestilential breath, devastating culture and humanity - so it appears in all its hideous nakedness."

(Junius Pamphlet)

The "beast" had killed before 1914 but the scope of its killing and the social-economic conjuncture was such that it signified that murder was all it was henceforth capable of. The necessity of socialism cried out:

" Our necessity receives its justification with the moment when the capitalist class ceases to be the bearer of historic progress, when it becomes a hindrance, a danger, to the future development of society. That capitalism has reached this stage at the present, world war has revealed."

(Junius Pamphlet)

Rosa Luxemburg was not the only one to view the movement of capital, the emergence of imperialism as an indication of the growing senility of capitalism. Nikolai Bukharin, starting from a different detailed economic analysis, came to a similar conclusion. For Bukharin imperialism was predicated upon the creation of a world economy. Working within orthodox marxist notions of competition and the inherent tendency for the organic composition of capital to change in such a way as to tend to reduce the rate of profit he concluded that:

" as the growth of productive forces within 'national' economy, on a capitalist basis, brought about the formation of national cartels and trusts, so the growth of productive forces within world capitalism makes the formation of international agreements between the various national capitalist groups, from the most elemental forms to the centralised form of an international trust, even more urgent."

(Imperialism and World Economy)

This internationalisation of of capital did not in any way abolish the anarchic nature of production. Indeed in the era of imperialism Bukharin said war, which was an "immanent law" within capitalism, was one of the "methods of capitalist competition" and that this competition:

" leads to the greatest convulsions and catastrophes, to the greatest waste of human energy, and most forcefully raises the problem of establishing new forms of social life."

(Imperialism and World Economy)

Like Luxemburg Bukharin recognised that war was inevitable under decadent capitalism: with the emergence of intra-national competition tendencies could only heighten. He wrote:

" Competition reaches the highest, the last conceivable state of development. It is now the

competition of state capitalist trusts in the world market."(4)

It is significant that Luxemburg and Bukharin came to similar conclusions about the historical conjuncture. Despite very different detailed analyses of the dynamics of capitalist crisis they both agreed that there was no longer any justification for the continued existence of capitalism. The crisis and contradictions of the system had grown to the extent that no qualitative growth was henceforth possible: the world market had been created which in turn meant that capitalist production, whilst now incorporating 100% of the globe, had proceeded to the extent that that "co-operative" labour made global socialised production possible. Consequently, the global war first threatened and then practised by the bourgeoisie was in a sense 'parasitic' in that it was between existing economies and had nothing to do with establishing and extending capitalism. Only the bourgeoisie could gain from this situation. And it was a situation which was henceforward endemic. The outbreak of World War One signed the historic death knell of capitalism. In 1914 it did not suddenly become a decadent mode of production. Just as progress had been a process of development so also had been decadence, but much accelerated. Thus when Luxemburg analysed the struggle for dominance in Africa in the 1880s she saw that something was occurring which signified the emergence of a new period. The very rate at which the system fell towards global war was an indication of the forces of decadence at work i.e. deepening and sharpening competition. This might be retarded by bourgeois economic or political mechanisms but it could not be stopped. The only thing which could stop it was the working class.

#### DECADENCE POST RUSSIAN REVOLUTION

When the forces of the Russian proletariat rallied against capital it looked as if the prognostications of Luxemburg and Bukharin were about to receive full validation - the decadent system, having engendered its own grave digger was about to be buried. In the event this did not happen. The working class was defeated and victorious capital tooled up for further wars.

But even the bourgeoisie recognised that with 1914-18 something had changed. Keynes wrote in 1919:

" England is in a state of transition, and her economic problems are serious. We may be on the eve of great changes in her social and industrial structure . . . The forces of the 19th Century have run their course and are exhausted. The economic motives and ideals of a generation no longer satisfy us: we must find a new way and must suffer again the malaise and finally the pangs of a new industrial birth."

(Economic Consequences of the Peace)

He was correct, the 19th Century forms were done, a new way was needed. But rather than being an "industrial birth" the way was to put the beast on to a life support system. That this has worked for seventy years does not invalidate the notion that capitalism is no longer decadent. We need only look at the structure of capitalism over the period to see that it is a system which can only supply misery.(5)

This is not to deny that the use values of capitalism have developed in seventy years or that commodity production has remained static. Far from it. Decadence is not defined by static or declining levels of production. The decadence of the system is established by the way in which the horrors it imposes upon mankind are capable of transcendence with the historically given levels of social productive capacity. Thus the imperialist conflagration, the recurring economic crises, the "natural" disasters which continue to ravage the world can be overcome, at least the objective conditions exist. (The problem of actual transcendence through revolutionary subjectivity is another problem) This is the essence of decadence.

#### POLITICAL IMPLICATIONS

Beyond this decadence carries with it structural-political changes which impinge upon the organisation of revolutionary activity. Rosa Luxemburg was one of the first to become aware of the political implications of decadence.(6) Luxemburg recognised that in the new period liberal democracy was indefensible for the reason that the institutions of capitalism were inevitably associated with the needs of imperialism. as a consequence parliamentary bodies could only negotiate within the parameters of the needs of decadence and be part of the struggle between national capitals. Luxemburg wrote that these institutions had "completely exhausted their function as aids in the development of bourgeois society." Flowing from this same analysis she also



concluded that in the era of internationalisation of the capitalist market, struggles for national autonomy were meaningless for the very reason that imperialism tended to the situation where a few capitals were dominant and the rest became client-subject states:

" So long as capitalist states exist i.e. so long as imperialist world policies determine and regulate the inner and the outer life of the nation, there can be no "national self-determination" either in war or in peace."

(Reform or Revolution)

And elsewhere she continued:

" Today the nation is but a cloak that covers the imperialistic desires, a battle-cry for imperialistic rivalries, the last ideological measure with which the masses can be persuaded to play the role of cannon fodder in imperialistic wars."

(Junius)

National Liberation struggles are only moments in larger imperialist struggles. Consequently there is now no way that such struggles can be supported by revolutionaries. Luxemburg's analysis on this was incisive but nonetheless was rejected by many revolutionaries who could not break from the opportunism so characteristic of the Second International.

It has been no easy matter for revolutionaries to defend these positions. On the one hand the "traditional" bourgeoisie has directly organised itself both ideologically and via its state organs of repression to ensure that the working class pays no heed to the lessons of decadence; but far more important, and more tragic, has been the opposition engendered within the proletarian movement itself. Foremost in this attack upon revolutionary clarity was Lenin in his infamous pamphlet **"Left-Wing Communism an Infantile Disorder"**. This work marks one of the lowest points in Lenin's revolutionary life and it and its consequences validate the positions of Luxemburg et alia. As a result of Lenin's temporising and his seeking to accommodate weaknesses within the Russian situation he effectively aided the bourgeoisie both at the time and subsequently. He armed the left of the bourgeoisie with an ideological structure which guided the class into supporting imperialist struggles.

But revolutionaries were not defeated. Through the 1920s and 1930s they continued to extend the political legacy of Luxemburg and others. The so-called Dutch, German and Italian Left Communists took up these tasks and developed a critique of the whole panoply of Social Democratic forces which were hostile to proletarian struggle. They highlighted the bourgeois components of these movements and argued for the importance of self-activity and consciousness in the working class.

Social Democracy was an outgrowth of working class activity. It represented a valid working class response in the era of progressive growth. Decadence changed this. Essentially Social Democracy, typified in Trade Union struggle, was founded upon the possibility of immediate reform of capitalism and the objective impossibility during that period of the working class imposing its historic solution of socialism upon capitalism. Class pressure could, and still does, influence and ameliorate some of the worst aspects of bourgeois society. The working class is a factor in determining the intensity and direction of exploitation. So if this remains true today as it was in the past, why is it no longer possible to support reformism?

In the Nineteenth Century revolutionaries could work within organisations with the "minimum" programme but at the same time advocate the fight for the "maximum". Today this is no longer possible. We live in a different historical conjuncture, that of decadence. As already noted the period of progressive growth was typified by

the quantitative and qualitative expansion of the bourgeois mode of production. This entailed generating a "cooperative" global economy which provided the objective base for socialism.

In the era of progressive growth capitalist competition was generally typified by competition between individual units both within and among national boundaries. The imperatives of imperialism demanded new things of national capitals and institutions within them. Imperialism, as Bukharin and Luxemburg had perceived, was characterised by the emergence of the nation state as a constantly active agent in promoting its particular interests to the detriment of others leading to some form of coordinated economic competition reinforced by military might. This change had a profound impact upon reformism. Reformism, Social Democracy, was caught, trapped by its own premises and forced to become an agent of imperialist capitalism. Central to reformism is the necessity to accept compromise within the strictures of given moments of bourgeois production ie. to accept a modus vivendi with capitalism. But in accepting this working relationship reformist organisations necessarily fall into negotiating with the needs of imperialism for, in the final analysis, decadent capitalism is organised by the state for the needs of the imperialist state. Thus reformism becomes not only implicated in imperialism it becomes and remains central to defending decadent capitalism.

No clearer example of this is to be found than when a national capital is confronted by external economic-military threats. The carnage of WW1 and WW2 was in part ensured by the direct participation of trade unions and the rest of Social Democracy. What the Webbs called "the impulsive and unself-regarding patriotism" of the trade unions in 1914 was no accident, it was the logical product of a programme of political action which accepted that the health and welfare of trade unionism was intimately related to the well-being of the national capital. When war broke out Social Democracy rallied to the flag. This took some revolutionaries by surprise but with varying degrees of clarity a number of individuals and groups began to see that reformism was henceforth an unacceptable companion in political action. Writing in 1915 Herman Gorter noted that for trade unionism:

" reform became everything. An improved standard of living the goal. Theory, the revolutionary theory went by the board. And with it the entire International. Such things became just noise and hollow words."

(The Origins of Nationalism in the Proletariat).

And flowing from this commitment the goal of the "nation" was taken as the goal of the working class

" Reform, the path to the goal is everything. Unite with the bourgeoisie too, with a section of it, then you too will obtain many more reforms."

In a similar vein Anton Pannekoek said that in decadence the trade union becomes:

" legal, an open supporter of the state and recognised by the latter, it makes 'expansion of the economy before the revolution' its



slogan, in other words the maintenance of capitalism."

**(World Revolution and Communist Tactics)**

Since WW1 reformism has shown itself to be more than a willing friend of capital: an element of capitalism. At times trade unions are part of the formal state machine, at others they stand in opposition. Irrespective, however, of these apparently contradictory positions, the reality is that at all times they remain part of the imperialist structure, defending a particular programme which, even when it is not accepted by another section of the bourgeoisie, defends a very particular interest within a decadent structure.

At another level reformism in decadence is the antithesis of working class activity. By definition reformism demands that workers accept not only a political programme and the constraints of imperialism but also the organisational form which opposes and obstructs the development of self-consciousness in the working class. Pannekoek was clear in 1920 when he wrote that the trade union in decadence:

" democratic forms notwithstanding, the will of the members is unable to prevail against the bureaucracy; every revolt breaks on the carefully constructed apparatus of orders of business and statutes before it can shake the hierarchy."

**(World Revolution)**

Whilst some of Pannekoek's formulations on this aspect of reformism tends to make too much of a distinction between political programme and organisation, he was nonetheless correct in his claim that the reformist struggle, whether in Parliament or trade unions, was part of a form wholly antithetical to the course of the working class in the era of imperialism. The era of imperialism is the age of revolution and the only form of proletarian organisation is that which promotes the development of class consciousness. This is only possible in the self-activity of the class. Revolutionary self-consciousness comes from direct and immediate participation in class struggle. To date the historically discovered forms of struggle which expresses this need are the Councils and Soviets. In them consciousness has the greatest opportunity for developing. Pannekoek said of their need that:

" Revolution requires social reconstruction to be undertaken, difficult decisions made, the whole proletariat in creative action - and this is possible if first the proletariat then a greater and greater number take matters in hand themselves, know their own responsibilities, investigate, agitate, wrestle, strive, reflect, assess, seize chances and act upon them."

**(World Revolution)**

Its true that in the era of progressive capitalism the most dynamic moments of class struggle involved this self-activity and that this inevitably came up against the limits of reformism. There was certainly tension and conflict at these points and it was the duty of revolutionaries to agitate for active participation in struggles. This tension, whilst it could not be resolved, could be mitigated by the larger political-historical realities of the

period ie. the context of developing capitalism. In decadence this uneasy relationship was finally broken, resolved. It is no longer possible to advocate active participation in organisational-political forms which are not those of the self-conscious proletariat.

**STATE CAPITALISM**

One of the features which highlights reformism's assimilation into the capitalist structure is the extent to which it is found in formal state structures. As already noted, in WW1 both German and British Social Democracy found their places in the sun, they were legitimated in the state structure. Subsequently their positions have ebbed and flowed with the shifting alliances and strategies of bourgeois factions within national capitals. For example German reformism was expelled from the state in 1933. After the heady days of Weimar, when it helped slaughter thousands of workers, reformism was put into opposition. More recently, and in a much less dramatic fashion, we have witnessed British Trade Unionism being pushed out into the cold by Thatcherism. Over the past ten years the Tory government has significantly eroded the effective strength of trade unionism and at the same time has reorganised the economic structure to the extent that it can now appear as if the "classic" form of decadence has been swept away. Thatcherism has not only marginalised the unions, it has also systematically de-nationalised important sectors of the economy. In doing this it seems as if that saviour of capitalism, nationalisation, that apparently essential form of decadence so typically promulgated by social democracy, is historically dead. Now this faces revolutionaries with a problem, especially those who tend towards the view that the degree of nationalisation in an economy is in direct proportion to the extent of state capitalism. One organisation which appears to hold this view is the **Communist Workers Organisation**. Thatcherism has forced the CWO towards rejecting the classic left communist position on decadence, imperialism and its formal structure commonly accepted to be state capitalism.

# THESES ON THATCHERISM

The experience of almost a decade of Thatcherite political and economic policies, and the likelihood of at least another decade of the same, requires the phenomenon to be put into the historical perspective of a communist analysis. Even though it is an accident that this particular historical moment has given her name to the period, the role she has fulfilled has been as identical one for British capitalism, but finds its rationale in the response of the British bourgeoisie to the "Thatcherite Revolution" which began, there were many in the communist camp who regarded it as a freak, and that was required, was to await her inevitable U-turn, since Thatcher's economic policies (her declared opposition to state capitalism) ie. state capitalism) ran counter to the trend of the epoch towards, so the story ran, the return to capitalism. But for the Falklands war, or some other factor, this U-turn would have occurred in the late 1970's, quite the contrary, the dominant sections of the bourgeoisie are MORE behind Thatcher now than they were present, as a focus for discussion, the following "theses on Thatcherism" - Polemical and critical as they may be, they can nevertheless provide a focus for a fuller understanding of the evolution of the 1980's, and its likely development into the 1990's.

11. The few growth sectors in the Brity economy are almost entirely foreign owned, for example, the massive Nissan to establish a plant in the sale of Leyland trucks to the examples of the lack of will to maintain national control of the economy.

12. Though we are coming into the 1990's, some kind of "Thatcherite" arrangement of the Tory government is more likely than the more sophisticated views of the bourgeoisie towards the economy.

C.W.O.

In **Workers Voice** 35, (June/July 1987) the **CWO** published an article entitled "Theses on Thatcherism". This "focus for discussion" was to be a guide for a "fuller understanding of the evolution of British capitalism in the 1980s, and its likely development into the 1990s". The **CWO** is an organisation which claims to stand by the idea that we live in the era of imperialism and that this is synonymous with the decadence of capital. Starting from such a position one could expect the **CWO** to be sharper on the nature of Thatcherism than it is. Indeed one would expect at least an attempt to apply the "classic" notion of decadence to the shifting complexities of the past ten years. Unfortunately rather than taking up the challenge the **CWO** has panicked. Like **Solidarity** over twenty years earlier the **CWO** has taken a short-term movement in capital as some sort of general refutation of the revolutionary position. Just as **Solidarity's** nerve failed with marxism in the context of Keynesianism in the period of reconstruction so also has the **CWO's** in the face of Thatcherism. This is not only a weakness of that particular organisation but one which threatens to undermine hard fought for gains of the past sixty years.

The basic argument behind "**Theses on Thatcherism**" is that the Thatcher government has taken a decision to cast off industrial production from its central concerns and to focus upon extending the service sector of the economy. This move, it is claimed, entailed the "reversal of the trend towards state capitalism" signifying that British capitalism has given up any "attempt to maintain its position on the world market as a specific national capital". Underpinning these conclusions are the beliefs that state capitalism is an organisational form of specific capitals rather than a general historical condition; and that gradations of strength within the world market are simply defined: those with what might be called "economic independence" are national capitals and those without are not (it seems a corollary of this is that the former are imperialist whilst the latter are not). Clearly, these positions go against the received notion that capitalist forms in decadence are not chosen or rejected at will by bourgeois governments but are forced upon them by large historical forces (always acknowledging that there are moments of contingency within general structures).

So what is state capitalism? It is the condition of capital in the era of imperialism; it is the necessary way in which capital organises itself in decadence; it is a form which expresses the way in which the economic and political imperatives of decadence play upon capitalism.

It is not nationalisation. If it were then Russia (to date) would be more state capitalist than France whilst the U.S.A. would hardly be state capitalist at all. In other words the most powerful nation in the world manifests least the phenomenon of decadence. Undoubtedly nationalisation is a factor in state capitalism as is was the related policy of Keynesianism. It was no accident that Keynes developed his particular theory in the wake of proletarian revolution, global war and extending economic crisis. He was one of the sharpest bourgeois minds of the period aware as he was of the threat from the working class and the crisis nature of capitalism when left on its "natural" path. Keynes' solution was economic and political. He called on governments to institute a policy of demand management which on the one hand would alter the so-called natural equilibrium of capital and thus overcome the

tendency to unemployment; on the other this would have the political consequence of managing the problem of the working class. Not surprisingly various bourgeoisies began to apply Keynesian policies in the 1930s. It was possible to use Keynesianism in both a nationalised and private mode. In Britain the Labour Party seized upon Keynes' ideas to justify "Clause Four" showing how "socialism" accorded with economic "common sense" and that it was natural for the state to not only guide the economy but indeed to nationalise it all the better to control and direct investment. In contrast with the way in which Keynesian policies involved extensive nationalisation in Britain is the example of the U.S.A. Roosevelt's New Deal was Keynesianism applied on a large scale. Demand management was successfully pursued without extensive nationalisation, indeed without any significant ideology of taking over the "commanding heights".

Keynesianism was a product of decadent capitalism; it was not decadence itself. For a moment it best expressed the ideological and political needs of state capitalism. The fact that it and its nationalised face was such a prominent feature of western capitalism for over forty years tended to lead revolutionaries into the trap of believing that these two elements were the essence of state capitalism. But they were not and are not.

The same can be said of the statified nature of Russian capitalism. This was the product of the defeat of the proletariat, the existence of a once revolutionary party at the head of the state and all this in the context of imperialism. The private bourgeoisie had been expelled from Russia and the logical organisational form which flowed from the socialist ideology of the Bolsheviks was that of statification. Similarly the statified way in which Third World countries have developed is explicable in terms of particular constituents and the general historical pressures.

The essence of state capitalism is found in the way the world economy has been parcelled among a few major capitalist powers which forces the state to intervene and direct economic and social life. As already noted imperialism was in part constituted by the growth of monopolies within national capitals and these were buttressed by the development of state organs appropriate to confronting the increasing competition. At the very heart of these state organs were armed forces. As decadence deepened the need for states to maintain, or at least attempt to maintain, military superiority grew. Generally military expenditure has tended to grow as a percentage of the G.N.P. of all bourgeois states. For example between 1913 and 1969 the proportion of G.N.P. devoted to arms by British capital almost doubled. The situation of that of the U.S.A. was more dramatic, in the space of just over thirty years (1938-69) it grew by a factor of six. In decadence the capitalist state has become a major customer, a consumer of weaponry. This in itself a sign of the bankruptcy of the system: the world economy shows less and less ability to produce items with human use-value, increasingly weapons of destruction take centre stage. Military spending is necessary for capital because at the end of the day imperialism satisfies itself in open warfare. Expenditure on arms is now inextricably part of the global economy, and these, as is all too obvious, are willingly used by the bourgeoisie to slaughter millions. For some nation states arms production can be highly profitable but globally it is a drain as it adds no new value to capital, it does not lead to expanded reproduction. This again is a sign of capital's decadence.

Dominance can be achieved by military might. Imperialism is a system of relations of dominance. This is not fixed for all time. Since the end of the First World War the hierarchy of the global economy has changed with the U.S.A. rising to the top and a variety of changes occurring through the lower ranks. However, irrespective of these changes, the basic character of imperialism remains the same. The CWO's belief that only the dominant economies are national capitals and by extension the view that only they are imperialist is refuted by the realities of the world. Firstly at what point of domination do we stop at? Given for example, the fact that over the past fifty years, US capitalism has been the major force in the world market, more powerful than the other western nations and also stronger than Russia, does this mean that only the U.S.A. is a national capital, only it is imperialist? Take another historical example, that of Britain. It was one of the victors of 1918 but far from this re-establishing British capital at the top of the capitalist tree the indebtedness brought on by the war pushed it towards becoming a client state of the U.S.A. But this did not mean it ceased either to strive for and on occasion achieve moments of dominance in the world market. British capitalism was fortunate to have the Empire which it forced itself upon. This undoubtedly gave British capital a breathing space and was undoubtedly imperialist but it's relative decline continued. The world market is made up of such levels of dominance. Big fleas, little fleas, but nevertheless all fleas and all pursuing their imperialist ends within a state capitalist framework.

If we once again take the example of the interwar period and the position of British capital we find features which typify how state capitalism functions and this in the context of a non-nationalised economy. The Exchange Equalisation Fund was set up in 1932 with the aim of controlling the value of sterling on the world market, helping to set up a "sterling bloc". This was a long way from Britain of the Gold standard and free-trading. The pressures of economic crisis and intensified economic competition forced the state to take over the management of currency in international competition (as far as was possible for in bourgeois economic relations total control is not possible). A further weapon in the state's armoury was the use of tariff policies which could, at least momentarily, protect sectors of the British economy. In agriculture and fisheries marketing boards were set up to control and direct local production as well as restrict imports. This of course was not the first time that the British state had controlled such imports (the Corn Laws being one of the better known examples of earlier restrictions) but it is the context of the control which gives it meaning and in the situation of decadence tariff control expresses state capitalist imperatives. The same can be said for the direct state intervention in industry. The recent controlled "restructuring" in mining and steel manufacture is nothing new. Similar policies were instituted in the 1930s. Not only did the British state restrict imports of industrial products it went so far as to encourage the British Iron and Steel confederation to push through a rationalisation of steel making. Companies were amalgamated and works were closed down and at the same time capital was concentrated into developing better integrated steel plants with the capacity to compete on the world market. The shipbuilding industry also underwent a policy of cutback and closing down under the immediate direction of the National Shipbuilders Security (a cartel of private

capitalists) but with the approval of the state. By the mid 1930s the state decided that it was strategically important to begin subsidising shipbuilding. A similar pattern was to be found in the coal industry. In this instance coal owners showed great reluctance to reorganise themselves (a legacy of the particulars of British Economic development). Voluntary schemes instituted by the state were rejected or ignored by the owners and in 1938, in the face of opposition from private capital, a bill was introduced to Parliament which would have forced reorganisation upon the industry. Of course all this was being done in the light of Keynes **General Theory** (1936), a work which guided not only forms of industrial reorganisation but also social intervention. Schemes for control of the unemployed were instituted; Distressed Areas policy was pursued. Control of the unemployed was carried out before Keynes major work but his **General Theory** focussed upon the causes (as the bourgeois economist saw them) of "distress" in the economy and thus became an important factor in constructing an ideology for policing the working class, for of course, global policing was via the military. Rearmament was undertaken by the state from the mid 1930s.



Keynes in 1929

These policies of the inter-war years were state capitalist although they involved little nationalisation. State control was via currency manipulation, tariff agreements, direction of industrial capital, policing the civil population and military might. And all this within a world of shifting national hierarchies. Individually such policies were not unique but taken as general ongoing strategies the whole is greater than the sum of the parts. The application of particular strategies by the state is dependant upon circumstances, but whatever these happen to be we find that the state does not withdraw from its overall control of economy and population, nor does it stand aside from international competition, military and economic. The CWO's belief that Thatcherism represents such moves away from state capitalism is born of their constricted notion of what constitutes state capitalism and the meaning of Thatcherism.

In **Theses on Thatcherism** the empirical detail is accurate enough in describing what Thatcher's government has done. As the CWO notes in the past ten years we have seen a concerted effort to rationalise parts of the economic structure to the point where they have all but disappeared: shipbuilding, steel and coal being the main victims of this policy. At the same time Thatcherism marked a break with the so-called "full employment" consensus underpinned by Keynesianism as well as a deliberate policy cutting the trades unions from formal state structures.

The general approach of the Thatcherite right grew from the failure of governments in the '70s to solve the problems of rising inflation and extending unemployment, both indicators of the general crisis of capitalism and the particular decline of Britain. Heath's government had shown itself unable to solve these problems and had been defeated by class action. This was the breeding ground for the new right. Keynesianism had run its course, it was unable to cope with the accretions of deficit financing manifesting itself as "stagflation" ie. declining profitability coupled with inflation. The new right was not alone nor the first to see the need for an alternative framework. Callaghan heralded the way forward in 1976:

" The cosy world we were told would go on forever, where full employment would be guaranteed by a stroke of the Chancellor's pen, cutting taxes, deficit spending, that cosy world is gone."

Keith Joseph led the formation of the new right within the Heathite Tory Party, his Centre for Policy Studies becoming a focal point for an alternative economic strategy. On the face of it the new strategies were akin to the liberalism of the 19th Century with an emphasis on allowing the market to follow its "natural" course. The state, it was argued, should withdraw from its interventionary role. Friedman, Sherman et alia supplied monetarist theory whilst Hayek's individualist philosophy gave partial legitimacy to the Thatcherite school. (very much a pot pourri of ideologies) To the new right not only was nationalisation anathema so also was the participation of trades unions in government. In asserting this Thatcherism broke from the tripartism of the previous forty years. Part of the legacy of the British Keynesianism was acceptance of a direct role for unions in the state. After 1979 this was changed. A central plank of Thatcher's electoral programme and subsequent policy was to "curb the power of the unions". We well know that in essence this meant attacking the working class not because the unions represent workers interests but because sections of the bourgeoisie are not at all clear on the class nature of trade unionism. But it is also more than this. For Thatcherism is a break with the gradualism of the post-war consensus. Deepening crisis engendered the new response. Trade Unions, Social Democracy and a significant sector of the Tory Party were implicated in the policy of demand management and nationalisation. Thatcher and her henchmen took the decision that a new way was required.

The "traditional" industries which had been nationalised were to be "rationalised" and sold off. This conflicted with the political programme of Social Democracy, Labour Party and trade union self-interest was to a great extent rooted in these

areas. Consequently, in the eyes of the new right trade unions as well as the working class were a barrier to the reorganisation of the British economy. Quite correctly Thatcherism pinpointed the steel, the coal and shipbuilding industries as being uncompetitive on the world market, not to mention the fact that some of the most militant sections of the working class were to be found in them. Previous to 1979 the bourgeoisie had not shown itself unable nor unwilling to cut back these enterprises, increase rates of exploitation and attack the working class. But what they had been unwilling to contemplate was reducing these industries to an industrial rump. Thatcherism was not so reluctant. Hence the opposition within reformism of the left. Hence the direct attacks upon trade unions as distinct from the working class (of course there is the ideological counterpart to these industrial strategies, namely asserting the sole reality of the individual and denying collectivity etc.)

The decision to confront these industrial drains was dependant upon three conditions. The overarching one was that of the crisis and Britain's declining position; this decline was specifically situated in the Western Bloc and within the European Community; and the third condition was a philosophy of what constituted the best way forward for British Capitalism. As regards the first condition, that of the crisis, this underpinned the electoral success of the Tories in 1979. Specifically the position within the Western Bloc and Europe gave Thatcher the strategy of abandoning centrality to industries which, irrespective of them being a drain on national profitability, had been previously considered to be strategically so important. Behind the reduction of these industries to rump status lies the partially unstated acceptance of a division of labour within the Community and the Bloc. Steel coal and shipbuilding were, in the eyes of the Tories of the new Right, beyond redemption. they were not only tainted by old Keynesian politics, they were in such a poor condition that there was no prospect of them becoming serious economic competitors on the world market. Consequently, they were to be cut back (also happening in the rest of the European Community). This would not only undermine the militant base for working class activity it would also fit nicely into the "market" oriented philosophy of Thatcherism. The industrial rumps could thus be set up for de-nationalisation: a troublesome working class would, it was hoped, be pacified; the industry would be so concentrated that profitability could be achieved. The combination of these factors would make these industries acceptable investments to private capital. Not only this, by increasing rates of exploitation of the working class, by privatising them this Tory government has helped plug a major hole in British capitalism's profitability. As yet, of course, it leaves unanswered the questions of the strategic strength or weakness of this policy. But what is answered are those who might question the reality of the Western Bloc. By accepting the non-viability of these industries in Britain Thatcherism acknowledges that the possibility of military conflict is nil within the west and that there is no possibility of the bourgeoisie here being "held to ransom" by those who have stronger steel etc. industries. (Coal is partially nullified by the state's nuclear programme). In this scenario the bloc is here to stay and as a result of national bourgeoisies should accept defeat in certain areas and concentrate on those which are shown to be most

successful for them.

Thatcherism has not yet given up Britain's role as a national capital as the CWO would have us believe. It has reoriented it. The "tertiarisation" it sees occurring is an acceptance by the Tory government that British national capital can best compete by strengthening financial and city institutions and by drawing overseas investment into the economy plus any crumbs that might be had from tourism.

Nor is Britain moving away from state capitalism. The state today is as central to economic and social organisation as it was pre-1979. Indeed the control it has over civil society is now at a higher level than it has been since the last World War. Privatisation continues apace. This is not only an ideological imperative, it is one which pays off for capital. At the small level it gives the present government a "cash-flow" to finance tax cuts and help keep a declining exchequer afloat. But at the larger level the policy adopted by Thatcherism has produced a "leaner" industrial structure. This is a state policy. Whether in the long term it is better than extending nationalisation is a question separate from that of state capitalism. Even with the large scale privatisation being pursued we have not witnessed the state withdrawing from overall economic control. Despite the free-market rhetoric the Manchester school is not alive and well and living in 10 Downing Street. Thatcher is not Cobden and Joseph is not Ricardo. The state continues to guide and direct the economy. Because it has chosen a new industrial-financial strategy it has required new techniques or rather greater emphasis on old ones. Control of interest rates, for example, has been central to Thatcher's policies; tightening state spending, public borrowing and using taxation to cut public spending is not a withdrawal of the state from controlling social-economic life, it is to continue it by marginalising sections of the population and using the "market" lie to control them. At another level the state has centralised control by undercutting the power of local councils, by "tightening purse strings". This had both ideological and economic impact and illustrates a possible strategy of control available to state capitalism (cf. France where at the same time local government was being decentralised, would the CWO see anti state capitalist forces at work here?) The deep recession of the years of immediate victory after 1979 was state organised.

At the same time the state has also continued to extend the organs of social control. Whilst it is possible that a Social Democratic government might not have extended the "secret police" apparatus as far as the Tory right it is certainly true that it would not have dismantled it. This apparatus has amassed greater and greater importance for over seventy years. The onset of decadence, the revolutionary nature of class struggle in 1917, the impact of war forced bourgeoisies to develop of extend organs of internal repression. Thatcherism recognises as well as an bourgeois faction the necessity for these. State capitalism means not only organising economic interests in the world market, it also requires supervision and control of hostile internal elements, particularly a militant working class. And there is of course the military wing of capitalism.

There has been no decline in the state capitalist content in British national capital, a change in emphasis, yes, and perhaps a significant decline in

its position in the hierarchy of capitals. But as has been said the flea, irrespective of its size, remains a flea.

### Conclusions

This excursion into the question of state capitalism in Britain is not arcane. It is one which helps focus the way in which we see decadence. How we appraise the present policies of Thatcherism and question the extent to which they signify a successful assault upon the economic crisis ties into not only our detailed economic analyses but the overarching ideas of whether social systems progress and decline. There is at least one member of the CWO who does appear to be questioning the "meta-historical" significance of the bedrock of the Left Communist theory of capital's decadence. We would ask the comrades of the CWO and all others who are moving towards rejecting it (or who don't accept it) to stop and ask themselves what becomes of major planks of our political programme if this step is taken: where does it leave you with the problems of national liberation, reformism and world revolution? When Marx, Luxemburg, Bukharin et al. perceived the fall of capital in the mechanics of its structure they showed that deterioration of the system could be guided and informed by a historical materialism; this might not allow one the short-term possibility of achieving the goal of communism but it demonstrated that it was a real historical possibility and that this could be brought nearer by adopting strategies consistent with this materialism. The system is decadent. But it will not vanish of its own accord. Only conscious class activity will destroy it, activity which can only come from recognising the traps set by a decaying system.

These traps are:

- (1) the historical redundancy of democratic parliamentary institutions which can now only express the imperatives of decadence, the need to tie the working class to national-imperialist policies;
- (2) the lie that the working class can gain anything from participating in trade union activity, permanently constituted organs of economic struggle inevitably become agents of capitalism;
- (3) just as the economic organs of reformism have been transformed into anti-working class institutions so the same is true of their political expressions, social democracy (in all its guises) is now merely one voice in the cacophony of decadence. The siren calls of reformism are probably the biggest trap facing the working class;
- (4) with the emergence of decadence and the shifting division of the global markets among a few major powers so the possibility of meaningful national liberation was lost; irrespective of the extent of radical rhetoric of national struggles - against U.S. imperialism etc. - they cannot furnish the working class with a platform for its political programme;
- (5) flowing from all these political positions is the necessity for the proletariat and its political expressions to avoid the organisational traps of decadent forces. The way forward for the working class can only be in historically specific organs which to date are soviets. Only through these can the degradations of the decadent system be overcome. (7)

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# Flett

**Notes.**

(1) A non-materialist survey can be found in **The Idea of Progress** by **J.D.Bury**.

(2) For significant discussions which touch upon this see **Karl Marx's Theory of History** by **G.A.Cohen** and **Making History** by **A.Callinicos**.

(3) Crucial works here are **Studies in the Development of Capitalism**. **M.Dobb**, **The Transition from Feudalism to Capitalism** ed. **R.Hilton**, **Passages From Antiquity to Feudalism** and **Lineages of the Absolutist State**, **P.Anderson**; additionally Engel's **Origin of the Family, Private Property and the State** is also a major valuable source.

(4) The **CWO** misses the point when it writes "The suffering and misery it (capitalism) inflicted on the working class is not the issue" (RP 21 p26). Misery imposed by capitalism is a central issue for it is upon this that larger class conflict is engendered and not only this, it is the question around which more often than not individuals are drawn into revolutionary commitments.

(5) **F. Sternberg**, starting from a Luxemburgist economics cogently argued that the immediate post

World War 2 situation would see a crisis of capitalism to match that which followed 1918 (see **The Coming Crisis**). In the event the optimism on the possibility of a large class response c.1945 was not fulfilled.

(6) One of the debates which has raged through the revolutionary movement for the past two decades is that on the question of the economic basis of capitalism. Ranged against the Luxemburgist analysis is that of the Falling Rate of Profit (defended by the **CBG**) exemplified in the work of **Henryk Grossman** and **Paul Mattick**. Irrespective of how one argues about the ins and outs of these distinct theories it is undoubtedly true to say that correct political conclusions can flow from either one. Thus, although the **CBG** sees the saturation of markets theory as incorrect we nonetheless acknowledge the correctness of Rosa Luxemburg's political positions which were linked to a belief in the decadence of the capitalist system.

(7) For an examination of how decadence and the defeats of the 1920s affected the role of revolutionary organisations and their relationships to the working class see correspondence with **PC** published elsewhere in **Bulletin 14**.

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