

Independent of the question as to whether or not the present crisis of capitalism is its last crisis, it should be clear from the rough outline of our own crisis theory as given here that Dennis is still far away from a real understanding of the problems of capitalism. It is his idea that a "capital shortage" makes for capital prosperity; but exactly the opposite is true. Capital shortage excludes expansion. If expansion fails, even those insufficient capital funds earmarked for accumulation cannot profitably be invested, and are not invested. Thus they lie idle, creating the illusion of the existence of capital surpluses. But there is a big difference between appearance and reality. How misleading it is to take the first for the latter Dennis demonstrates with numerous examples throughout his book. Even the element of truth contained in his assertion that the decline of capitalism is partly due to population decline was neither seen by him, nor would it fit, in case he had recognized it, into his exposition of capitalism's difficulties. Just as an actual capital shortage, a shortage in regard to the needed capital expansion, appears to the superficial onlooker as a surplus of capital, so the present surplus population, compared with the expansive needs of capital, would really represent a shortage of labor, if accumulation could be continued with accelerated speed.

The Industrial Revolution of "Socialism"

Although we disagree with Dennis as to the reason for capitalism's decline, we agree that private-property capitalism's days are numbered. As stated before, however, we do not believe that Dennis's "socialism" will be able to solve any of the problems which it inherited from private-property capitalism and which caused the decline of the latter. We have dealt with Dennis's theory of capital, and opposed it with our own, because in our opinion it is his wrong conception of capitalism and its developmental laws which explains his failure to understand the character and the possibilities of the system he calls "socialism".

Neither Russia nor Germany has ended the capitalist system of production. They have changed individual appropriations of the socially created surplus value into "collective" appropriation by way of the state. This involved the partial or total destruction of the old bourgeois class of private entrepreneurs and the remnants of feudalism in favor of a new ruling class — the state bureaucracy and its privileged supporters. There was also necessary a certain degree of re-organization and "planning" within given territories, which practically, however, turned out to be planning for the present war, that is, "planning" against real planning. For real planning can be done only on an international scale. Such planning Dennis holds to be impossible and unnecessary; he is satisfied with a national-socialist America defending its own interests by way of struggle against the rest of the world. The solution of the unemployed question and the continuation of the industrial revolution is all he demands, and he thinks that this would be possible within the framework of his "socialism".

It is true that in the struggle between the "old" and the "new" capitalism the initiative and the success have so far been on the side of the "new" capitalism. Its "dynamism" is based on poverty, a fact which gave Dennis the idea that only a "capital shortage" provides capitalism with the necessary dynamism. If necessity is the mother of invention, not all inventions need mothers. That nations act because they have to does not prove that "dynamism" presupposes misery. What the fascists are now doing with old and new methods has always been done by the old capitalistic states, whether they were poor or rich. The "dynamism" of the fascist states springs not from their own peculiarities, but finds its reason in the deadly general stagnation of the capitalist world. It is still an expression of the same dynamic that was the driving force of capitalism until it reached stagnation. As did private capitalism previously, so also does Dennis's "socialism" expand in order to prevent expansion. His new "industrial revolution", like the old capitalist revolution, is out to prevent the industrialization of the world. It wants to strengthen itself with the weakness of other nations. This continued "industrial revolution" means no more than the destruction of some in favor of other capital; a struggle demanding additional weapons, because the destruction of capital by way of the market mechanism is no longer sufficient.

The functioning of the "automatism" of the market was based on a rapid capital accumulation. As long as the latter was possible the destruction of primitive industry involved the construction of advanced industry; the destruction of primitive agriculture, the development of modern agriculture; the end of limited and backward markets, the opening of world-trade. As long as capitalism expanded by reason of a sufficient profitability, its "anarchy", that is, private interests opposed to social needs, was a sort of "regulator" which provided for both frictions and their elimination. Over-production in one or another field of production was punished by lower prices and profit losses, which re-established some sort of "equilibrium" between supply and demand. Extraordinary unemployment found its compensation in temporary booms and in the spreading of capitalism. Underdeveloped fields of production, yielding high profits, were soon invaded by additional capital reducing the extra-profits to "normal". Obsolete industries became the first victims of crises and depressions when the market mechanism re-established a lost equilibrium, that is, a situation which granted capitalist society sufficient stability to feel itself secure. In short, competition provided for a kind of trial and error method able to bring "order" into the capitalist system.

Nevertheless, from its very inception, the capitalist system was never a system of "perfect competition". It favored from the beginning those nations and industries within nations endowed with social and natural advantages. The growth and spread of capitalism increasingly weakened and destroyed the element of control provided for in the competitive mechanism. *Laissez-faire* was never more than a convenient philosophy for successful capitalists

or capitalistic nations. The less fortunate nations could see in it, if they could see at all, no more than a shrewd device against their own progress. But history is more than economics; if it were impossible to gain competitive strength under the "rules" of laissez-faire, other means could be and were tried. The protectionists ruled, and if their endeavors proved to be successful, they too could then become adherents of the laissez-faire ideology. The changing needs of the capitalist system and the changing policies and fortunes of the different capitalistic nations explain the different economic theories developed during capitalism's history.

Throughout every shift in political and economic power, through peace and war, booms and depressions, capitalism advanced. The possibility of increasing exploitation and thus accumulation with accelerated speed indicated — from another point of view — insufficient capital concentration and lack of political centralization. This "weakness" gave to wars, depressions, and bankruptcies the "strength" to re-establish lost "equilibriums". In other words, "life" was still stronger than capital; the needs of the whole of society, however violated by capitalism, were not as yet totally subordinated to the specific interests of the capitalist class.

Because capitalism failed to master the world, it could declare itself master of the world. Its "success" was due to an unsearched-for strength and an unpreventable weakness. No group of capitalists nor any capitalist nation can possibly be engrossed in more than its own advancement and is thus always vitally interested in the frustration of its competitors. That the "original" capitalist nations did not succeed in keeping the rest of the world primitive is certainly not their fault. That in attempting to do so they actually advanced the capitalization of the world does not show the guidance of an "invisible hand" nor Hegel's "cunning of reason", but only that the real needs of the social world are always stronger than the limited interests of one or another class which finds itself in power.

It is capitalism's dilemma never to be able to advance without simultaneously putting new obstacles in the way of further "progress". It has "two souls in its breast". One wants to restrict, the other to extend expansion. But though capitalistic interests are restricted, the needs of society are limitless. Because individual capitalists have to work against each other, they hamper their common conspiracy against society. For this reason capitalism's struggle against society brings forth the quest for capitalistic "solidarity", which must however be achieved through the elimination of capitalists and the continuous weakening of all other social classes. This concentration process is materialized in commandeering masses of constant capital, achieved by greater exploitation. The never-ending need for more exploitation finally defeats itself. The rule of capital becomes no longer compatible with the basic needs of society.

The one-sided and therefore wrong assumption that crises and depressions point to the limitations and end of capitalism leads to other misunder-

standings, namely, that fascism is already "socialism", or that it represents a new form of capitalism with better chances of survival. For Marx, crises and depressions were "healing processes"; his theory of accumulation ends in the revolution. If anything, the success of fascism, or "socialism", could promise only the further sharpening of the conflict between capitalistic and social needs. The present world struggle in all its various forms is only another gigantic crisis of capitalism, a new, all-embracing, terrible attempt to reach that degree of capitalistic "solidarity" now needed to control the labor of the world. That this crisis has such an out-spokenly political character is also not new; it only reflects the degree of capital concentration already reached. The struggle between fascism and democracy is in its essentials a repetition of the struggles between protectionists and free-traders in times past. Today, however, the scope of the struggle is enlarged, the intensity greater, because of the greater pressure resulting from more polarized class relations. The economic aspects of the crisis are driven into the background because of increased monopolization. The old business cycle has already been replaced by a virtually permanent stagnation. Monopolization and the stagnation connected with it can be broken only by powers stronger than capitalistic monopolies. State-capitalism is such a power; it is the opposition of a more perfect to a less perfect monopolistic society.

The "new dynamism" displayed by the fascist powers is then only a new version of the *old crisis dynamism*. Both have the same cause and can lead only to essentially identical results, unless other factors, such as a revolution ending all capitalistic relations and problems, intervene. If the crisis should fail in its political aspects — that is, as war and "revolution" — as it has failed since 1914 in its economic aspects, to re-establish a socio-economic relationship which guarantees the further accumulation of capital, the crisis itself will become the basis of new social struggles and must be ended in a non-capitalistic manner. But if this crisis should have sufficient force to re-establish a profitable capital accumulation on a world-wide scale, it would demonstrate only that the old capitalistic dynamism is still at work. The crisis would not have "solved" any of the capitalistic problems; it would once more have postponed the downfall of capital. As the problems of society would remain the same, so also would the task of the workers be unaltered.

However, we are still in the midst of the crisis and there is nothing visible which could suggest its early end and a new prosperity. In one sense the present crisis is only the deepening of the capitalistic depression which came into being long before the first world war. With the beginning of the twentieth century, industry and agriculture began their relative stagnation, surplus populations arose in village and city, a lack of capital for expansion was felt everywhere. Life went on just the same. People travel other roads if the traditional ones become impassible. The necessary re-orientation may be a slow and painful process, but history proves that it has never failed. If capital is lacking to safeguard and expand vested interests, whether private or national — interests for whose defense some sort

of social stability is needed — production will be maintained with less regard for those vested interests or with none at all. If production is carried on via the market mechanism, where money must yield more money before economic activity is possible, and if this mechanism begins to fail, production must be carried on without consideration for private profit needs. Production must then be ordered, partially or totally. The ordering implies economic authority and hence control over all phases of social life. The question as to who is going to do the ordering is settled by political struggles involving shifts in class positions.

That political group which secures for itself the control over the means of production, coercion, and integration will do the ordering. In what manner this control is reached, whether by legal or “revolutionary” means, depends on historically-conditioned, specific circumstances, which vary for different countries and different times. To order or “plan” what previously had not been “planned” because it was thought that the “automatism” of the capitalist market would take care of it, that is, continuing and regulating production on the basis of labor exploitation in the interest of a ruling class, is then celebrated as a new social advance.

Whatever ordering or “planning” is done in Dennis’s “socialism”, for instance, is done in order to reach the same results — that is, more surplus labor and profits — which private property capitalism achieved without that much bother. As always before, so also in Dennis’s “socialism” property and control go together. The ruling classes in Germany and Russia have control over both the means of production and the means of destruction. For labor there remains the necessity of selling its labor power in order to live, and selling it at a price that satisfies the needs and desires of the ruling class. The power of this ruling class is now strengthened by more direct methods of coercion which are supposed to compensate for the loss of the automatic control measures that operate under private property conditions. At a “higher” stage of “socialism” artificial market control may be re-introduced for the convenience of the “planners”. The various theories of “market socialism” now in vogue are supposed to supplement and make easier organized exploitation in state capitalism.

The Russian collectivization, that is, the realization of the old capitalistic dream to abolish once and for all the tributes paid landowners, and the transformation of the agricultural population into wage workers was carried out by the bolsheviks. However, this was possible only through the simultaneous destruction of the whole of the old ruling classes. Yet nothing has changed in the essential social arrangements, though in industry and agriculture private enterprise and incentive for private investments have been ended. Private incentives are only detoured; they are now directed toward political and social positions which determine the degree to which one may participate in the enjoyment of surplus value. It is true that there are no capitalists in Russia, but there are rich and poor, exploited and exploiters, rulers and ruled. Private enrichment is now based on the possession of jobs.

The social struggle for positions in “socialism” was already foreshadowed in the increasing discrepancies between ownership and management and in the growth of trade unions in old-style capitalism. There are now as many varieties of rich people in Dennis’s “socialism” as there are wage scales for workers, or degrees of impoverishment.

In order to escape exploitation in “socialism” one must become an exploiter. All aspirants for exploitative positions and those in the lower ranks of the exploiting group must continuously strive to better their positions. To escape the lowest class one must have his eyes on the highest. Those who occupy the best positions must defend them against the rest of society beneath them. In order to rule they must also, like all other rulers, divide. Their own needs and security enforce the establishment, re-creation, or maintenance of class relations. Increased social productivity on the basis of class relations increases all the frictions in all layers and between all layers of society. To weaken those who are seemingly powerless in order to secure the rule of the “strong”, the weak must be kept impoverished. If they are continually impoverished, they are not only weak but also dangerous. To cope with this danger the forces of coercion must be strengthened and kept intact. They have to be maintained with the profits sweat out of the workers. Newly arising social groups have to be “bribed” to remain loyal. To get the profits needed for the security of this hierarchical arrangement on the basis of an expanding economy, exploitation must be increased. To make this possible, capital must be accumulated. If the expansion process starts on such a basis, accumulation in the interest of the ruling class becomes of necessity accumulation for the sake of accumulation.

Responsible for this fatal trend are the continued class relations on the basis of a developing social division of labor. The necessity for each group to secure its own restricted interests atomizes the whole of society and fosters the struggle of all against all. Social solidarity is here excluded. Such a situation does not allow for the elimination of those blind forces which operated *through* the market mechanism throughout capitalistic development. For it was not the market but the class relations behind that market which were responsible for the unseen forces back of the capitalist accumulation process. The end of market relations does not indicate the beginning of a consciously regulated social production and distribution so long as the class relations which were behind the market relations continue to determine social production and distribution. All planning turns out to be planning in the interest of a class and can only deepen the contradiction between special and social interests which is at the bottom of all present-day troubles. As long as there are buyers and sellers of labor power, all the planning of the buyers is planning against the sellers. The enlarged reproduction process under such conditions deepens the reproduced class frictions and leaves unsatisfied the objective need for real social planning. Such a system cannot exceed the social accomplishments of private property capitalism, but if it secures further expansion, can only increase the prevailing

chaos because it adds another irritating element — this very same planning — to the already thousandfold-disturbed economy. Just as the growth of monopolies increased the capitalistic disorder with the increase of production, state-capitalistic “planning” is making more chaotic what seems already to be completely crazy. It is an illusion to conclude from the fact that state capitalistic planning has been able to expand production at a time when the rest of the world was unable to overcome its stagnation that this kind of “planning” can solve the social problems of today. It can expand production, yes, but at the price which had to be paid for all unplanned capitalistic expansion: greater chaos. Furthermore, as there is no longer a “national economy”, the element of planning — in each nation only further disturbing the economic and social relationships — helps to create a greater chaos in the world economy. The ascendancy of “planning” occurred simultaneously with the increased difficulties of world-capitalism. The further disruption of the old world economy brought about by national planning in turn reacts quite unfavorably upon the different nationally planned economies. Planning meets counter-planning, finally war. This whole contradictory trend is no more than a further expression of the still declining capitalistic system.

The accelerated atomization of society comes to light also in feverish attempts to overcome its objective destructive element by strengthening its subjective control element. Attempts are now made to create the perfectly controllable human being, because social and economic conditions which would allow for both social order and class rule cannot be established. The “old” capitalism has been able to do both foster its specific interest, a fact expressed in the growth of monopolies, and without much effort to guarantee some sort of regulation securing social stability and allowing, as a by-product, illusions of democracy and liberty. Dennis’s “socialism”, however, functions exclusively and most directly in the interest of the ruling class. That it cannot help leaving parts of the social product to the workers, this regrettable necessity it shares with all other ruling classes of all other societies. But where the “old” capitalism, because of the absence of “planning”, because of market fluctuations, crisis conditions, and other uncontrollable phenomena often could not prevent the rise of situations which granted the workers moments of respite, this kind of unearned “social justice” has now been planned away in “socialism”.

Within certain limits workers have been able to take advantage of capitalistic anarchy — for instance, during depressions, when prices fell faster than wages, or during strikes, which gave them an otherwise unobtainable leisure period. And though these “lucky breaks” for some of the workers could not influence the course of capitalist development or the general situation of the workers, nevertheless they represented openings in the otherwise watertight capitalistic exploitation system. This kind of “waste” is now eliminated in the “socialist” planning system. The more wasteful the exploitation system becomes by reasons of its unreconcilable

enmity to the social needs of the world, the more it tries to restrict that “waste” which, though in a very paradoxical manner, somehow favors the workers. “Socialism” is thus the replacement of a less perfect by a more perfect exploitative mechanism.

A greater need for profits is expressed in this kind of “planning”. To achieve it, the changes from private property economy to Dennis’s “socialism” are necessary. But nothing of importance in regard to social needs has here occurred. The need for ever greater profits is capitalism’s permanent need. Heretofore it has always been satisfied by more intensive exploitation and by the exploitation of additional laborers. Capital grew with the growth of productivity, its concentration progressed, and thus society became polarized into two essential classes. “Socialism” changed nothing in this respect. With additional political means it only accelerated that very same process. The greater need for surplus value — and there is a greater need in capital — poor countries such as Japan, Russia, Italy and Germany — forced those nations to go farther with capital concentration than richer nations had to do, because of their so-called more “organic” development. It became necessary for capital-poor nations to approach the extreme in concentration and centralization because of world-wide depression and general capital stagnation.

It is a known fact that in Germany long before the first world war cartellization in industry and state interference in economic life were much more advanced than in other countries. It is known that Russia was characterized not only by its backward agriculture but also by the existence of large industrial trusts, partly under governmental control. A similar situation existed in Japan. These nations had to do in *advance* what became with the “richer” nations only the *result* of a long development. Politics had to play a greater part in the poorer countries that tried to industrialize themselves. “Planning” had to compensate for economic disadvantages. In the case of Russia a whole state-capitalistic revolution was necessary to break an economic stagnation which was slowly strangling the country. That the “stronger” nations now have to follow suit indicates only that their strength is also waning. The general dearth of capital also forces the richer nations to reorganize their exploitative mechanism.

No new industrial revolution or continuation of the old through “socialism” is here involved as Dennis wants to believe, but, to repeat, only another forceful attempt by present-day capitalism to fight its way out of world-wide depression. Those nations most pressed by the crisis fight the hardest. Whatever Dennis may read out of the books of the apologists for Russian and German “socialism” he cannot prove that “socialistic” countries have carried on the industrial revolution where “old” capitalism left off. The single continuous strip-mill for steel production in Germany, for instance, was imported from the United States. Manchukuo was opened by *England* and Japan on a fifty-fifty basis. German rationalization was made possible by American loans. Machinery imported from capitalistic

nations made possible Russian expansion of industrial production. The tempo of Russian development is no greater than that of other capitalistic countries that profited from the experiences of older capitalistic nations, sometimes under even less favorable conditions — for instance, Japan. What distinguishes these countries from the so-called democratic nations is not their furthering of the industrial revolution, but their *early direction* of production toward a war economy designated to reach by warfare and political pressure what they could not reach by any other means. This kind of “socialistic” advancement of the industrial revolution can also be achieved by the democratic nations, as they are at present trying to prove.

To support his view of the matter Dennis points out that, in contrast to the “democratic” nations, there is no unemployment in Russia and Germany. However, in the first place, socialism would not be socialism if it could not increase unemployment, that is, reduce working hours and give people a chance to enjoy life. Socialists may oppose the insane distribution of the social labor in capitalism which forces some workers to work until their tongues hang out of their mouths and others to dream about the great privilege of being exploited. But socialism cannot oppose unemployment. In one sense, socialism is finally nothing else but the triumph of unemployment. Secondly, it is not true that Germany and Russia have solved the unemployment question.

Capitalistic unemployment means suffering. Workers will demand jobs in order to better their conditions. Full employment appears to be a real service to the workers. But even this paradoxical solution, able to satisfy an immediate demand on the part of the workers, has not been fulfilled in “socialism”. Unemployment may exist even where it is no longer recorded. The English and rather pro-Russian economist *Colin Clark*, only recently pointed out in his book “A Critique of Russian Statistics” that the Russian countryside is very much overpopulated. He showed, for instance, that the 1928 output of Russian agriculture could have been handled by 40 or 50 million workers, but that 74 million were thus occupied at that date. He puts the surplus population of the Russian country-side at 40 to 50 millions, workers and dependents together, and calls it “disguised unemployment on a gigantic scale” which overshadows the whole economic life of Russia. As regards the industrial revolution in Russia, he shows that there was virtual stagnation in the years from 1928 to 1934, accompanied by a decline in agricultural production. The greater influence exerted upon the whole economy by the increased armaments since that time and the repercussions of the world-wide economic depression upon Russian economy have not improved the situation. No, Russia has not as yet demonstrated that its societal form is a better medium for the industrial revolution than private property capitalism.

Neither can Germany’s war economy be given as a proof of her success in doing away with the problem of unemployment. In economic terms German war socialism implies the opposite — it proves an increase in un-

employment. Beyond a certain number of jobless, that which is called “normal”, needed to fill the fluctuating demands of capitalistic production and to serve as an additional weapon to keep wages down and workers in their place, unemployment fills the hearts of capitalists with deep sorrow; the loss of exploitable labor power demonstrates to them lost opportunities to get rich. The war economy, however, employs all hands. It raises an enormous amount of surplus labor, but fails to transform that labor into profits able to be capitalized. What should be profits leading to industrial expansion and still more profits is only another form of waste. There is no difference if profits are not produced at all, or if their basis, surplus labor, after it has taken the form of “use values”, disappears as costs of war. The destruction of the potential capital here involved and the deterioration of the capital on hand are only the accelerated form of capital destruction experienced in former crises. The unemployed soldiers are merely the unformed version of the unemployed armies of former depressions. Their feeding and fattening before the slaughter is only another variation of relief in addition to all the others enforced in previous crises. This, too, is a disguised form of unemployment and demonstrates “socialism’s” inability to solve that problem which was one important reason for the change from capitalism to “socialism”.

The Blessings of Fascism

Though it would be quite difficult for Dennis to prove that the industrial revolution would actually continue under fascistic auspices, it must be granted that there is far more activity and noise in fascism than in yesterday’s democracy. To justify the fascist transformation of capitalist society, celebrated as the return of “dynamism”, Dennis rightly asks: “Why should a political regime enjoying a monopoly of propaganda and guns take orders from men who have nothing but money?” Indeed there is no reason why they should, as “property rights derive from guns and propaganda, not guns and propaganda from property rights”. However, though it is true that guns and propaganda were and are pre-requisites to property, the fact that Dennis’s “socialism” arrived at a certain stage of capitalistic development shows, at the very least, that guns and propaganda cannot always be directly identified with the power to control complex societies.

Guns and propaganda control society when they are fused with the productive apparatus, which presupposes that the productive apparatus lends itself to such a fusion. Capitalism’s development was such that fascism — that is, the fusion of guns, propaganda and property — could only be the result of a long process of economic and political centralization. Even the fact that it became possible to shorten with political means the period of monopolistic development, as in the case of Russian state-capitalism, can be explained only through the concentration of capital previously carried through in other nations. When Lenin, for instance, pointed out that the Russian Revolution was a bourgeois revolution against the bourgeoisie, he

practically said that because of the actual world situation created by previous capitalistic development there could be no Russian repetition of the process of capital development such as other countries experienced. Russia had to do *rapidly* what in other nations occurred *slowly*. The Russian Revolution was furthermore a state capitalistic revolution against world capitalism, because it attempted to stop the latter's exploitation of Russian labor. There is undoubtedly a direct connection between the present-day fusion of guns, propaganda, and property in the "socialistic" nations and the general development of world capitalism.

Capitalist society evolved out of feudalism, that is, out of a society of numerous relatively independent units of force and property. The modern nation-state created by capitalistic elements, developed a new unity of force and property operating on a larger scale. At first, however, there arose what was apparently a separation of property, guns, and propaganda. The variety of classes and interests, fostered by the rapid extension of the division of labor, specialization in economic activity, and growth of capital production, demanded a state with limited powers. Such a state was sufficient to guarantee "order" because of the expansion of capital, by which, seemingly, all classes, and even parts of the working class, profited. The dissatisfied elements in society, even if in the majority, could not seriously challenge the prevailing optimism which could speak of the existence of "civilization" because "one could walk unarmed among his enemies". No particular class or group needed to usurp all state power for itself nor found it possible to do. Even Napoleon did not dare to interfere, nor did he wish to interfere, with the interests of French commerce and industry. Even he had to leave intact the division of property and guns, which slowly turned the state into the direct servant of capital.

A relative "balance of power" between the various exploiting groups precluded for a long time the fusion of state and capital. But the divorce between state and property was of concern only to the exploiting classes; it never existed for the exploited. Despite all the frictions among the ruling classes with regard to the exploited part of the population their interests were identical. For themselves the ruling classes favored as the "best government, no government". Government was thought of as no more than the instrument of class rule. But after the concentration-of-capital process had been completed, the instruments necessary for centralized control by coercion and integration of the whole of society — with a sufficient polarization in a relatively small group of actual rulers and a large majority of ruled — had been created, and after the state had already become the direct instrument of capital, it then became possible once more to fuse completely guns, propaganda and property.

When the Marxists pointed out that the state could never be more than a class organ of capitalism (and they pointed it out at a time when governments controlled by landowners were occasionally willing to "cooperate" with the workers against capitalists, and other governments were willing

to "cooperate" with capital and labor against agrarian interests), they did so because, as far as the workers were concerned, there always existed the unity of propaganda, guns, and property. What was true for the workers at any particular time during capitalism's development became true for the whole of society with the further concentration of capital and its political consequences.

To speak of a difference between property and state was only another way of saying that the *division* of surplus value was still largely determined by market laws, that the monopolistic destruction of competition was only in its infancy. However, commodity production is only competitive because it is also monopolistic. Commodity production, however competitive, is always production for monopolists, that is, for profit in the interest of those who own or control the means of production. The existence of *commodity labor power* implies the monopolistic character of production and distribution. If a socio-economic development starts out on such a basis, and if it is not interrupted by a real social revolution which destroys the commodity character of labor power, it can end only in the completion of monopolistic rule, in state capitalism. State capitalism thus finds its cause not in the concentration process of capital, not in an organizing principle, but in the commodity character of the workers' labor power. The concentration process is only one phase of this general development. For this reason it is inconceivable for Marxists that capitalism could be abolished except through the abolition of commodity production, wage labor, and value relations.

The new fascistic unity of guns, propaganda, and property rests also on commodity production, on the existence of a proletariat which sells its labor power to those who have a monopoly over the means of production. This being the case, Lenin was forced to forget in post-revolutionary Russia the Marxian demand to end the wage system. He had to satisfy himself with adopting the prevailing capitalistic organizing principle which could effect, not the exploitative character of society, but only the division of surplus value. "Socialism", he said, "is nothing but the next step forward from State Capitalistic monopoly. Socialism is nothing but State Capitalistic monopoly. It is nothing but State Capitalistic monopoly made to benefit the whole people; by this token it ceases to be capitalistic monopoly".

The "dynamic" of "socialism" consists then of no more than the activity necessary to change the form of distribution. It leaves untouched the fundamental class relations that it takes over from the "old" capitalism, and thus *excludes* the change in distribution so much desired. Unhindered by a socialist past, not committed to a Marxian ideology, profiting from the experiences of the last twenty years, Dennis does not speak of a state capitalistic monopoly "made to benefit the whole people". Where Lenin thought he could turn his state into a paternalistic institution of the finest sort, leading over to the communist society, Dennis restricts himself to the sober statement that all that can now be expected is "a new pattern of inequality, emerging from the current revolt of the have-nots and the world triumph of national socialism". But, he continues, "for some time to come, it will

correspond better than the present pattern of distribution to the actual and new force pattern, all of which amounts to saying that it will constitute social justice". He fails, however, to offer one serious argument which could support even this kind of meager optimism with regard to the immediate future. All he is able to suggest is an enlarged and somewhat unessentially modified public works program, executed by a new set of politicians. In other words, he argues in favor of what already exists. But continuing "pyramid-building" in peace and war — that is, production for the sake of production, discipline and sacrifice for the sake of discipline and sacrifice, autarchism and hemispheric reorganization to guarantee more wars and an uninterruptedly Spartan life — means only prolonging and intensifying the present-day miserable reality.

Some interesting speculation would have been possible if Dennis had entered into a discussion on the economic opportunities of state capitalism on the basis of a hypothetical unified world economy. There would even be some sense in discussing the economic and social aspects of national-socialism on the basis of its possible evolution into a perfect state-capitalist entity. But all that Dennis "forecasts" is the emergence of an American "mixed economy" where private incentive and private enterprise exist side by side with state-controlled enterprises, where the state takes over wherever private economy fails. But such proposals are only descriptions of a situation which has already arisen, and which is already delivering proof that it does not bring forth a new pattern of distribution favoring the poorer classes, but only drives the poorer classes from the relief stations to the battle field.

However, Dennis is less interested in the distributive side of his "socialism" than in the spiritual values connected thereto. In his opinion "the social problem of the world crisis today is one of finding sufficient dynamism, not of finding enough food." He thinks that there exists in men a real desire for war and danger, that sadistic and masochistic drives are important social forces, that people possess an inner compulsion to suffer, a need for discipline, heroism, sacrifice, and community feeling based on a sense of duty. The ideological noise accompanying the further concentration of capital in fascism appears to him as a revival song of the real human spirit on which society thrives. But all this grand phraseology, mere ideological weapons employed by the exploiting class to secure its position, has no more meaning than all those other sayings which the poor have always been forced to listen to — such sayings as "Dry bread brings color to the cheeks", "Hunger is the best cook", that one grows best if one eats little, or even if one walks in the rain. Dennis's other prerequisites for the recreation of a social dynamism, such as the "will to power", the desire to rule, which makes history no more than the ever-recurring struggle between the "ins" and the "outs", the changing of the world by the changing of seats — all this, too, is old stuff, as meaningless as it is popular. The un-social character of society, increasing insecurity, and wide-spread misery have at all times provided more than enough of that kind of "dynamism".

The "desire for war and danger" in capitalism is none other than the desire for peace and security. People go to war and seem to like it, just as they seem to go happily to work. But they have no choice, and where there is no choice the question of desire cannot arise. Desire can determine action only in situations that offer alternatives; the "desire" to find work is not a desire but compulsion through outside forces. The "desire" to go to war results from the recognition that there is no escape. What one has to do, one "desires", because to "desire" what has to be done anyway makes the compulsion more bearable. But this kind of "desire" has nothing to do with "human nature". It is an "artificial desire" growing out of socially-created wide-spread fear and loneliness. The renaissance of spiritual values attributed to war and danger indicates no more than the general growth of fear due to further social disintegration. The "accidental" character of each one's existence, the decreasing opportunities to integrate one's life into the social process, prepare people to accept a life of "accidents", especially when such an attitude is fostered and supported by the enormous propaganda apparatus at the disposal of the ruling classes interested in war — interested in war not because they are human beings, but because they have to make others fight if they want to maintain class rule and exploitation. That there is a real desire on the part of some people to see others go to war springs from the quite ordinary desire to make some money or get a job.

Dennis's "idealistic" position with regard to the psychological motivations of men interests us least of all. It brings to light only his own perfect capitalistic mentality, which makes out of "socialism" in his mouth exactly what "democracy" is in the mouth of a capitalist. Despite all his insight into the brutal relations of contemporary society, despite the fact that his sharp eyes have spotted so many details in the ugly social panorama of today, and that his pen has put them down masterfully, still, his book is only another contribution to that bitter family feud now being waged between the supporters of state capitalism and the supporters of capitalism pure and simple. In this feud all the advantages are on the side of Dennis, not only actually, but also theoretically, as his book bears witness. A liberal democrat could not possibly oppose his arguments with any measure of success. And in fighting Dennis's "socialism" the laugh will be on Dennis's side, because his enemies will certainly in the process of fighting fascism have turned themselves into fascists.

The liberal democrat as well as Dennis has, however, nothing to say to nor offer the working class. According to circumstances both will have the workers' support for some time to come, but the societal forms defended or proposed by both are and remain in opposition to the real social needs of today, and thus in opposition to the working population. Dennis is right in believing that the workers have no reason whatever to prefer democracy as they know it to the fascism of today, but they have also no reason to prefer fascism to the democracy of yesterday, as they soon will be forced

to find out. To thinking workers who have escaped the capitalistic ideology of yesterday and today Dennis's book has nothing to say that they do not already know. Those workers who find themselves opposed to capitalism, not because the latter can no longer exploit them efficiently enough, but because they do not want to be exploited at all, can learn from Dennis's book just one thing, namely, that it is their job to start where he has left off, that what he sets as the temporary end-point of social development must be regarded as the starting point for new investigations and new actions directed against the new fascist reality.

Paul Mattick

THE DYNAMICS OF WAR AND REVOLUTION

Reply:

As a criticism of a criticism would necessarily get pretty far afield from the original subject of both and tend to degenerate into a rather sterile exercise in dialectics, I shall try only to summarize the main points of disagreement between my thesis and that of orthodox Marxism, the first thesis being that developed in my book and the second being that most ably presented in Mr. Mattick's criticism of the book. Both these are essentially explanations of the crisis of capitalism and of what may be the successor system.

My thesis: Capitalism is a culture which, like all cultures, is doomed by the iron law of change to decay and disappear. In the case of the capitalist culture, the specific changes explaining the actual phase of capitalist decline are (1) the end of the frontier; (2) the end of the industrial revolution — in the capitalist countries; and (3) the end of rapid population growth.

The Marxist thesis: Capitalism is doomed by reason of its inherent contradictions, the chiefest of which is the mechanics of the profit system, and, also, by reason of the progress of human enlightenment which will cause the workers of the world to set up and operate, in place of capitalism, a workers' socialist society.

My Rejoinder: The so-called contradictions in the capitalist system are operative factors only after the end or slowing down of the expansive factors of the frontier, industrialization and population growth. Capitalism worked like a charm as long as it had possibilities of continuous expansion in geometric progression. There is no contradiction in the rate of growth or proliferation in a colony of bacteria or living things. There is no contradiction in growth. But it is impossible for anything to keep on growing. Marxists cannot accept this thesis because they believe in progress and, also, in a future millenium. They could not entertain a hypothesis which would

doom the workers' paradise to decline and fall just like every preceding society.

My thesis: Every culture or social order tends, or has tended to be either fairly static or more or less revolutionary. An Egyptian civilization lasted for thirteen hundred years. Capitalist civilization is more revolutionary and shorter lived. By revolution is simply meant rapid change. Evolution refers to a slower rate of change. Modern inventions and technology make rapid social change a necessity. Capitalism was a pattern of rapid change. Present day collectivism, to work, has to be equally revolutionary.

A culture requiring continuous revolution, i. e., rapid change, needs a dynamism to sustain the necessary tempo of change. The great dynamisms of all societies have been religion and war. This remains today as true as ever. War is providing the dynamism for the inauguration of the successor system,—socialism—to capitalism. Quite possibly, within a few centuries or even, within a few decades, the conditions of modern technology and congested population may have so changed that mankind can revert to the simpler and more static cultures of the distant past. Certainly the tempo of either the capitalist revolution of the 19th Century or the socialist revolution of the 20th Century cannot be indefinitely maintained. This consideration, however, need not concern us greatly today since there is an evident possibility of running the socialist revolution at high speed for a longer period than most of us can possibly live.

The Marxist thesis: The Marxist cannot use the term revolution in this sense. Nor can he take this view of the dynamics of social change. Marxists have a teleology. They believe in social evolution as a process of progressive change towards a millenarian social order. Revolution for them is either a phase involving a shift from one scheme of "exploitation" as they call it to another or else a phase of change from exploitation to a non-exploitative order.

My thesis: Every culture has to be run by an elite. The more complex and the more revolutionary, the more essential the function of the directing elite. This is more or less Michel's "iron law of oligarchy".

The Marxist thesis: Past civilizations and the present capitalist culture have been based on exploitation of the workers by virtue of the monopoly enjoyed by a small class over the whole of production. In a worker's socialism such exploitation would cease. Inasmuch as there is exploitation in Soviet Russia by a ruling class today, true Marxists have to deny that Russia has true socialism and to call what Russia has state capitalism. It is, of course, impossible to prove that the socialist heaven on earth cannot be attained or that the Christian millenium is not going to be realized. It is possible only to point out that the socialist heaven and the Christian millenium are matters of faith rather than probability based on experience.

Pursuant to the Marxist tenet, Mr. Mattick attacks my analysis for failing to take account of the exploitation of labor by capital. The reason is quite simple: In the Marxist sense, every working society past or present has been or is characterized by exploitation and, it would seem to the realist who has not a millenarian vision of the future, must always be so characterized. In the Marxist sense, the exploitation of labor by capital merely means that capitalists retain a part of the product of labor for profits, interest or rent. In Russia, the ruling class retains a larger part of the product of labor for the general purpose of state capitalism there, one of these purposes being war and another being the enjoyment by the ruling class of a higher standard of living than that attainable by the mass of the workers.

My reply is that the ruling class must always retain a part of the product of labor for new capital investment, for governmental purposes, for preparation for war, a form of state investment, and for giving the ruling class a higher standard of living than that enjoyed by the masses. Else, there would be insufficient investment and insufficient incentives to management. To say that the masses will democratically order the right amount and types of investment is, in my opinion, to beg the question. Management is a specialized function. To say that the masses can manage their industries or their government is arrant nonsense. To say that those to whom they may delegate the functions of management will exercise these functions for the same rewards as those enjoyed by the masses of the workers is to talk contrary to all experience. In the capitalist countries the workers are not, anywhere or at any time, in revolt against the facts of management by the elite or of unequal rewards for the elite. What the masses revolt against is the break-down of a system and the failure on an elite.

My idea of a desirable socialist society for the near future is one in which there would be greater equality in distribution, greater stability in production, greater security and less liberty for the individual. The drive towards a new order is generated by frustration and hate rather than by aspiration and love. The leaders in any social revolt are those having vision and qualities of leadership. They are apt to be found mainly among the members of the managing class of the old order, though individual leaders may emerge from any social class. Our immediate problem is the next step. This will probably be a war, followed by general break-down. As a result of these experiences, the people will demand new leaders — a new elite — to give them greater stability and security of income. To command the loyalty of the masses, the new leaders must have an appropriate folk-myth and social dynamic. These will be found quite easily in the given social situation. Aspiration for a millenarian utopia has no dynamism. People won't fight and die for such an ideal, that is not in significant numbers. They will, however, fight and die to avenge themselves against leaders who have failed them or against foreign foes. They will accept discipline as a means to order. They especially demand of their social order and their leaders to be integrated into the social scheme. This sense and

reality of community is what I understand by the word democracy in an ideal context. The role of the elite cannot be capricious, irresponsible, incompetent or inconsiderate of the demands of public welfare, as such role tends now to be in a declining capitalism. The masses now are growing dissatisfied, not with capitalism, but with the way it is working.

Lawrence Dennis

Rejoinder:

Having expected from Lawrence Dennis an elaboration and strengthening of his own position, we feel rather disappointed by his reply to our critique. His re-statement of the theses we challenged has the value of all repetitions, but nothing of interest is added to the controversy. We could leave it at that had Dennis's formulation of the Marxist theses actually expressed our own position. Since this was not the case, we have to deal with the matter once more.

First we should like to say that Dennis's reference to *the* Marxist thesis with regard to one or another problem is more than unfortunate. A Marxist position is taken with respect to historically-conditioned, specific situations. The Marxist thesis on the question of the capitalist market some eighty years ago, for instance, would not be the Marxist thesis on the same question in 1940. The Marxists' theses produced by Dennis are as dead as the capitalist period during which they arose. Though some Marxists did, Marxists never had to accept, nor do they any longer accept the thesis that the realization of socialism depends on "the progress of human enlightenment", nor do they believe in a "future millenium", nor do they shrink from the hypothesis that "the worker's paradise is doomed to decline and fall just like every preceding society." Dennis is undoubtedly able to point to a great number of statements proving the validity of his formulation of *the* Marxist theses. However, these belong to history, and one may safely predict that the last remnants of the capitalized labor movement, apparently adhering to a "Marxism" of the kind refuted by Dennis, will in the near future disappear completely.

Dennis's "iron law of change and decay" which will also affect socialist society only repeats once more the commonplace statement that nothing will endure forever. The decline of capitalism, for instance, means in social terms the decline of living opportunities for the non-capitalist layers of society. These layers are thus forced into opposition to the ruling elements that profit from this situation by virtue of their being in possession and control of the socio-economic power sources. In one sense, therefore, the "decline" of capitalism is also its further "rise." Capitalism is the livelier the more death stalks around; it is the "truer" to itself the more it is endangered by its willing and unwilling enemies; it is the richer the more it impoverishes. Expansion and contraction of its economic activity serve equally the profit and power needs of the ruling capitalistic groups. There is