

CAPITALISM AND WORLD REVOLUTION

by

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This was written at the request of Warner Module Publications as part of a series for students of Anthropology. Its purpose was to provide a brief introduction to the Marxian analysis of capitalism and the Marxist-Leninist theory of revolution. Unfortunately, the parent company was sold weeks before it was due to be published, and the project abandoned. Consequently, it has lain fallow for 35 years. As I read it over, it still retains its validity, so I am making it available on the web. I am currently (December 2009) in process of revising the manuscript to include consideration of the changes since its original writing in 1974.

Table of Contents

Introduction.....	2
Who was Marx?	4
Marx and the Modern World	5
The Revolutionary Bourgeoisie	8
The Bourgeoisie In Triumph And Decay	25
Word Revolution of the Proletariat.....	55
Suggestions For Further Study	61
References Cited	63

Introduction

This unit provides a brief and sympathetic overview of the Marxian social scientific paradigm. But what does Marxism have to do with Anthropology? And what is an anthropologist, of all people, doing dabbling in the labor theory of value, the accumulation of capital, and the falling rate of profit? What's wrong with the good old anthropological standbys, like genital mutilation, ritual cannibalism, and Crow kinship terminologies?

To ask such a question is to misunderstand what anthropology is all about. For anthropology is the science of humanity in all our complexity, and perversity—a definition that obviously includes our own social order as well as the Trobriand Islanders and Kwakwaka'wakw Indians. The mode varies, of course, but the underlying goal of the anthropological endeavor is, I suspect, everywhere the same. In seeking out and trying to understand the exotic, we are in fact trying to understand ourselves.

My own mode, which I suppose most people would call “Marxist,” flows very naturally from my fieldwork among urban outcasts in industrial Japan. I was already inclined toward a proletarian, materialist social science perspective. My own working class background and a variety of personal experiences, including three years in the Marines, two years as a guard in San Quentin Prison, and two years as a welfare caseworker in Harlem, led me to question the legitimacy of the status quo and to wonder why societies are put together the way they are. My anthropological studies at Berkeley, Yale, and Columbia University convinced me of the materialist approach to the understanding of sociocultural similarities and differences [cf. Harris 1968].

It was this set of life experiences that led me to choose to do my fieldwork among a disadvantaged minority group in an urban, industrial setting, just as it is a totally different set of life experiences that leads some other anthropologists to seek out a “pristine” anthropological setting, in search of their primitives. Studying the outcasts was perhaps my way of trying to understand modern life in general, and ultimately, myself.

My task was considerably simplified by the fact that a substantial minority of the “natives” (and probably a majority of those who bother themselves with such questions) saw the problem in purely Marxian terms. I recall quite vividly, for example, sitting in a coffeehouse in Kyoto and listening to an informant use Marx's formula for capitalist production from Capital to explain how racial discrimination was inevitably generated by capitalism. He then cited Marx's [1953, p.506] analysis of ethnic discrimination against the Irish in Britain in support of his view. The more I learned of the analysis developed by Japanese Marxists, the clearer its superiority over Western “anthropological” ideas on the subject became.

Thus, both from a purely scientific standpoint and from a Malinowskian [1922, p. 25] perspective emphasizing ‘the native's point of view, his relation to life . . . his vision of his world,’ I was led directly into Marxism. And, in this sense, my subsequent work in the Marxian social scientific paradigm is perhaps analogous to that of any other

anthropologist who finds himself moved by his field experience and spends his subsequent academic career explaining the paradigmatic world view of “his” people.

The difference lies in the fact that although many anthropologists return from the field feeling that their people’s outlook of life is superior to our own, few are so brash as to claim that it will, with suitable modifications, come to dominate the future of humanity. Yet, this is precisely the conclusion I have reached.

Eugene Ruyle

Who was Marx?

Regarded by some as a “bloodthirsty destroyer of society” and by others as a messiah, Karl Marx (1818-1863) is best understood as a man who tried to understand the world and make it a better place for other human beings. Born in Prussia, Marx was just twelve when the revolutionary upsurge of 1830 swept Europe. Declining to follow his father in a legal career, Marx took his doctorate in philosophy at Jena in 1842 and became editor of the radical journal, *Reinische Zeitung*, which was suppressed in 1843. Fleeing to Paris, Marx began a lifelong friendship with Friedrich Engels (1820-1895), who had also been born in Prussia. While in Paris, Marx studied Communist thought and became involved in working class politics. He rejected the dialectical idealism of Georg Hegel, as well as the mechanical materialism of Ludwig Feuerbach and developed instead a new world view, dialectical materialism. Marx became a leader of the Communist League in 1847 and, with Friedrich Engels, wrote the Communist *Manifesto*, which was published in 1848, a few months before the outbreak of the revolutions of that year. In the years of political reaction that followed the failure of these revolutions, Marx moved to London in 1849, where he lived in “poverty so bitter that it caused the death of several of his children.” He supported himself in part by writing for the abolitionist newspaper, *The New York Herald Tribune*, but was also supported by Engels, who had gone to work in his father’s business. In 1864, he helped found the International Workingmen’s Association, known as the First International. Throughout this period, Marx continued his researches into political economy in the library of the British Museum, and, in 1867, published the first volume of *Capital*, a brilliant exposition of his mature views on political economy and the work on which his reputation as an innovative scientist and scholar rests. The second and third volume were edited by Engels and published posthumously in 1885 and 1894. Recently, some of his earlier manuscripts have been published and created much critical debate, especially his Economic and Philosophical Manuscripts of 1844, and an early draft of *Capital*, the *Grundrisse*, written in 1857-1858. Given the controversial nature of Marx’s life and work, many biographies are heavily biased against him, such as that of Leopold Scharzschild [1947]. Serious students are urged to consult the standard biography by Franz Mehring [1935]. Other good biographies include those of Otto Ruhle [1929], John Lewis [1965] and the biography of Marx and Engels by David Riazanov [1973]. The standard biography of Engels is by Gustav Mayer [1936].

Marx and the Modern World

The Marxian world view is at once familiar and unknown to Americans. It is familiar because every American has been brought up to hate Communists as enemies of all that is good and right about America, and this hatred permeates American public life. "Better dead," we are told, "than red." Indeed, it is scarcely an exaggeration to say that America is sustained by one gigantic myth, the myth of anti-communism. But how many Americans have seriously studied Marxism, the theory behind Communism? How many have attempted to understand what this theory says, and to test what it says against the reality of modern history. And how many, not having made such a firsthand investigation, can truly consider themselves to be knowledgeable citizens of modern society, qualified to make decisions that may have the profoundest significance for the future of humanity.

The study of the Marxian world view is well suited to an introductory course in anthropology. For in studying anthropology the student encounters, frequently for the first time, strange and alien life ways and learns to understand these not as curiosities but rather as coherent and meaningful ways of patterning human existence. The encounter frequently leads to a kind of "culture shock." The American way of doing things is not the only way of doing things and quite possibly, not even the best way. But this anthropological message is on too high a level of abstraction to seriously challenge the status quo. No matter how dissatisfied we may become with our lives, it is scarcely possible to re-pattern our sexual lives after the Samoans, our family lives after the Eskimo, our economic lives after the Trobriand Islanders, our legal and political lives after the Nuer, or our religious lives after the Arunta.

Marxian socialism, however, brings this anthropological message down to earth by arguing in favor of a social order, socialism, which for the average student is as little understood as the Arunta's, and much more ridiculed and detested. American students are likely to feel that a study of socialism is irrelevant to the real life concerns of making a living, and getting along in adult society. Such a view, however, is like that of a toad wallowing in the mud and thinking that its ditch is the whole world. In fact, to the majority of our species, socialism is very relevant, not only to the one-quarter of humanity living in societies that are consciously trying to build socialism, but also for the vast majority of our species, the peasants and workers in Asia, Africa, and Latin America who are struggling to lay the political foundation on which they can begin to build a socialist society. Increasingly, the majority of our species is seeing the United States as the chief enemy in their struggle, while they say with Vladimir Mayakovsky [1960, p. 229], poet laureate of the Russian Revolution,

Years of trial
 and days of hunger
 order us
to march
 under the red flag.
We opened
 each volume
 of Marx
as we would open
 the shutters
 in our own house;
but we did not have to read
 to make up our minds
which side to join
 which side to fight on.
Our dialectics
 were not learned
 from Hegel.

In this context, there can be no excuse for failing to come to grips with Marxism and socialism.

Radical critiques of American society, in contrasting the American ideal with the reality of American social life, are sufficient in themselves to cause “culture shock.” The significance of Marxism lies not just presenting these critiques, nor even in integrating them to show how the phenomena they refer to are all generated by the basic structural features of the bourgeois social order. The real significance of Marxism lies in its argument that the bourgeois social order is simply the latest stage in the social development of mankind; that it only came into existence a few hundred years ago through a long, violent social revolution led by the bourgeoisie; that it is no longer compatible with the material and spiritual needs of mankind; and that it can and should be replaced with another more perfect social order, socialism, through another historic social revolution, this time led by the working class [cf. Wilkerson 1971, p. 340]. In short, Marxism not only shows us the illness and describes its cause, it prescribes the cure. Orthodox social science is content mere to describe and analyze but Marx saw a different goal: “The philosophers have only *interpreted* the world in various way, the point, however, is to *change* it” [1963, p. 63].

The cure, however, will not occur of its own accord. It requires human action. As Marx wrote in *The Holy Family*,

History does *nothing*; it “does *not* possess immense riches,” it “does *not* fight battles.” It is men, real, living men, who do all this, who possess things and fight battles. It is not “history” which uses men as a means of achieving—as if it were an individual person—*its* own ends. History is *nothing* but the activity of men in pursuit of their ends [1964, p. 63].

This emphasis on the anthropological perspective of capitalism as only one of many possible social orders, on the dialectical perspective that capitalism came into

existence at a particular time and so must pass away in the future, and on the materialist perspective that social change is the result of human activity—all of this makes the study of the Marxian world view very relevant. As Paul Sweezy put it,

To the Marxist . . . the specific historical (i.e., transitory) character of capitalism is a major premise. It is by virtue of this fact that the Marxist is able, so to speak, to stand outside the system and criticize it as a whole. Moreover, since human action is itself responsible for the changes which the system is undergoing and will undergo, a critical attitude is not only intellectually possible, it is morally significant—as, for example, a critical attitude toward the solar system, whatever its shortcomings, would not be—and, last but not least, practically important [1968, p. 22].

In reading this unit, the student should not lose sight of its controversial nature. There is scarcely a sentence in it which could not be debated, elaborated, and amended—by Marxian no less than non-Marxian social scientists. I have done my best to provide documentation for my own interpretation of Marxian theory and have tried to alert the student to some of the major areas of controversy, usually in the text but also in the “Suggestions for Further Study” section at the end. One problem requires special mention: much of the data is a decade or more old. This problem arises in part from an inevitable delay of a few years in analyzing and publishing statistics. More important than this, however, is the fact that most economic statistics are not collected with Marxian categories in mind. Consequently, they must be reanalyzed in order to be useful in discussions of Marxian theory. This process requires years of scholarly effort, and, given the paucity of Marxian scholars in the United States, it is frequently left undone. Finally, data in a number of areas is simply lacking.

I have deliberately refrained from any consideration of the most recent crisis of capitalism (which has added a new word, “stagflation,” to our economic terminology). Consideration of the roots of this crisis would perhaps have made the essay more topical, but would not necessarily have added to the theoretical understanding of capitalism. Also, it would have increased an already overlong manuscript to unmanageable length. Students are urged to consult recent issues of the Marxist journals and newspapers mentioned in the “Suggestions for Further Study” section for analyses of this deepening crisis, but confirmation of capitalism’s inability to resolve its inner contradictions may be found in the pages of any bourgeois new publication—The New York Times, The Wall Street Journal, Time, or Newsweek. After reading this unit, however, the student will not look for the roots of the present crisis in simple economic mismanagement by Presidents Johnson, Nixon, and Ford, but rather in the more basic structure of international capitalism itself.

The Revolutionary Bourgeoisie

Capitalism is not an inevitable reflection of human nature. It is only one of number of possible= ways pf organizing human affairs, and it is only in the last few hundred years that capitalism has come to be the dominant mode of organizing economic life. Before the rise of capitalism, economic systems were characterized by the absence or unimportance of such features of contemporary economic life as self-regulating markets, the motive for gain, the principle of remuneration for labor, the principle of minimizing one's effort. Economic life was organized by completely different principles, which Karl Polanyi [1957] calls *reciprocity*, or the sharing of goods among kinsmen, with no conscious calculation of benefits given and received, *redistribution*, or the movement of goods to and from a common center, and *householding*, or the production for use by the producer or his immediate family.

In humanity's "primitive," that is, original, condition hunting and gathering men and women simply produce and share the product of their hunting, gathering, fishing, collecting, cooking, and handicrafts with their family and kinsmen. Economics is completely dominated by kinship relations. The social order of hunters and gatherers can be correctly described as both "familistic" and "communistic" [cf. the description of Fried 1967, pp 27-107].

Even before the breaking up of the primitive commune and the emergence of class rule, economics continued to be submerged in social relations.; In the archaic and historic empires of Asia and Africa, redistribution came to be the dominant patter. The direct producers—farmers, fishers, and artisans—turned over a portion of their products to a common redistributors who stored and redistributed them according to traditionally established principles. This was an hierarchical social order, rather than and equalitarian one. The temple priest, feudal lord, or emperor was at the apex, and goods were redistributed according to social position.

Householding, a la Robinson Crusoe, has never been an important way of organizing economic life and only appears as an adjunct to the other organizing principles. From the very beginnings of humanity, human beings have been economically interdependent and the individual has always been dependent upon the social order that produced him.

Significantly, the dominant economic principle in capitalism—individual gain—is excluded from these earlier social orders. Ancient philosophers such as Aristotle condemned profit and individual gain as "unnatural" and destructive of the social bonds linking human beings together.

Equally important, these precapitalist social orders were viable and technologically progressive. Most of the technological and economic inventions upon which modern industrial civilization is based, such as agriculture, the plow, the wheel, harnessing of wind, water, and animal power, writing, Arabic numeral, printing, and money, were all achievements on noncapitalist societies. Capitalism could only appear after the forces of production and the means of exchange had reached a very high degree

of development, well into the Iron Age, after social evolution had progressed well into the state level (and beyond the level of societies customarily studied by anthropologists). Capitalism developed within the womb of advanced feudal and Asiatic societies and it is only after its development had reached a certain stage that it emerged as a dominant social order. Before examining this embryonic development, however, it is necessary to examine the basic principles of the market.

Self-regulating markets and the labor theory of value. The basic assumption for analyzing markets is that everyone is consciously trying to maximize his own money income and minimize his costs, resulting in what Polanyi [1957] called “haggling-haggling” over price. The goods that are exchanged on the market are commodities, which are defined as anything that is produced for sale on a market. It is the commodity that forms the focus of Marx’s [1965] analysis. It is essential to distinguish between three aspects of commodities: *use value*, or utility, those features in the commodity that make it capable of satisfying some human need; *exchange value*, or *price*, the amount of money the commodity brings on the market; and *value*, the amount of socially necessary labor time required to produce the commodity.

Use value refers to the relationship between the commodity and the individual. It does not, therefore, express any social relationship. Exchange value refers to a relationship between the commodities themselves, to the in which they exchange or each other, which is usually expressed in terms of money. Yet, what determines these ratios? Clearly it is not use value, for although a commodity must have some use value in order to be exchanged, the utility of various commodities is not, strictly speaking, commensurable—there is no way to measure the utility of a cheeseburger, a pair of Levis, and a Ford station wagon in comparable units. Yet all of these commodities do have one quality in common: they are all products of human labor and embody definite proportions of society’s total labor time. Perhaps exchange value is related in some way to this quality, but how?

In order to explore this question, it is important to understand that value, or labor value, is an objective, measurable quality of commodities and has little to do with the subjective valuation by individuals as to the worth of the commodities. In measuring value, it is necessary to consider the labor time embodied in raw material and that tools used in the productive process need to be replaced from time to time. It is also necessary to consider the amount of labor time used in the process itself. Further, it is not the actual labor time, but socially necessary labor time, given average levels of skill and labor intensity and given a certain set of social conditions, including primarily the general technological level of the society and the generally accepted patterns of work [cf. Marx 1966, pp. 186-189]. The phrase, “socially necessary labor time,” is essential, for otherwise and commodity produced by an inefficient, slow worker would contain more labor and hence be worth more than an identical commodity produced in less time by a skilled, efficient worker—an obvious absurdity.

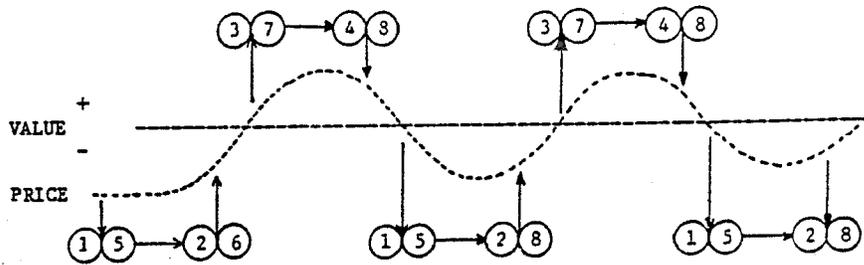
The relation between labor time and ‘natural price’ was very early recognized by political economists such as Adam Smith:

If among a nation of hunters, for example, it usually costs twice the labor to kill a beaver which it does to kill a deer, one beaver should naturally exchange for or be

worth two deer. It is natural that what is usually the produce of two days' or two hours' labor, should be worth double of that is usually the produce of one day's or one hour's labor [1937, p. 47].

The reason for this lies in the supply and demand pricing mechanism of the market, diagramed in figure 1.

Figure 1. The Labor Theory of Value



- (1) low prices increase demand
- (2) increased demand drives prices up
- (3) high prices stimulate increased supply
- (4) increased supply drives prices down
- (5) low prices cause reduced production
- (6) reduced supply drives prices up
- (7) high prices reduce demand
- (8) reduced demand drives prices down

If the price of beaver is more (or less) than twice that of deer, hunters will stop hunting deer and hunt beaver (or vice versa). The result will be overproduction (or underproduction) of beaver and a fall (or rise) in price, to the point where equivalent labor times exchange. (It should be noted that Smith was incorrectly projecting the market principle back onto hunting society. In fact, hunters share according to the principles of reciprocity. Although the example is anachronistic, the principle derived from it is valid.) As Marx put it,

At the moment when supply and demand equilibrate each other, and therefore cease to act, the *market price* of a commodity coincides with its real *value*, with the standard price round which its market prices oscillate [1969, p. 26].

Thus, if the value of shoes is \$10, and they are selling for \$25, the additional profits of shoemakers will cause handbag makes to produce shoes instead of handbags. This will increase the supply of shoes and hence will cause the price to fall. Conversely, if the prices of shoes is \$5, shoe makers will start making handbags instead, thereby reducing the supply of shoes so that the price will rise. Only when equal labor times exchange as equivalents will there be no incentive for producers to change occupations. The supply and demand pricing mechanism of the self-regulating market, therefore, acts as an "invisible hand," that, 1. regulates prices, causing them to approximate values, and 2. regulates production, allocating labor and resources so that the production of

commodities corresponds to consumer needs. Of course, for all this to occur there had to be perfect competition and free mobility of labor between spheres of production. These conditions are not always met, but to the extent that they are, there will be a tendency for prices to correspond to values, as is evidenced by a considerable body of historical and ethnographic evidence [see Mandel 1970, I; pp. 60-65]. For Marxian economics, the model provides a justification for assuming for purpose of analysis that prices do correspond to values, and in our subsequent discussion we will always assume that one hour of labor equals one dollar, unless otherwise noted.

The significance of the labor theory is that it permits Marxian economics to cut through what Marx called the “fetishism of commodities” in which commodities, although human products, “appear as independent beings endowed with life, and enter into relations both with one another and the human race” [1966, p. 72]. In our daily lives, we are concerned primarily with the prices and utility of commodities. Thus, when we buy a “Big Mac” we are concerned with how much it costs, relative to other hamburgers, and with how it tastes, its nutritional values, and so on. Yet in purchasing and consuming the Big Mac, we are also entering into a definite social relationship with the owners, managers, and employees of McDonalds, and with the producers of the ingredients out of which the hamburger is made. This ensemble of social relationships forms the economic substratum that exerts a preponderant influence on our daily lives, although the influence is, at best, only on the margins of our consciousness.

It is only when we view commodities as values, that is, as embodiments of human social labor, that we are able to penetrate the surface of price and utility and examine the underlying social relationships in a scientific manner. The labor theory of values, then, is an analytical tool, and not a method of price calculation as it is frequently misunderstood in orthodox economic textbooks [e.g., Samuelson 1970, pp. 27-28; cf. Sweezy 1968, pp. 128-130].

The embryonic development of capitalism.

In a system in which each individual owns his own means of production and produces for sale on a market, exchange follows the pattern, $C - M - C$. The producer produces commodities, C , sells them for money, M , and uses this money to buy different commodities, C , for his own consumption. The motive force behind this sort of economic system, known as simple commodity production, is the human need for use values to satisfy consumption needs. The producer produces commodities of one kind, which he does not necessarily need himself, and exchanges them for money to buy another kind of commodity he does need. To be sure, the commodity producer may also be motivated by the desire to sell at a profit, over and above his labor costs, but, as we have seen, in a system of simple commodity production, competition tends to eliminate surplus value, so that profit cannot be the motive force in this system.

It should be emphasized that the concept of simple commodity production is an analytic device, and it not a stage of socioeconomic evolution. Although commodity production is common enough in human societies, it always appears as an adjunct to other modes of production.

Embedded in the exchange pattern, $C - M - C$, is another, $M - C - M$, in which the merchant begins with money, buys commodities, and sells them again for money. But this process is apparently meaningless, for the merchant ends as he started, with money, which has no intrinsic value. $M - C - M$ can only make sense if the money is augmented in the process, that is, if the second sum of money is greater than the first. The formula for merchant capitalism, then become $M - C - M'$, where M' is greater than M . This increment in M is profit, a form of surplus value. Several important points emerge from this discussion.

First, the motive force of capitalism is profit; without profit the circulation, $M - C - M'$, would not occur. Marx quotes on T. J. Dunning on this inner drive of capital:

Capital is said to fly turbulence and strife, and to be timid, which is very true; but this is very incompletely stating the question. Capital eschews no profit, or very small profit, just as Nature was formerly said to abhor a vacuum. With adequate profit, capital is very bold. A certain 10 per cent. will ensure its employment anywhere; 20 per cent. certain will produce eagerness; 50 per cent. positive audacity; 100 per cent. will make it ready to trample on all human laws; 300 per cent. and there is not a crime at which it will scruple, nor a risk it will not run, even to the chance of its owner being hanged. If turbulence and strife will bring a profit, it will freely encourage both. Smuggling and the slave-trade have amply proved all that is here stated [1966, p. 760].

Second, capitalism is a form of exploitation. No new value is created by simply buying and selling. The merchant simply uses his money and his knowledge of the functioning of the market to take advantage of spatial and temporal fluctuations in price above and below value, and is thereby able to make a profit. But this surplus value must come from somewhere, either from the producers by buying cheap or from the consumers by selling dear.

An elaboration of the basic formula for capitalist circulation is, $M - C_1 + C_2 \dots C' - M'$, in which the capitalist begins with money, buys commodities of two sorts: raw materials and the means of production, C_1 , and labor power, c_2 . The capitalist combines these commodities in the productive process and creates new commodities, C' , which he then exchanges for more money M' . The motive force remains, for capitalist production as for all forms of capitalism, the thirst for surplus value. Capitalist circulation cannot occur without the expectation of profit. Unlike merchant capitalism, capitalist production does not depend upon deviations of price from value because new value is created in the process of capitalist production itself. The value of C' is greater than the combined value of C_1 plus C_2 . This increment in C' is the source of profit in capitalist production. But how is this possible? Where does this increment come from?

The answer lies in the peculiar nature of one of the commodities purchased by the capitalist, labor power. As a commodity, labor power has both use value and value. The value of labor power is the amount of socially necessary labor required to produce it, that is, the value of the commodities required to maintain the workers and his family at the socially accepted standard of living [cf. Marx 1966, pp. 170-171; Sweezy 1968, pp. 59-60]. The term, "socially accepted," here refers to what Marx called a "historical and moral element" in the value of labor power:

the number and extend to (the worker's) so-called necessary wants as also the means of satisfying them, are themselves the product of historical development, and depend therefore to a great extent on the degree of civilization of a country, more particularly on the conditions under which, and consequently on the habits and degree of comfort in which, the class of free labourers has been formed. In contradistinction therefore to the case of other commodities, there enters into the determination of the value of labour-power a historical and moral element. Nevertheless, in a given country, and a given period, the average quantity of the means of subsistence necessary for the labourer is practically known [Marx 1966, p. 171; cf. Sweezy 1968, pp. 59-60; also cf. figure 5 for a computation of three socially accepted standards of living in contemporary America].

The use value of labor is labor, its ability to create value. And labor power can continue to create new value even after it has reproduced its own value. Thus, for example, if a worker and his family each week need an amount of commodities that require 30 hours to produce, this 30 hours is the value of the worker's labor power. The capitalist pays a week's wages of \$30, and a "fair" exchange has been made. But since the capitalist then becomes the owner of the labor power and wants to obtain the full use value from his property, he has the worker labor not just the 30 hours required to reproduce his wages, but a full work week of 40, 60, or 80 hours. During these additional 10, 30, or 50 hours that the worker labors over and above the 30 hours necessary to reproduce his wages, he is producing surplus value. This surplus value is created in the process of capitalist production itself. The industrial capitalist divides the surplus value with other members of the propertied class, giving some to the landowner as rent for the use of his land and some to the banker for the use of his money. Regardless of who ultimately receives it, however, the *source* of surplus value is the same: the worker or direct producer. As Marx put it, "Capital is dead labour, that, vampire-like, only lives by sucking living labour, and lives the more, the more labour it sucks" [1966, p. 233].

But why would the worker sell his labor power for its value, say 30 hours, knowing that it is the capitalist who can realize the full use value of the commodity, say 60 hours?

Our assumption that wages would correspond to the value of labor power was justified in terms of the supply and demand equilibrium market model: as prices exceed values, production increases and prices return to values. But is this true of the commodity, labor power. Is more produced when wages rise? Obviously not, for labor power is not produced for sale: it simply exists as a part of human existence. As Polanyi [1957] argues, labor power is a "fictitious commodity," which is treated like a commodity by capitalism but that is not really a commodity at all. Further, since it requires over a decade for a worker to raise additional workers, the supply and demand mechanism would operate too slowly to effectively control wages. What, then, keeps wages at the value of labor power? The answer, for Marx, was the Industrial Reserve Army, the mass of unemployed workers who act as a continual drag on wages, keeping them at their subsistence minimum, or lower. In addition to its economic function in preventing wages from rising and threatening profits, unemployment also plays essential psychopolitical functions. It enforces labor discipline since employed workers fear losing their jobs. At the same time, it creates a feeling of dependence and gratitude among the employed

workers. The capitalist by giving the worker a job appears as a benefactor rather than an exploiter. Unemployment is therefore absolutely essential to the functioning of capitalism.

Furthermore, the capitalist system has mechanisms to maintain a supply of unemployed workers. These include the introduction of labor saving machines that throw workers out of work; the recruitment of workers from outside the system; and the capitalist crisis, which results when a falling rate of profit causes capitalist to stop investing, leading to unemployment. These are all “feedback” mechanisms, in that they operate with greater strength when the Industrial Reserve Army threatens to dry up and relax when it is replenished. Thus, out of the countless hiring and firing decisions of individual capitalists there arises a systemic tendency to regulate the level of unemployment: as unemployment falls, wages rise and capitalist introduce new machinery and fire workers; as unemployment rises, wages fall and capitalists find it profitable to hire more workers.

However, and the English economic John Maynard Keynes argued, this mechanism in itself is insufficient to adequately regulate unemployment levels for if unemployment rises too high, total demand may be reduced to the point that private investment is unable to bring the economy out of its slump. Hence, Keynes argued, government spending is necessary to regulate aggregate demand, business conditions, and unemployment rates. As we note below, the Great Depression of the 1930s confirmed Keynes pessimism on this point, and contemporary capitalist governments do indeed regulate the economy through their own spending and fiscal policies. This regulation, it should be stressed, is not directed toward eliminating unemployment entirely but rather toward keeping it within “acceptable” limits: if unemployment rises too high, there will be depression and social unrest, which threatens the system; if it falls too low, this threatens profits. Hence, governmental fiscal policies are directed toward keeping unemployment at an “acceptable” level of about 4 or 5 percent.

The capitalist mode of production, then generates two classes, standing in dialectical opposition to one another. The bourgeoisie owns the means of production and lives from income derived from this ownership. The proletariat lives by the sale of its labor power. The relationship is a predatory one, in that the surplus value appropriated by the bourgeoisie is pumped out of the proletariat. Capitalism, like all other forms of class society, is based on exploitation, thus the interests of the two classes are necessarily antagonistic. Other classes may exist, but with the expansion of the capitalist system, they are increasingly absorbed into one or the other of these two basic classes, usually the proletariat, and are of declining importance for the functioning of the system. The proletariat is necessarily divided into two: employed and unemployed workers. Although the latter are the worst victims of the capitalist system, they themselves are not exploited since no surplus value is pumped out of them, even though their existence is essential for the production of surplus value. To be sure, unemployed workers may be “exploited” in the marketplace, by having to buy overpriced goods, paying exorbitant rents, and so forth. As the *Communist Manifesto* notes, “No sooner is the exploitation of the labourer by the manufacturer, so far at an end, that he receives his wages in cash, than he is set upon by other portions of the bourgeoisie, the landlord, the shopkeeper, the pawnbroker, etc.” [Marx & Engels 1964, p. 15]. This sort of exploitation is most severe for the

unemployed sector of the population, especially blacks and other minorities [see Caplovitz 1963]. Although this sort of exploitation is most visible, it is, however, secondary. The primary exploitation in capitalist society is the exploitation of the workers in the working place, not the marketplace.

The Primitive Accumulation of Capital.

How does a system of capitalist production become established? Where does the capitalist get his capital? Why does the worker have to sell his labor power? How did he lose his access to land and the means of production? Where, in short, did the original class distinction arise between the capitalists, the owners of the means of production, and the workers, the sellers of labor power?

Bourgeois ideology, of course, provides a ready made answer, which runs somewhat as follows: In the beginning, there were two kinds of people, thrifty, industrious people who worked hard and accumulated property, and lazy spendthrifts, who consumed all they produced. The former became the capitalists, who are now reaping the benefits of their hard work and foresight; the latter are now the workers, who, if the capitalist did not provide jobs for them, would be living little better than animals do.

Now, this idyllic myth reflects the actual processes of capital accumulation about as well as the origin myths of the Australian aborigines reflect the actual processes of the creation of the universe, and plays about the same role vis-à-vis the social structure: it serves to legitimize and thereby reinforce the status quo.

In fact the actual processes of the primitive accumulation of capital were quite different. Some of the most powerful passages in *Capital* are those in which Marx describes how the capitalists accumulated their original stocks of money and how the working class was expropriated from the land.

In Marx's analysis, this primitive accumulation has two aspects: [1] a financial aspect, the accumulation of money in the hands of the capitalist, and [2] an institutional aspect, the separation of the laborer from the means of production [1966, pp713-774]. Let us briefly examine each of these in turn.

The accumulation of money.

Although some capital may have been accumulated by thrifty and industrious artisans or by thrifty merchants, by far the most typical method of accumulating money for capitalist production has been plunder and outright theft. As every schoolchild knows, the period during which bourgeois civilization was emerging in Europe was precisely the period during which Europe was systematically conquering and plundering the rest of the world. As Marx put it,

The discovery of gold and silver in American, the extirpation enslavement and entombment in mines of the aboriginal population, the beginning of the conquest and looting of the East Indies, the turning of Africa into a warren for the commercial hunting of black-skins signaled the rosy dawn of the era of

capitalist production. These idyllic proceedings are the chief momenta of primitive accumulation [1966, p. 751]

Thus, the Industrial Revolution was a world-historical event in its causes as well as its effects, for two reasons. First, the basic inventions on which European civilization was based were all made elsewhere as we have already noted. Second, the money which financed the Industrial Revolution came from the plunder of the non-Western world [cf. Mandel 1970, I: 102-110, II: 441-447].

For Europe, the effect was to increase tremendously the productive potential of society, but for the non-Western world, the result was impoverishment and the emergence of economic underdevelopment [to be discussed more fully below].

The separation of the laborer from the means of production.

Money, in and of itself, is not capital. It becomes capital only in certain circumstance, when it meets with “free” labor that can produce surplus value. But how does labor become separated from the means of production? The answer, again, lies in extralegal violence. The peasants were forcibly driven off the land.

The spoliation of the church’s property, the fraudulent alienation of the State domains, the robbery of the common lands, the usurpation of feudal and clan property and its transformation into modern private property under circumstances of reckless terrorism, were just so many idyllic methods of primitive accumulation. They conquered the field for capitalistic agriculture, made the soil part and parcel of capital, and created for the town industries the necessary supply of a ‘free’ and outlawed proletariat. (There follows a four page discussion of laws permitting vagrants, beggars, and vagabonds to be whipped, branded, mutilated, and even enslaved.) ... Thus were the agricultural people, first forcibly expropriated from the soil, driven from their homes, turned into vagabonds and then whipped, branded, tortured by laws grotesquely terrible, into the discipline necessary for the wage system [Marx 1966:732-737].

The history of the primitive accumulation , then,

is written in the annals of mankind in letters of blood and fire. ...If money, according to Augier, ‘comes into the world with a congenital bloodstain on one cheek,’ capital comes dripping from head to foot from every pore, with blood and dirt [Marx 1966, pp. 715, 760; cf. Polanyi 1957].

In addition to these twin aspects of the primitive accumulation of capital, a third factor must be noted, a political one. The capitalist will not invest in anything as durable and visible as a factory unless he is sure that it will not be expropriated or his profits unduly taxed. Therefore, before capitalist production can become dominant, the bourgeoisie must rise to the position of ruling class, at least to the extent of being able to control the taxation policies of the state. The history of the bourgeoisie is the history of its attempts first to escape from autocratic state control and then to conquer state power for its own ends. In the words of the *Manifesto*:

Each step in the development of the bourgeoisie was accompanied by a corresponding political advance of the class. An oppressed class under the sway

of the feudal nobility, it became an armed and self-governing association in the mediaeval commune; here independent urban republic [as in Italy and Germany], there taxable 'third estate' of the monarchy [as in France]; afterwards, in the period of manufacture proper, serving either the semi-feudal or the absolute monarchy as a counterpoise against the nobility, and, in fact, cornerstone of the great monarchies in general, the bourgeoisie has at last, since the establishment of Modern Industry and of the world-market, conquered for itself, in the modern representative State, exclusive political sway [Marx and Engels 1964, pp. 4-5].

Important bourgeois revolutions, through which the bourgeoisie was able to wrest state power from the feudal nobility, include: the Dutch War of Independence (1566-1609), the English Civil War (1649-1660), the American Revolution (1776), and above all, the French Revolution of 1789 which, with its aftermath in the Napoleonic wars, had a world historical significance in marking the end of European feudalism and the triumph of the international bourgeoisie. Further consolidation occurred in the French revolutions of 1830 and 1848, the American Civil War, the unification of Germany and then of Italy, and the Meiji Restoration (1868) in Japan. The triumph of the bourgeois society, then, was a process marked by centuries of violent struggle. The nation-state of the modern world, then, is a product of these revolutions, established by the bourgeoisie to protect their interests. The nation-state did not occur in ancient or medieval times and it will disappear with the abolition of bourgeois rule.

The accumulation of capital and the inner contradictions of capitalism.

Without profit, nothing would be produced in capitalism and this fact serves to distinguish capitalism from all other social orders. But the capitalist is not left to enjoy his profits in peace. He is forced by the competitive nature of capitalism to continually reinvest his profits so that capital accumulates exponentially into ever larger sums. The capitalist who fails to do so will lose out in the competitive struggle with other, larger capitalists and will be eliminated as a capitalist. From this perspective, it is capital, not the capitalist, that runs the system. To capital, "the proletarian is but a machine, for the production of surplus value; on the other hand, the capitalist is in its eyes only a machine for the conversion of this surplus-value into additional capital" [Marx 1966, p. 595].

In becoming the creature of capital's thirst for accumulating surplus value, the capitalist is led into a contradictory, topsy-turvy world in which the results of human activity are frequently the direct opposite of those intended. To understand this, it is necessary to look more closely into the processes of capitalist production and the accumulation of capital.

The value components of the finished product of capitalist production are:

1. *constant capital* (c), or the value embodied in the money the capitalist spends on raw materials and the means of production, which is constant because this value is merely passed on to the finished product;

2. *variable capital* (v), or the value embodied in the wages the capitalist pays the worker, is variable because the worker not only recreates this value in the finished product, but goes on to produce; and

3. *surplus value* (s), is the additional value created by the worker over and above that which reproduces his wages. The ratios between these value components are extremely important for understanding the functioning of the system. These ratios are:

1. the organic composition of capital, $o=c/v$
2. the rate of surplus value, $s' = s/v$
3. the rate of profit, $p' = s/[c+ v]$

Now, the capitalist is only interested in the last of these, the rate of profit: this must be as large as possible. But simple algebraic manipulation tells us that the rate of profit is intimately related to the other two ratios, as follows:

$$p' = \frac{s}{c+v} = \frac{s/v}{\frac{c+v}{v}} = \frac{s/v}{c/v + v/v} = \frac{s/v}{c/v + 1} = \frac{s'}{o + 1}$$

This formula expresses, in a highly abstract form, the basis of class conflict in bourgeois society, for the interest of the capitalist class in increasing the rate of profit can only be accomplished at the expense of the interest of the working class, by increasing the rate of surplus value (assuming that the organic composition of capital is constant).

The most common method of increasing the rate of profit is by increasing the rate of exploitation of the working class. This can be accomplished in a variety of ways:

1. by lengthening the working day,
2. by reducing the real wage and hence lowering the living standard of the working class, or
3. increasing the intensity of labor so that the worker performs more labor in less time.

Now, all of these are subject to certain physical constraints. The worker needs time to sleep and eat, and can only work a certain number of hours each day. There is a bare minimum of food and shelter that is required for life to continue (the actual socially accepted subsistence minimum is ordinarily well above this level). And the worker, however hard driven, can only work so fast. Further, there are countervailing tendencies at work, of which the most important are labor unions and legislation.

Thus, the length of the working day during the medieval period was not much different from what it is today [see Mandel 1970, I: 135]. From the fifteenth through the eighteenth centuries, the working day gradually increased to 12 hours, and, in the nineteenth century when factory manufacture became prevalent, there was a rapid increase to 15 hours. But, after the middle of the nineteenth century, when labor unions formed and grew in strength, the length of the working day decreased. In the United States this was reflected in the change from the 10 hour day movement of the 1830s and the 8 hour day movement of the 1880s.

Similarly, the real wages and living standards of the working class fell throughout the early period of capitalist development, so that at the turn of the nineteenth century, it

was only half its medieval level. It did not approach medieval levels until the development of strong labor unions in the late nineteenth century [see statistics in Mandel 1970, I: 148-149].

Another way of increasing profits, which does not run up against these sorts of barriers, is by increasing the productivity of labor by mechanizing and rationalizing the labor process. The operation of this tendency is illustrated in Table 1, which illustrates a hypothetical situation in, say the shoe industry.

Table 1. The Development of Productive Forces

	constant capital c	variable capital v	surplus value s	total value v	number of units u	price per unit M/u	total money return M	profit p	c/v	s/v	P/(c+v)
I	150	50	50	250	100	2.50	250	50	3	100%	25%
II	250	50	50	350	1000	2.00	2000	1700	5	100%	567%
III	250	50	50	350	1000	.35	350	50	5	100%	17%
IV	250	50	50	350	1000	.37 $\frac{1}{2}$	375	75	5	100%	25%
V	250	25	75	350	1000	.35	350	75	10	300%	27%
VI	2000	200	600	2800	1000	2.80	2800	600	10	300%	27%

The prevailing conditions are such that in period I the capitalist invests \$200, \$150 in machinery and raw materials [c] and \$50 in wages [v]. The rate of surplus value is 100% so that the worker works for 100 hours to earn his wages, half of this being surplus value [s = 50]. In these 100 hours he produces 100 pairs of shoes, which sell at their value, or \$2.50. The capitalist realizes a total money return of \$250 on his \$200 investment, a profit (s/(c+v)) of \$50, or 25 percent. Assume, now, that at time period II, one capitalist learns of a new machine which will cut the labor time required to produce a pair of shoes to 6 minutes, or one-tenth the usual time. (This is not unrealistic for such increases in productivity were common in the nineteenth century. The necessary labor time for making 100 pairs of men's shoes fell from 86,200 minutes in 1859 to 9,200 in 1895; 100 pairs of women's shoes, from 61,500 minutes to 4,800 minutes [see Table 2 for additional statistics].) This capitalist invests \$300, \$250 in the new machine [which is more expensive than the old] and raw materials, \$50 in wages. The organic composition of capital has increased from 3 to 5, but the rate of surplus value remains the same. In his 100 hours of labor, however, the worker now produces 1,000 pairs of shoes, which the capitalist sells at somewhat below the prevailing price, say \$2.00, in order to realize his profit quickly. His money return is now \$2,000, a profit of \$1,700 on an investment of \$300, or 567 percent! But what happens? Other capitalists see the fantastic profits earned

by our entrepreneur and also buy the new machinery. As use of the new machinery becomes general, in time period III, competition brings the price of shoes down to their new value, or 35%, so that the capitalists now earn \$50 on an investment of \$300, or 17 percent. The collective result of each capitalist trying to maximize his own profits by introducing new machinery has caused the organic composition of capital to rise and the rate of profit to fall! The capitalist seems to be pursuing a will-o-the-wisp.

Table 2. Labor Time Necessary for Making Various Articles
(in thousands of minutes)

	<u>Manual work</u>		<u>Machine work</u>	
100 pairs men's shoes	1859	86.2	1895	9.2
100 pairs ladies' shoes	1859	61.5	1895	4.8
100 dozen collars	1855	81.0	1895	11.5
12 dozen shirts	1853	86.3	1894	11.3
100 dozen corn boxes	1865	6.5	1894	2.7
25,000 lb. soap	1839	25.9	1897	1.3
12 tables	1860	33.8	1894	5.0
50 doors	1857	83.1	1895	30.6
100,000 envelopes	1855	26.1	1896	1.9
Transporting 100 tons of coal	1859	7.2	1896	0.6

Source: Mandel 1970, I:138.

Many see this as the fundamental contradiction of capitalism for the competitive competition between capitalists inevitably drives up the organic composition of capital, but as o increases in our formula $p' = s' / [o + 1]$, p' must fall, assuming that s' remains constant.

There are, however, a variety of other considerations. First is the principle of the equalization of the rate of profit. Competition between capitalists would not drive prices down to their new values but would stop when the rate of profit had fallen to the general level of 25 percent, because if it fell below this capitalists would stop investing. The result would be that commodities would sell at above their values where the organic composition of capital was above average (and conversely, at below values where o was below average). In time period IV, then, the price of a pair of shoes would be 37.5¢ rather than 35¢, in order to provide the rate of profit at the average rate of 25%.

Secondly, the rise in o has increased the productivity of labor and thereby lowered the value of commodities. The value of labor power, which depends on the value of the commodities consumed by a worker and his family, also falls. If we assume that this cheapening has been general and that the value of labor power has fallen by one half, wages in time period V are \$25. The hours of labor remain constant so that v is 25 and s is 75, a rate of surplus value of 300 percent. Nothing else changes (except that o increases to 10) but the profit is now \$75 on an investment of \$275, or 27 percent. The system has become more exploitative even though real wages, working hours, and the rate of profit remain approximately the same. If there has been general inflation, so that one hour of labor equals \$8, as in time period VI, this would not change the actual social relations of

the system but it would serve to conceal the inner operation of the system from the actors, worker and capitalist alike. For the worker, money wages would have gone up [apparently only fourfold rather than eightfold] but real wages (that is, what the money wages would buy) would remain about the same. For the capitalists, everything would have become more expensive but his rate of profit would remain about the same.

At this point, it is necessary to clarify three interrelated concepts: money wage, real wage, and relative wage. Money wage is the actual amount of money received by the worker; real wage is what this money will buy, after allowance has been made for inflation. In 1970, for example, a dollar would buy less than a third of what it would in 1900. Relative wage is the share the worker receives of the total product that he produces. When Marxists speak of the declining position of the working class, they are speaking of declining relative wages, which, as we have seen, can occur even with rising money wages and rising real wages. Unfortunately, although fairly reliable statistics are gathered on money wage and real wages, almost none are gathered on relative wages, thus empirical statements on this point involve rather elaborate calculations and inferences.

Table 1, then illustrates one of the most basic of the “laws of motion” of capitalism, its tendency to increase society’s productive potential. In the words of the *Manifesto*,

The bourgeoisie, during its rule of scarce one hundred years, has created more massive and more colossal productive forces than have all preceding generations together. Subjection of Nature’s force to man, machinery, application of chemistry to industry and agriculture, steam-navigation, railways, electric telegraphs, clearing of whole continents for cultivation, canalization of rivers, whole populations conjured out of the ground. What earlier century had even a presentiment that such productive forces slumbered in the lap of social labor? [Marx and Engels 1964, p. 10]

And this, of course, was before the invention of the automobile, airplane, radio and television, computers, automation, and interplanetary exploration.

Some of the complexities of another of the “laws of motion” of capitalism, that of the accumulation of capital, are illustrated in Table 3. The accumulation of capital into larger and larger sums, coupled with the increasing productivity of the forces of production, makes the competitive struggle between capitalists more fierce, and large capitalists have a distinct advantage in this struggle. Consequently capital is not only accumulated into larger and larger masses, it is concentrated into fewer and fewer hands. Thus, the 500 capitalists, each employing 10 workers, in time period I have been reduced, in time period VI to 5 capitalists each employing 100 workers. Accumulation and concentration, then, improves the position of some capitalists at the expense of others, who are driven out of their class.

Accumulation also involves the worsening of the social position of the proletariat, again illustrated in Table 3.

Table 3. The Accumulation of Capital

	(1) demand for shoes (pairs)	(2) demand for labor (hours)	(3) hours worked per year per worker	(4) number of workers	(5) workers per capitalist	(6) number of capitalists	(7) yearly wages per worker	(8) total yearly wages of workers
I	10,000,000	10,000,000	2,000	5,000	10	500	\$1000	\$5,000,000
V	10,000,000	1,000,000	2,000	500	10	5	\$ 500	250,000

If society's total demand for shoes is 10,000,000 pairs, in time period I the satisfaction of this demand requires 10,000,000 hours of labor and provides employment for 5,000 workers. In time period VI however, the same demand for shoes only requires 1,000,000 hours of labor for satisfaction, and provides employment for only 500 workers. The remaining 4,500 workers are forced into the ranks of the unemployed (as, for that matter, are the 495 surplus capitalists eliminated in the competitive struggle). The pay of the 500 employed workers may remain the same or even improve in real terms, but their relative wages as a portion of what they produce has fallen, their insecurity has increased in that they must now compete with the 4,500 unemployed shoemakers. Further, the work process has become transformed and their skills rendered obsolete. As they lose control over the process of production, their subjugation to capital becomes more complete. Finally, the misery of the workers thrown out of capitalist production, "bearing the stigmata of wage labour," but no longer employable, of course increases. Thus,

Within the capitalist system all methods for raising the social productiveness of labour are brought about at the cost of the individual labourer; all means for the development of production transform themselves into means of domination over, and exploitation of, the producers; they mutilate the labourer into a fragment of a man, degrade him to the level of an appendage of a machine, destroy every remnant of charm in his work and turn it into a hated toil; they estrange from him the intellectual potentialities of the labour-process in the same proportion as science is incorporated in it as an independent power; they distort the conditions under which he works, subject him during the labour-process to a despotism the more hateful for its meanness; they transform his life-time into working-time, and drag his wife and child beneath the wheels of the Juggernaut of capital. But all methods for the production of surplus-value are at the same time methods of accumulation; and every extension of accumulation becomes again a means for the development of these methods. It follows therefore that in proportion as capital accumulates, the lot of the labourer, be his payment high or low, must

grow worse... Accumulation of wealth at one pole is therefore, at the same time accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation, at the opposite pole [Marx 1966, p. 645].

This is Marx's "*absolute general law of capitalist accumulation*" [1966, p. 644] which is as universally operative in capitalist systems as the law of gravity is in physical systems. But, "like all other laws, it is modified in its working by many circumstances," as will be discussed shortly.

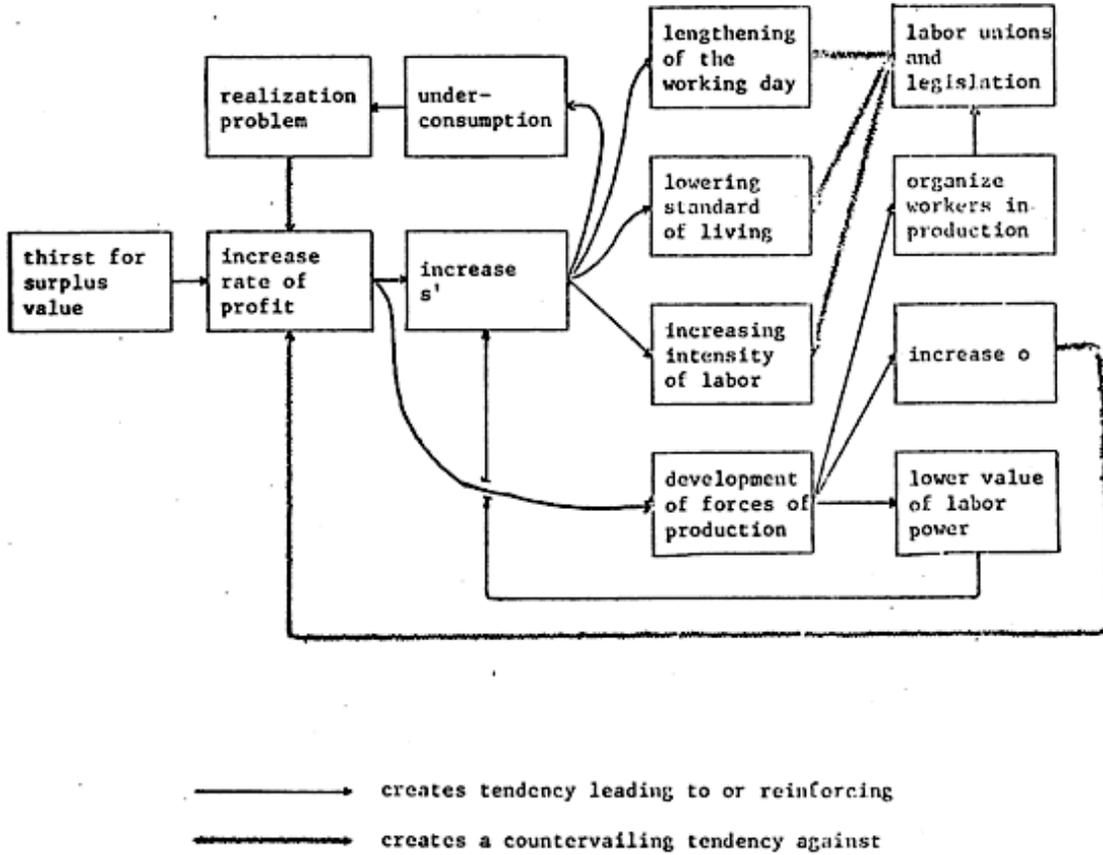
It should be emphasized that Marx is not saying that employed workers necessarily become poorer in an absolute sense. The theory of the absolute impoverishment of the workers is not part of Marxism although it is attributed to Marx by his opponents [cf. Sweezy 1968, p. 19; Gillman 1957, p. 145-152; Mandel 1970, I:150-154]. The impoverishment is a relative and social impoverishment which can occur even with rising wages. As Marx warned, "A rise in the price of labour, as a consequence of accumulation of capital, only means, in fact, that the length and weight of the golden chain that the wage-worker has already forged for himself, allow of a relaxation of the tension of it" [1966, p. 618].

Another feature of the capitalist system is the growing contradiction between society's continually expanding ability to produce and its continually constricting ability to consume, or provide effective demand for what it produces. This may be seen in Table 2, where in time period I, 5,000 workers are earning \$1,000 each, providing an effective demand of \$5,000,000. In time period V, there are only 500 workers earning \$500 each, so that effective demand has fallen to \$250,000, one-twentieth of before. Now, who will buy the shoes?

While capitalist competition expands society's powers of production, the social relations of capitalism constrict society's powers of consumption. It is not enough for the capitalist to produce commodities, he must sell them in order to realize his profit and he must re-invest his profits in order to accumulate. If the commodities cannot be sold they will not be produced, capital cannot be accumulated, and the expanding productive system will collapse in on itself.

Figure 2 illustrates some of the tendencies we have been discussing. These contradictory movements of the capitalist system—the growth of the social forces of production and the constriction of the social powers of consumption, and the accumulation of wealth and power at the top social pyramid and of poverty and misery at the bottom—lead to crises and conflicts which can be overcome only while the system itself is expanding, geographically and/or technologically. In the words of the *Manifesto*, "The need of a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. It must nestle everywhere, settle everywhere, establish connections everywhere" [Marx and Engels 1964, p. 7]. The system also expands into such totally new spheres of production as machinery, the railroad, automobiles, airplane, electronics, and so on.

Figure 2. The Thirst for Surplus Value and Resulting Contradictions.



This expansion is uneven, and the pushes and strains of the expanding system generate crises, conflicts, and catastrophes, the “lovely alliteration” of the capitalist mode of production [cf. Sweezy 1968, p. 200]. This cyclical development of expansion and contraction, of business prosperity and depression, itself expands, and each new crisis is only overcome by paving the way for a worse crisis in the, future.

The Bourgeoisie In Triumph And Decay

The classic Marxian model of modern social change has a dual aspect. Along with the growing productivity and the deepening contradictions of the bourgeois social order, the proletariat gains in strength and, as it becomes aware of itself as a class, organizes itself as a class in a struggle to wrest state power from the bourgeoisie. Eventually, the upward trajectory of the proletariat's growing strength will intersect with the downward trajectory of the system's decline, the proletariat will seize state power, become a ruling class, and establish socialism.

From one point of view, the events of the twentieth century have verified the explanatory power of the model. The World War I, the Great Depression of the 1930s, and the World War II are all manifestations of the profound crisis of capitalism in the first half of the twentieth century, while the success of the Russian and Chinese Revolutions serve to illustrate the growing strength of the world proletariat.

Viewed from another perspective, however, the twentieth century has been most cruel to the optimism of classic Marxian theory. On the one hand, where the working class has indeed taken power and placed Communist Parties in power, the results have been less than satisfactory. On the other hand, the American bourgeoisie emerged triumphant from the general crisis of the first half of the twentieth century and was able to build a new world order that has proved remarkably viable since 1946.

We shall examine the working class revolutions in Russia and China and the reasons for their deformation in the next section. In this section we shall look at the causes and consequences of the apparent triumph of the bourgeoisie.

It has been variously argued [see, for example, Bell 1973; Galbraith 1963, 1967] that as capitalism matures it changes in character and is no longer dominated by the drive for profits. Consequently, its dreaded "inner contradictions" have been resolved so that modern society should no longer be described as "capitalist" but rather as "post-capitalist," "post-industrial," or even "post-Marxist"! Such ideas are seductive but have little intellectual substance. As I will argue below, although capitalism has clearly changed, its underlying nature and inner dialectic remain the same. The triumph of the bourgeoisie has only permitted capitalism's inner contradictions to ripen and the bourgeois social order to decay. Before elaborating on this point, it may be well to examine more closely the "post-capitalist" argument.

It is impossible, of course, to deal briefly and adequately with this argument, but two ideas are central: the "managerial revolution" thesis and the "affluent worker" thesis.

The Managerial Revolution

The managerial revolution thesis argues that as a result of the dispersal of stock ownership and the need for technical expertise, actual control of the modern corporation has passed out of the hands of the owners and into a neutral elite of managers and technocrats. This elite run the firm by balancing a number of conflicting social claims—of employees, of consumers, of the general public, as well as those of the owners and of the managers themselves. There have been a variety of criticisms of this thesis [see, for

example, Baran and Sweezy 1966, p. 20-51; Domhoff 1967, p. 38-62] which have not been met in the subsequent versions of the thesis.

These criticisms include the following observations:

1. stock dispersal is only within the propertied class so that the, overwhelming majority of corporate stock is still owned by a small minority of the population,

2. top management is drawn from this propertied class, so that top management does not form a neutral elite but is rather the most active and influential segment of the propertied class, and

3. the lower level managers and technocrats who make decisions about the day to day running of the firm are in fact paid functionaries of the propertied class and “he who pays the piper calls the tune.” If the decisions of management do not produce the desired results in terms of profits and growth, management can and will be removed.

Most important, however, is the consideration that the nature of capitalism does not flow from the psychological quirks or avarice of the capitalists but vice versa. The owner-capitalist is simply the creature of capital. Even after the managerial revolution, the force of capitalist competition—between the giant corporations for profits, on the stock market, and in the international market—lays down the same law for the corporate manager as for the entrepreneurial capitalist: “Accumulate, accumulate! That is Moses and the prophets!” [Marx 1966, p. 595]

The Affluent Worker

The affluent worker thesis holds that wages have risen to the point that the working class now has a stake in the system and is no longer interested in revolution. Again, this is a half-truth. It is certainly true that American workers have higher incomes than do the masses of Asia, Africa, and Latin America. But somewhere between one-tenth and one-fourth of Americans live in poverty, depending upon one’s definition. And, in 1972, “the average annual pay for all workers in private industry, organized and unorganized, was \$7,254” [Matles & Higgins 1974, p. 5]. This was just below what the Bureau of Labor Statistics calculates as necessary for a bare minimum subsistence, and \$4,000 below the BLS “modest but adequate” standard. In short, “the myth of the ‘middle-class’ worker is kin to the Negro of folklore who ‘lives in the slums but drives a big new Cadillac.’ He’s there, all right, but his numbers are grossly exaggerated” [Sexton 1970, p. 194]. Further, it should never be forgotten that capitalism is an international system. The “underdeveloped” world is not “pre-industrial,” as Bell [1973, p. 117] would have us believe, but is rather an integral part of the world industrial system. The relative affluence of the American worker must be set against the grinding poverty of the workers and peasants in Asia, Africa, and Latin America, for they are all part of a single economic system.

The idea that contemporary American society has become “post-capitalist,” then, is simply untenable. Both the underlying motive and the laws of motion of capitalism remain as before. This is not to say, however, that capitalism has not changed in the twentieth century. There have been significant changes that do affect the manner in which

these laws of motion manifest themselves. We may briefly examine some of the more important of these changes, which are usually summed up by saying that the competitive capitalism of the early nineteenth century has transformed itself into monopoly capitalism.

Monopoly Capitalism

First of all, the relatively small firm of the competitive era has given way to the giant, multinational corporation that exerts a degree of monopoly control over its market. Prices are no longer set by supply and demand at a level related to values, but instead are set by the corporation itself at a level designed to maximize profits. Monopolization, then, provides super profits to the giant corporation.

This monopolization of the economy is associated with what has been called “Second Industrial Revolution” of the second half of the nineteenth century [Magdoff 1969, p. 24-30; Mandel 1970, II: 393-394] marked by new productive processes such as the Bessemer process in steel production, new chemical processes, and the emergence of new spheres of production such as railroads, automobiles, and so forth, on a scale totally unprecedented in economic history. The first effect of this was to continually expand the investment absorbing potential of the system (see below on “epoch-making inventions”). Second, with the second industrial revolution, the scale of production increased to the point where further refinements and new machinery cost no more than the old, so that the tendency for the organic composition of capital to rise, which we saw in Table 1, is no longer operative. Just as the accumulation of capital led to a decline in the value of labor power (v), so continued accumulation leads to a decline in the value of capital goods (c), so that the ratio, c/v , no longer rises but instead begins to fall. Thus, the overall organic composition of capital in the U.S. rose continuously to about 1923, when it stood at 4.2. Since then, it has been falling, to 3.6 by 1952. At the same time, the rate of surplus value has been increasing, from 121 in 1923 to 132 in 1952 [Sweezy 1974, p. 47, citing Gillman 1957]. The conclusion is inescapable: the tendency for the rate of profit to fall, which characterized nineteenth century capitalism and that many saw as the fundamental contradiction which would lead to capitalism’s collapse, has been replaced for twentieth century monopoly capitalism by a tendency for, the rate of profit to rise. This transformation has the most profound consequences for the system, for it leads to a systemic tendency toward stagnation.

As will be recalled, the stagnation of the capitalist system results from a growing realization crisis: that although the capitalist can produce goods, he is unable to sell them and therefore cannot realize a profit. The production of commodities is only a means of making profits, and profits are earned only to be re-invested. The realization problem, then, has two aspects,

1. selling commodities in order to realize surplus value in its money form, and
2. re-investing profits in order to make more profits.

Both of these aspects become more difficult as capital accumulates, the first for reasons already discussed, the second because investment opportunities tend to shrink with the accumulation and monopolization of capital [cf. Baran & Sweezy 1966; Gillman 1957]. However, the expansion of the system tends to offset and lessen the manifestation of the realization crisis and, as Gillman [1957, p. 110] observes, “. . . in the monopoly

period the conditions which block the realization of surplus-value combine to drive surplus-value increasingly into channels of unproductive expenditures.” Let us examine more concretely the major forms taken by these countervailing tendencies.

Epoch-making inventions. Baran and Sweezy [1966] argue that three epoch making inventions—the steam engine, the railroad, and the automobile—stand out because they opened up new areas of investment opportunity. The significance of these inventions does not lie just in the opportunity they provide within a particular sphere of production, but in the fact that they provide a wealth of related opportunities. Thus, the development of the automobile provided investment outlets not just in the automobile industry, but also in the oil industry, the steel, rubber, and glass industries, in spending on highways, and in permitting the suburbanization of the population, with new subdivisions, new shopping centers, and so on. Other inventions, such as TV, may have as profound an influence on cultural life, but their impact on the operation of the capitalist system is nowhere near as great.

The sales effort. In the monopoly period, the capitalist corporation can easily enough produce all that it can sell, its problem lies in selling what it produces. Giant corporations no longer compete with one another in terms of price, instead they compete for a share of the market by means of the sales effort—advertising, model changes, and so forth. Advertising makes little sense in a competitive situation in which a number of small producers are competing with one another in terms of price, and where each producer has only a very small percentage of the market. Advertising comes into its own, however, in monopoly capitalism where only a few firms dominate the market and it is easy to emphasize brand names, differences between products, and the like. Concomitant with the emergence of monopoly capitalism has been a fantastic growth in expenditures on advertising: in 1857, only \$51,000,000, in 1890, \$360,000,000, in 1929, \$3,426,000,000, and in 1962, over \$12,000,000,000. It is important to note that those figures do not include the millions spent on market research, commercial design, re-tooling for periodic style changes, and so on [Baran and Sweezy 1966, pp. 118-119]. The effort spent on style changes and advertising does not increase the value of the commodities [cf. Baran and Sweezy 1966, p. 112]. The entire effort devoted to realization—sales, advertising, legal wrangles over patents, and so on—however essential it may be from the standpoint of the monopolistic corporation and of the capitalist system, is simply waste from any *human* standpoint.

Government spending. Since the Great Depression drove the English economist John Maynard Keynes’ message home to the capitalist class, the role of government spending in increasing aggregate spending has come to be generally recognized and accepted. Thus, government spending, as a percentage of Gross National Product (GNP), rose from 7.4 percent in 1903 and 9.8 percent in 1929 to 19.2 percent in 1939 and 28.8 percent in 1961 [Baran and Sweezy 1966, p. 146]. But government spending as an instrument of warding off the tendency toward stagnation runs up against certain built-in constraints. For example, public spending on such things as mass transit, public housing, and welfare runs into conflict with powerful private interests, in the automobile and oil industries, and in the real estate business. Worst of, all, welfare tends to undercut the role of the Industrial Reserve Army as an enforcer of labor discipline in the working class.

Since military spending, however, does not run up against any of these interests, it is the ideal solution; significantly, over 60 percent of the percentage increase in government spending as a percentage of GNP from 1929-1957 has been on military expenditures. This is not to suggest, of course, that such spending is purely for the purposes of floating the monopoly capitalist economy, for military expenditures serve to maintain imperialism.

Imperialism. The term “imperialism” can properly be used in two senses. In its broad meaning, imperialism refers to any kind of domination and exploitation of one nation by another. In this broad sense, the great agrarian empires of the Near East, India, and China, as well as the Roman Empire, were imperialist. It can also be argued that the Soviet Union is imperialist [see Whitney 1972, pp. 262-274]. In its more narrow sense, imperialism refers to a particular form of this domination and exploitation, one marked by the export of capital, by the complete partition of the globe among imperialist powers, and by the conflict between imperialist nations for re-division of the world.

The relationship between the West and the non-Western world has been imperialistic for the past five centuries, and the interests of imperialist nations in colonies have been more or less constant throughout this period. The colonies have provided a source of profits and raw materials and a market for finished goods.

It is useful, however, to distinguish three phases in the development of modern imperialism:

1. the era of *colonial looting and unequal trade*, includes the period of the “primitive accumulation” when profits from the plunder of the Americas, Asia, and Africa provided the capital for the West’s technological spurt leading up to the Industrial Revolution, and the subsequent period when the industrial West exported cheap finished materials to the less advanced nations,

2. *the age of imperialism proper*, beginning in the late nineteenth century when accumulation and monopolization forced capital to look to the colonies as areas of investment, and

3. *the era of neo-colonialism*, after the World War II when movements of national liberation made it impossible to retain direct political control over former colonies, but economic exploitation was maintained by a variety of subtle and not-so-subtle means, ranging from the International Monetary Fund, the World Bank, and foreign aid to the CIA and military intervention. This last phase has been marked by the replacement of Great Britain by the United States as the world’s leading imperialist power. It has also been marked by the rise of Communism, as a real threat to Western imperialism.

The economic significance of imperialism is that it permits the capitalist system to expand by providing enlarged markets to offset the underconsumption of the working class in the industrial nation, and by providing overseas investment opportunities for accumulating capital. The consequences, however, have been most grave, for the two world wars that brought untold suffering to mankind were essentially European “civil wars” between competing imperialist nations.

Wars and Their Aftermath. Baran and Sweezy [1966, p. 222-225] divide the effects of war into two phases:

1. a *combat phase*, in which the military machine exerts a tremendous demand, re-organizing the economy and causing normal consumer demand to be curtailed.

2. an *aftermath phase*, in which the pent-up consumer demand is released, the economy has to be re-oriented to peacetime purposes and absorb returning veterans, and the destruction of war rebuilt.

The nineteenth century was a century of relative peace, in which the colonial wars exerted a relatively slight direct economic effect. The “total” wars of the twentieth century, in contrast, have exerted a tremendous economic influence, comparable to that of epoch-making inventions such as the railroads and the automobile. The new anti-communist colonial wars in Korea and Vietnam have exerted an only slightly smaller influence.

The cold war. The underlying causes of the cold war lie in the needs of the American empire [see below, on War and Cold War]. The economic significance of the cold war is that it provides employment, effective demand, and investment opportunity, and therefore serve as an important counterbalance to the tendency toward stagnation. This was recognized quite early by spokesmen for the system. In 1949 *U.S. News and World Report* enthused:

Government planners figure they have found the magic formula for almost endless good times.... *Cold War* is the catalyst. Cold War is an automatic pump primer. Turn a spigot, the public clamors for more arms spending. Turn another, the clamor ceases... .Cold War demands, if fully exploited, are almost limitless. [quoted by Baran and Sweezy 1966, p. 212]

In 1954, after the U.S. had perfected the hydrogen bomb, *U.S. News and World Report* seemed even more enthusiastic:

What H-bomb means to business. A long period...of big orders. In the years ahead, the effects of the new bomb will keep on increasing. As one appraiser put it: “The H-bomb has blown depression-thinking out the window.” [quoted in Baran and Sweezy 1966, p. 213]

It is quite true that cold war spending maintained the U.S. economy on a high plane of economic prosperity and stability for a long time, but for a generation that grew up in fear of thermonuclear destruction, the world that the H-bomb built was scarcely an unmixed blessing. As President Kennedy remarked:

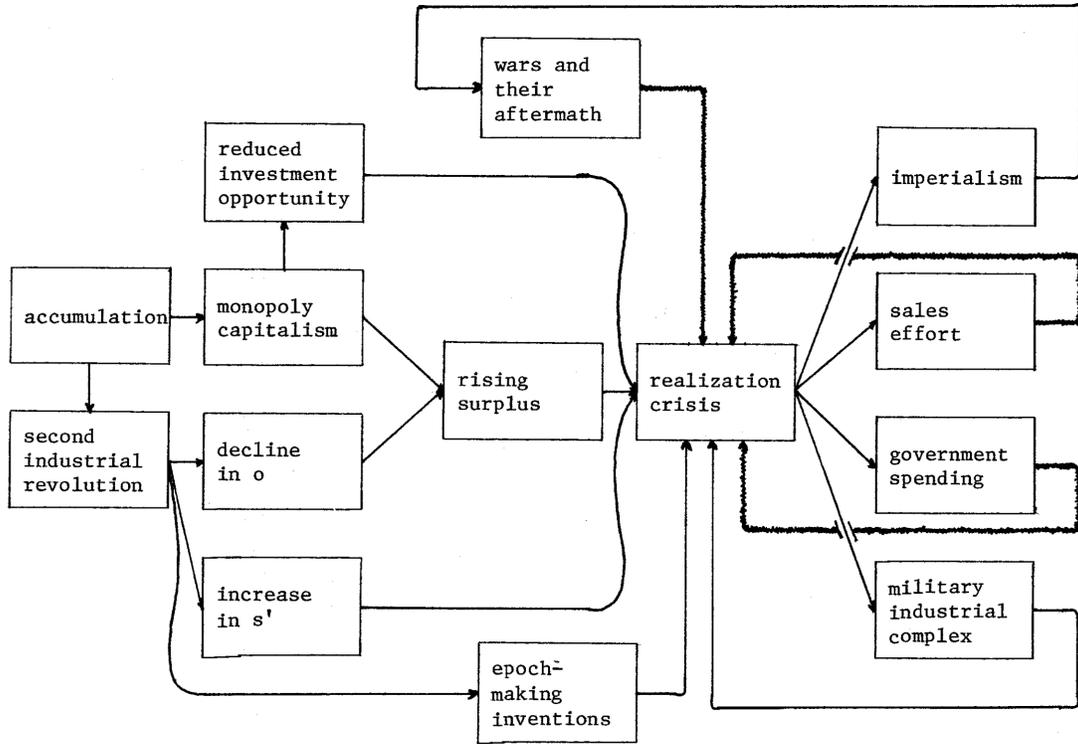
Every man, woman, and child lives under a nuclear sword of Damocles hanging by the slenderest of threads, capable of being cut at any moment by accident or miscalculation, or by madness [quoted by Galbraith 1967, p. 325].

Can anyone imagine a more eloquent confirmation of the *Manifesto*’s [Marx and Engels 1964, p. 13] claim that the bourgeoisie can only overcome one crisis “by paving the way for more extensive and more destructive crises”?

Figure 3 illustrates some of the interrelationships discussed above. Figure 4 illustrates their historical manifestation.

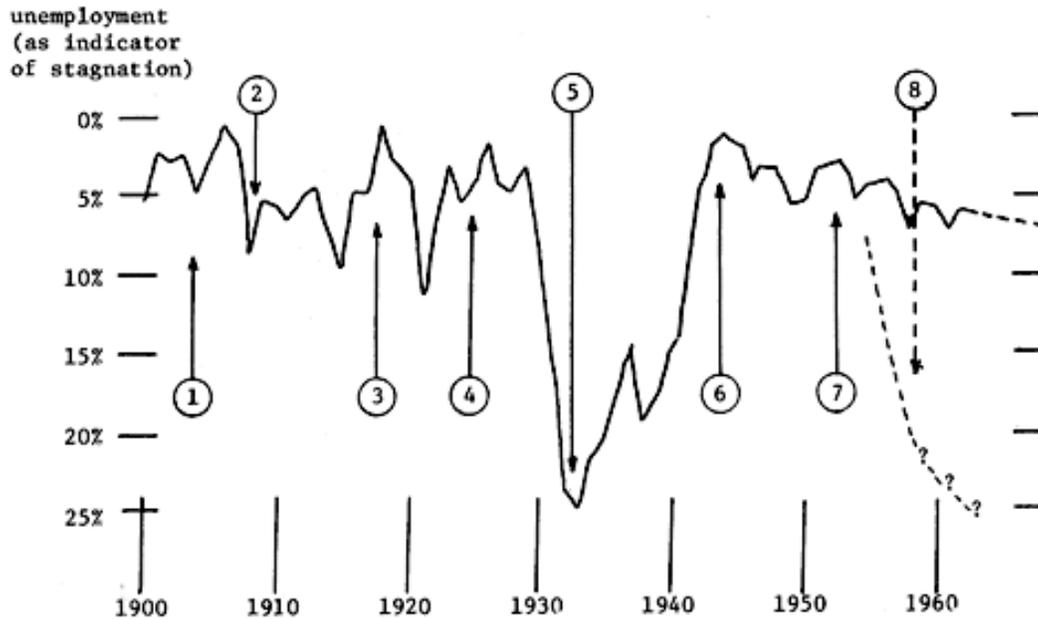
As figure 4 indicates, the stagnation of the U.S. economy, as manifested in unemployment and unused plant capacity, is considerable indeed, even with the counterbalance of the cold war. Paul Sweezy and Harry Magdoff [1971] have provided a quantified estimate of the role of military spending in preventing economic stagnation. Their findings

 Figure 3. Some Contradictions of Monopoly Capitalism.



→ creates a tendency leading to or reinforcing
 ← creates a countervailing tendency against

Figure 4. History of Monopoly Capitalism.



- (1) railroad investment absorbs surplus
- (2) falling off of railroad investment, tendency toward stagnation manifests itself
- (3) First World War burns up surplus
- (4) first wave of automobilization absorbs surplus
- (5) falling off of automobilization, tendency toward stagnation manifests itself in Great Depression
- (6) Second World War ends Depression, burns up surplus
- (7) Cold War begins, military spending absorbs surplus; also, second wave of automobilization and suburbanization
- (8) tendency toward stagnation which would be manifested if Cold War and military spending were not present

Source: Baran and Sweezy 1966, p. 232

indicate that, in 1970, in addition to the 8.1 million unemployed workers, another 7.1 million were either in the armed forces [2.9], employed by the Defense Department [2.1] or employed making war material for the military [3.0]. In addition, another 7.1 million were employed as an indirect result of military expenditures (for example, in providing goods and services to those who are so employed). In short, a total of 22.3 million workers, or fully 25.1 percent of the labor force, would be unemployed if it were not for military spending. In addition, the existing productive plant was utilized at only about three-quarters capacity in 1970 [72.3 percent in the last quarter of 1970]. All of this is about comparable to the unemployment and underutilization of the plant that characterized the years of the Great Depression. In short, were it not for government military spending, the United States would be in the throes of a depression comparable to the worst days of the 1930s!

The actual performance of U.S. capitalism must be weighed against the potential of the American industrial system. Available statistics indicate that in 1939, about one-fifth of the labor force was unemployed and one-fourth of the productive plant was unutilized. Statistics, then, indicated that production would have been increased by no more than about one-third if available resources were fully utilized. In fact, with the entry of the United States into the World War II, industrial production doubled and real GNP increased by two-thirds—during a period when 11 million men in the most productive age groups were in the armed forces [Baran & Sweezy 1966, p. 242].

This makes it not unreasonable to assume that if the available labor force and productive plant were fully and rationally utilized, real output could be increased by at least one-fourth, probably one-half, and quite possible doubled! Taking the most conservative figure, this could provide an income of about \$15,000 to every American family (or, if we take the more liberal estimate, \$25,000, see below, Figure 5).

Further, it has been variously estimated [Copeland 1973; Crosby 1968] that if military spending were transferred to peaceful purposes, it could finance a comprehensive 10-year program to rebuild America's cities, eliminate slums, create an effective mass-transit system, build new hospitals and schools, support higher education and the arts, and clean up America's polluted rivers and lakes. But military expenditures are only a small part of the total social surplus appropriated or misused by the bourgeoisie. In 1963, in addition to military expenditures of \$55 billion, business profits totaled \$66 billion, interest \$24 billion, rental income \$5 billion, the profit element in corporate salaries \$8 billion, waste in distribution \$29 billion, corporate advertising \$7 billion, and surplus employee compensation in the legal, insurance, and real estate business \$17 billion [Phillips 1966, pp. 387-389]. In short, over \$200 billion is either wasted or devoted to unearned income of various kinds. All of this leads inescapably to the conclusion that if the surplus generated by capitalism were devoted to socially desirable ends, it could rapidly transform the social and environmental landscape of America, and even the world. This is not utopianism but seems very definitely indicated by a sober assessment of the available facts.

Class Structure in Contemporary America.

With the accumulation of capital the fundamental antagonism between bourgeoisie and proletariat persists and deepens, and the expansion of the system leads to the increasing proletarianization of the population. As Table 4 shows, this process has reached the point where over four-fifths of the American population is now working class. At the same time, however, the class structure has come to be overlaid with a variety of secondary divisions and secondary antagonisms that serve to distract attention away from the underlying antagonism between bourgeoisie and proletariat.

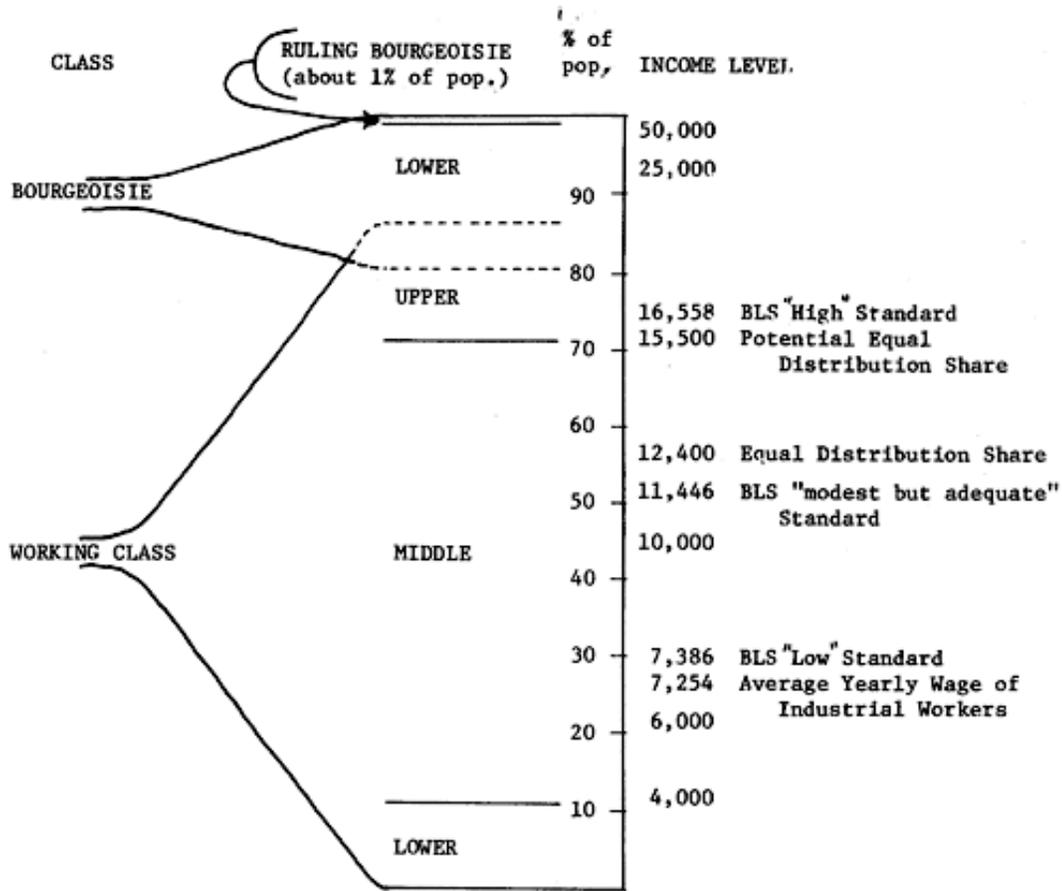
Table 4. The Proletarianization of the U.S. Labor Force

Year	Percent Wage and Salaried Employees	Percent Self-Employed Entrepreneurs	Percent Salaried Managers and Officials	Total
1780	20.0	80.0	---	100.0
1880	62.0	36.9	1.1	100.0
1890	65.0	33.8	1.2	100.0
1900	67.9	30.9	1.3	100.0
1910	71.9	26.3	1.8	100.0
1920	73.9	23.5	2.6	100.0
1930	76.8	20.3	2.9	100.0
1939	78.2	18.8	3.0	100.0
1950	77.7	17.9	4.4	100.0
1960	80.6	14.1	5.3	100.0
1969	83.6	9.2	7.2	100.0

Source: M. Reich 1972b. p. 175.

Figure 5 diagrams the relationship between the underlying class structure of capitalism and the income structure of the American population. The percentage of American families at each income level (in 1972) is compared with the U.S. Bureau of Labor Statistics' estimates of living expenses for an urban family of four at each of three standards: an intermediate, or "modest but adequate" standard (\$11,441), a high standard (\$16,558), and a bare subsistence minimum (\$7,386).

Figure 5. Class Structure in Contemporary Capitalism.



Sources: Bloom and Northrup 1973, p. 328; Brackett 1973, p. 70; Bureau of the Census 1973, p. 3; Matles and Higgins 1974, p. 5.

As the student is well aware, prices are rapidly rising, so that the amount of money needed to live at these levels is increasing. By September 1974, the money need for the high standard had increased from \$16,558 to \$20,550, for the intermediate level, from \$11,441 to \$14,250; and for the low level, from \$7,386 to \$9,200 [Draper 1974, p. 10]. During the same period, the average income for a wage worker had increased from \$7,254 in 1972 to \$8,270 [Weekly People, December 28, 1974, p. 4]. In short, for the first time in postwar history, the income of wage earners is rising more slowly than living costs, so that living standards are actually declining.

While this figure 5 illustrates the advantages of living in the United States, since even the poor in America are better off materially than a vast majority in the underdeveloped world, it also reveals the failure of American capitalism to live up to its

own standards in providing material well being to the entire American population. Thus, nearly 30 percent of the population, or nearly 40 percent of the working class, receives less than the BLS minimum standard, 50 percent of the population [or over 60 percent of the working class] receives less than the BLS “modest but adequate” standard, about 57 percent of the population (or about 70 percent of the working class) receives less than what they would if income were equally distributed, and over 70% of the population (or about 84% of the working class) receives less than the potential equal distribution share, that is, if available, than they would if available resources were fully utilized and the product equally distributed. In the light of these facts and in light of our earlier discussion of the potential of the American productive system, it is rather difficult to see how anyone can speak of “affluent” workers with their own “stake in capitalism.”

With this background, let us look more closely at the class structure of the United States. From a Marxian perspective, the basic class division is between the *bourgeoisie*, who own the means of production (land, factories, and so forth) and who derive their income from this property ownership in the form of interest, rent, or dividends, and the working class, who own little or no income producing property (although they may own houses, automobiles, TV sets, or even yachts) and who therefore must derive their income from sale of their labor power. It is not, however, merely the source of income that is important but also the amount of income. It is useful, therefore, to distinguish between a ruling bourgeoisie and a lower bourgeoisie, and between upper, middle, and lower segments of the working class.

The *ruling bourgeoisie* comprises about 1 percent of the population, with incomes from property ownership of approximately \$50,000 or more. It is difficult to obtain reliable detailed information about the wealth of this group, but available evidence indicates that it is considerable indeed. Data from 1953 indicates that the top 1.6 percent of the population owns 32 percent of all privately owned wealth, 82.2 percent of all stock, and 100 percent of tax-exempt state and local bonds [Lundberg 1969, p. 8, citing Lampman 1962]. At the apex of this group is what Lundberg [1937] has called “America’s Sixty Families,” the Rockefellers, Mellons, DuPonts, Carnegies, Fords, etc., who may truly be called America’s ruling class.

This class is linked together not only by common economic interests and a common set of values, but also by intermarriage and a network of personal ties formed in ruling class institutions such as elite preparatory schools, elite colleges and universities, exclusive neighborhoods, and exclusive clubs. In addition to asserting decisive control over the corporate economy through stock-ownership and membership on the Boards of Directors of the largest corporations, this class also controls the Republican and Democratic parties—and hence national and local governments through campaign financing. It also controls the intellectual and cultural life of the nation through its control of our foundations and universities [see Domhoff 1967].

The *lower bourgeoisie* is composed of salaried managers, professionals, such as doctors and lawyers, and owners of middle sized businesses. This group enjoys considerable economic abundance and, with stock ownership, pension and retirement plans, medical and life insurance, as well as considerable economic security. Thus, the class as a whole tends to identify with the status quo and forms an important bulwark for the power of the ruling bourgeoisie. It is simple enough to describe the material benefits

enjoyed by this class, but it is much more difficult to measure the degree of contentment or happiness it enjoys. There are no statistics on the incidence of alcoholism, pill-taking, or drug abuse in various class, but it is well known that the children of the “middle classes” (i.e. the lower bourgeoisie and the upper working class) have provided most of the recruits for the various postwar movements of social protest and rejection of society—the beat generation, the hippies, the new left, and the Jesus freaks. There is good reason to suspect, then, that although it may provide material abundance to its upper levels, the bourgeois social order is unable to command the moral allegiance of its own beneficiaries [cf. Finifter 1972; Goodman 1960; Pappenheim 1959].

It is difficult to draw a line between the lower bourgeoisie and the *upper working class* for they overlap in terms of income level, life style, neighborhood, and interaction patterns. Some workers are certainly in the upper 20 percent of income receivers. A well-paid, salaried [that is, working class] engineer may quit his job to form his own company [which, of course, may prosper or fail], without changing his life-style or social interaction. Robert Heilbroner [1967, p. 9] suggests that perhaps one-fifth to one-third of all urban workers have been “in business” for themselves, “however briefly and insecurely.” Many of the better paid workers would be shocked to think that they were “workers”—university professors, for example, certainly do not consider themselves working class, in spite of the fact that few of them have significant income other than their salaries. But class membership is not determined by one’s consciousness but by one’s objective social existence, by one’s relationship to the means of production. If one is dependent upon the sale of his labor power—that is, if one lives off his wages or salary—then one is working class, regardless of how he feels about this, of how much he makes, of whether or not he owns his own house, car, TV, or even a yacht.

The upper working class may be thought of as comprising those workers earning more than the potential equal distribution share level of \$15,500. This group, making up perhaps 10% of the population, is composed primarily of trained and skilled workers, with seniority, such as tenured professors, engineers, high administrators in the civil service, and perhaps some highly skilled technical workers such as computer programmers. This group shares many of the characteristics of the lower bourgeoisie in owning some property, in enjoying a relatively high living standard and cosmopolitan life style, in supporting generally the status quo, and, one suspects, in suffering from a vague sense of malaise.

The *middle working class* is composed of the approximately 60 percent of American families who earn between \$4,000 and \$15,500. Within this wage and status differentials reflect different occupations with different levels of skill, and training, different factors of supply and demand, and different degrees of unionization (in 1972, only about one-fifth of the labor force is unionized).

The white collar/blue collar distinction that used to be important is no longer so. In 1890, white collar workers received on the average about twice the income of average blue collar workers; today, many receive less than blue collar workers. In 1904, high school teachers earned three times as much as the average manufacturing production worker, now, they earn only 50 percent more [M. Reich 1972b, p. 180]. This is related in part to the changing proportions of white collar workers in the labor force, [see Table 5]. It is also related to changes in the nature of white collar work, that, with increasing

bureaucratization of the corporation has become increasingly routinized on what approaches an assembly line basis, and to the changes in the nature of blue collar work, in which the worker increasingly operates expensive power equipment so that his work has come to resemble more and more that of the white collar worker.

The middle working class performs the bulk of the productive labor supporting the American economy, and is no doubt the most exploited group. As seen in figure 5, the average yearly wage of the American worker in 1972 was only \$7,254 so that most families had to be supported by more than one job. Either the wife works or the husband holds down two or more jobs. Even so, the bulk of this group is scarcely “affluent.” Half of the American population has an average estate of only \$1,800—“. . . enough to cover furniture, clothes, a television set, and perhaps a small car” [Lundberg 1969:9].

Such works as Studs Terkel’s *Division Street America* [1967] and *Working* [1974], suggest that this group also is by and large unhappy, frustrated, and alienated, but lacks any vehicle for expressing its discontent.

The *lower working class* is composed of unemployed workers and welfare clients, which as had been noted, Marx called the “Industrial Reserve Army.” In 1972, roughly 6 percent of the American population was on welfare and about 5 percent of the labor force is unemployed. Thus this group comprised roughly the 10 to 12 percent of the population that earns less than \$4,000 per year. It goes without saying that this group has no reason to be satisfied with its position in American society. The frustration this group feels toward their subhuman status in society finds its expression in crime and periodic outbreaks of violence, such as the wave of riots that broke out in America’s mostly black ghettos in 1968 [see Brecher 1972; Hofstadter & Wallace 1971; National Advisory Commission on Civil Disorders 1968; Sloan 1970].

Table 5. Changing Occupational Structure of Labor Force

	<u>1910</u>	<u>1967</u>
Managers, Officials and Proprietors (except farm)	6.6	10.1
White Collar Workers	14.7	36.0
Blue Collar Workers	38.2	36.7
Service Workers	9.6	12.5
Agricultural Workers (individual owners and Managers)	30.9	4.7

Source: M. Reich 1972b, p. 178.

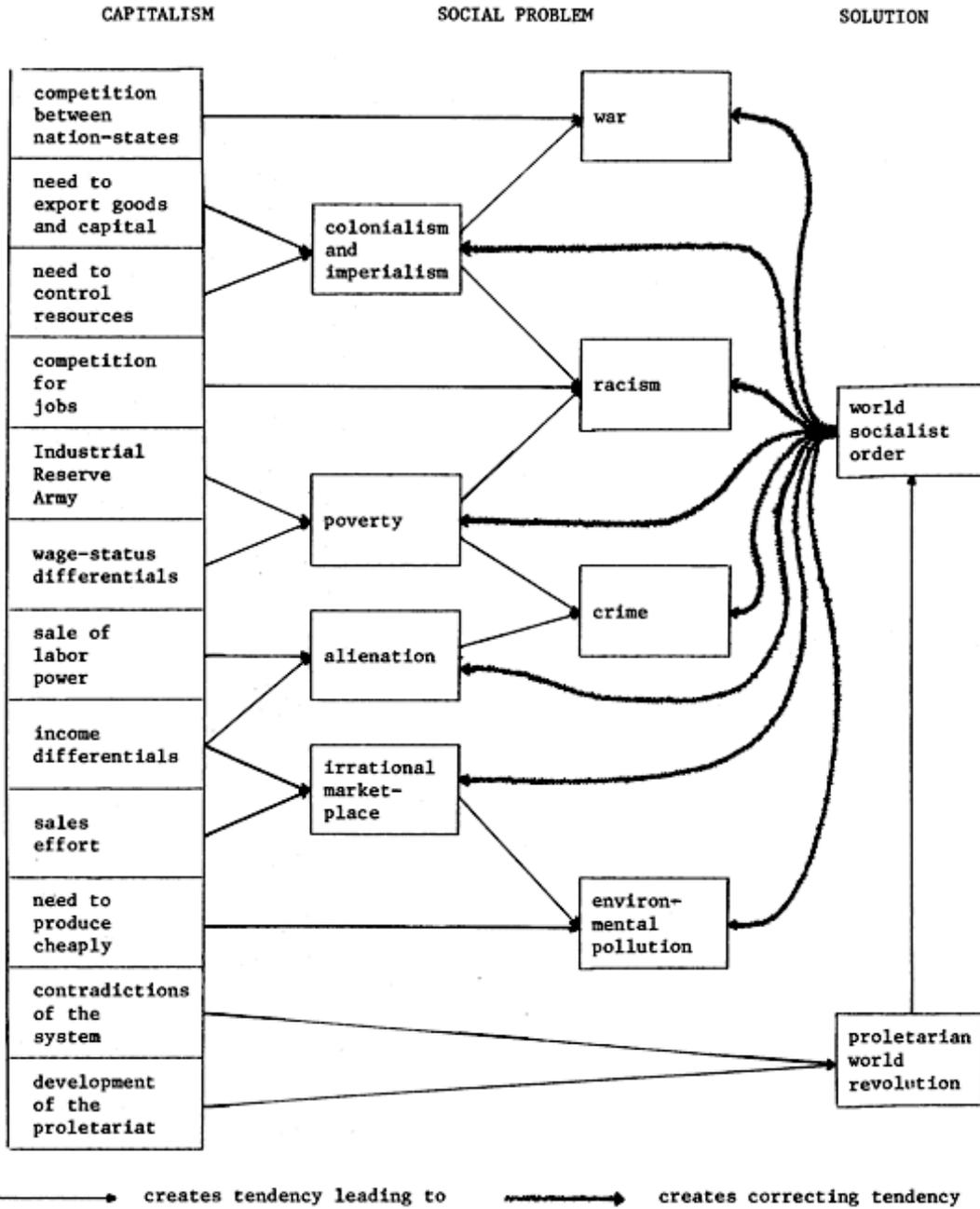
These are the main lines of the class structure of America. The basic class division between bourgeoisie and proletariat is overlaid with the distinctions based upon occupation and income level we have described, and by regional, ethnic, and racial

distinctions. All of these distinctions are no doubt foremost in the minds of the groups concerned, but they do not alter the fundamental class opposition nor the dialectic that emerges from this opposition. Neither the existence of gradations within classes nor the overlay between classes and the absence of sharp lines between classes detracts from the explanatory power of this model.

In concluding this section, it should be stressed that the Marxian class model is a *two* class model, in which change results from the clash of two contradictory forces, bourgeoisie and proletariat. It is of the utmost importance to recall that most of the characteristics that are usually cited in support of the “post-capitalist” thesis—rising real wages, improved pension, unemployment, and welfare plans, collective bargaining and labor unions, free elections, and the free educational system—are results of the determined struggle of the working class, a struggle that include the early workingman’s parties of the 1830s, the Knights of Labor, the Industrial Workers of the World (IWW), and the rise of the Congress of Industrial Organizations (CIO) [see Bayer & Morais 1970; Brecher 1972; Finer 1947-65]. They therefore tend to confirm the Marxist model, rather than a “post-Marxist” one.

We have seen how the very strength of the bourgeois social order is transformed into its weakness as the social relations of capitalism constrict the development and utilization of the productive forces unleashed by capitalism, leading to systemic stagnation, waste, and irrationality. We have also seen how the basic class antagonism of capitalism persists in modern America, hidden beneath the myriad wage—status differentials that distract our consciousness from the system itself. We may now turn to an examination of the ways in which the competitive, profit-oriented social structure of capitalism generates a whole series of social problems—war, underdevelopment, poverty, crime, racism, pollution, and alienation. We will examine each of these symptoms of a decaying social order.

Figure 6. Capitalism and Social Problems.



War and Cold War.

Capitalism did not create war. Wars have existed since the dawn of written history. But war is not a universal feature of human social life. War occurs only in particular kinds of societies and its form is directly related to the social structures that generate it.

In hunting and gathering societies, war is typically absent. The fighting that does exist is completely different from modern war in motives, organizational techniques, weapons, and effects. Such fighting is usually feuding, waged for purposes of revenge, and results from the ineffectiveness of public organs for the administration of justice. Wars of conquest, for territorial aggrandizement plunder, slaves, and other kinds of material gain, simply do not exist among hunters and gatherers [cf. Schneider 1964; Wright 1965, Chapter VI].

Such wars only begin to appear at a later stage of sociocultural evolution, after the development of horticulture, when social life becomes less nomadic, thereby permitting the accumulation of wealth. Warfare for plunder and slaves then emerges. Technological development, in other words, led to what Gerhard Lenski called an “ethical regression”:

It is one of the great ironies of evolution that progress in technological and social organizational spheres is often linked with ethical regress. The emergence of horticulture societies provides several striking examples. Some of the most shocking, by the standards of modern industrial societies, are the increased head hunting, scalp taking, cannibalism, human sacrifice, and slavery, all of which are much more common in the technologically and organizationally progressive horticultural societies than in the more backward hunting and gathering groups. Another development that can be regarded as ethical regression is the decline of the practice of sharing and the growing acceptance of economic and other kinds of inequality [1970, pp. 235-236].

This, of course, is the stage in cultural evolution in which one sees the breaking up of primitive communism and the emergence of the earliest ruling classes. Warfare and class rule, in short, developed hand in hand, each furthering the development of the other [cf. Carenco 1970].

Warfare in the sense of organized fighting for material advantages, occurs only in class structured societies, and wars are always fought in the interests of ruling classes, to protect and increase their wealth and to preserve and extend their power.

The wars generated by capitalism conform to this general rule. It is useful to distinguish between three kinds of capitalist wars:

1. wars of colonial conquest,
2. wars of imperial struggle and re-division, and
3. anti-Communist wars.

Wars of colonial conquest. Such wars result both from the desire for plunder and from the capitalist need to control labor, raw materials, and markets. Such wars constitute the instrumentality through which Western civilization was imposed on the non-Western world. The motivation in these wars is only rarely narrowly economic but includes political and ideological aspects as well.

This link-up of religious and economic motivation is seen throughout the period of primitive accumulation, as is the case of the conquest of Mexico and Peru, and blatantly continues in more modern wars. Note the use of religious and moral principles by John Quincy Adams to justify the Opium War (1839):

The moral obligation of commercial intercourse between nations is founded entirely, exclusively, upon the Christian precept o love your neighbor as yourself...But China, not being a Christian nation, its inhabitants do not consider themselves bound by the Christian percept, to love their neighbor as themselves...This is a churlish and unsocial system...The fundamental principle of The Chinese Empire is anti-commercial... It admits no obligation to hold commercial intercourse with others...It is time that this enormous outrage upon the rights of human nature, and upon the first principles of the rights of nations, should cease [quoted by Magoffin 1969, p. 173].

This was a war fought to prevent China from stopping the illegal trade in opium coming into Chinese ports (dope smuggling, in a word), a trade second in infamy only to the African slave trade.

Wars of imperial struggle and re-division. This class of wars result from the competition between rival imperialisms. As Baran and Sweezy describe the history of such wars,

the seventeenth and eighteenth centuries, which saw almost continuous struggles for empire and leadership among the Spanish, Dutch, British, and French were highly militarized centuries. The year 1815 marked a decisive British victory, followed by more than half a century of Pax Britannica....The German and Japanese challenges ... upset this relative equilibrium and led directly to the new upsurge of militarism which culminated in the First and Second World Wars [1966, pp. 180-181].

These world wars constituted major crises for the capitalist world order, and led directly to first, the Russian Revolution and second, the Chinese Revolution.

With the emergence of Communism as a real force in international affairs, anti-Communism becomes a major “cause” of war. World War II, with Hitler’s attack on the Soviet Union, had something of this quality, but the Korean and Vietnamese wars of the United States are much purer examples. The best example is the Cold War.

The cold war is usually justified as necessary to defend freedom from an expanding Soviet Union, and it is no doubt true that the Soviet leaders would like to extend their power. But the major revolutions of the postwar world, the Chinese, Vietnamese, and Cuban Revolutions, have occurred largely independently of any direct Soviet control, and the spread of Communism tends to restrict Soviet power within an

expanding Communist world. This casts some doubt on the idea that the cold war is being fought to protect the “free world” from Communist Russia.

The fact of the matter is that neither “freedom” nor “democracy” is at issue in the cold war. Recent events in Chile provide but the latest demonstration of the willingness of the American ruling class to overthrow any democratically elected government that threatened its interests and to support any repressive regime that will protect American interests. The defense of freedom is merely an ideological veil for the protection of American interests, usually from the people of the third world themselves.

But this is only part of the story. The cold war is aimed not only at containing Communism but at destroying it. American foreign policy has been aggressively anti-Soviet since 1917. The post-war policy of “containment” was designed to exert pressure and place strains on the Soviet economy which, it was hoped, would lead to the dissolution of Communism [cf. Baran & Sweezy 1966, pp. 183-207; Gillman 1965, pp. 17, 239; and especially the work of “revisionist” historians such as Fleming 1961; Williams 1959].

Some may consider the “cold war” to be over, replaced by détente and Kissinger diplomacy. The relative warming of relations between the U.S. and the Communist nations, however, indicates nothing more than that the U.S. is now willing to acknowledge that Communism is not likely to disappear or be overthrown in the near future. The continued heavy military expenditures of the United States reveal that the basic objectives of U.S. foreign policy have not changed.

Of course, it cannot be said that all modern wars are the direct result of capitalist interests. There have been conflicts between the proto-socialist states, such as the Sino-Soviet conflict and the Soviet invasions of Hungary (1956) and Czechoslovakia (1968), and also conflicts between third world nations, such as the India-Pakistan partition in 1948, the Katanga Rebellion in the Congo, as well as the essentially internecine wars in Biafra, and Bangladesh. Although such wars may not be generated directly by capitalist interests, it should be borne in mind that these conflicts take place within and between class-ruled nation states set against a world backdrop of imperialism [and imperialist interests are often involved in such wars]. The presence of war in such non-capitalist nations does not mean that wars would continue in a classless world order from which the nation-state has been eliminated.

Underdevelopment.

It is frequently believed that the present-day underdeveloped nations of Africa, Asia, and Latin America are in an economic and developmental stage comparable to that of Western Europe in, say, the fifteenth century, before overseas expansion began. It is further believed that the major barriers to economic growth in these nations involve, on the one hand, a shortage of capital, and, on the other, “precapitalist” or “feudal” social structures and mental attitudes that prevent rational use of available economic resources. The implication of these ideas is that the advanced nations should supply capital and guidance to the underdeveloped world to begin them in the road to economic growth that the West has so successfully traversed. Such ideas, however, fail to take into account the most elementary facts of world history [cf. Frank 1969, Chapter 2]. As we have seen in

our discussion of the “primitive accumulation” of capital, the industrialization of Europe was financed by the plunder of Latin America, Africa, and Asia. The result of this process, in the West, was the Industrial Revolution, in the non-Western world, the result was what Frank calls the “development of underdevelopment” in which economic and political institutions were transformed into instruments for pumping economic surplus out of these nations and into European and American industrial nations. This flow of surplus to the industrial nations continues today. During the years 1950 through 1963, the United States exported about \$9 billion to the underdeveloped nations, but the returns on this and previously invested capital amounted to \$25.6 billion, a net flow of \$16.6 billion to the United States [Magdoff 1969, p. 198]! If the underdeveloped world is suffering from a shortage of capital this is because the West has been pumping capital out of these nations for so long. The social structures that appear feudal and precapitalist are in fact as much products of the world capitalist system as is General Motors. The problem of economic development for these nations is overwhelmingly one of removing themselves from imperialist domination.

Poverty, Crime, and Welfare.

As was mentioned earlier, it is widely believed that the poor themselves are to blame for their condition, either because they are too lazy to work or too unambitious to gain the training necessary for a well-paying job. A moment’s reflection, however, will show that the causes of poverty are rooted in the bourgeois social order. We have already seen how capitalism itself generates the unemployment without which it could not function. Unemployment and underemployment lead inevitably to poverty; it is as simple as that. Of course, the poor may develop a “culture of poverty” as a means of adapting to their condition. The alleged characteristics of this culture—fatalism, lack of mobility aspirations, negative self-images, impulsiveness—are results of poverty, not causes. (It should also be noted that the existence of a culture of poverty has been questioned by a variety of critics, see Leacock [1971].) The ultimate causes of poverty in capitalist society are to be found in unemployment low-paying jobs, and economic insecurity—all of which are irreducible elements of the bourgeois social order.

Like poverty, criminal behavior is popularly believed to result from individual shortcomings. It is generally accepted among criminologists, however, that crime is not a matter of individual avarice or guilt but instead has its roots in the structure of society. On this, we can do no better than quote a former attorney general of the United States, Ramsey Clark:

Most crime in America is born in environments saturated in poverty and its consequences: illness, ignorance, idleness, ugly surroundings, hopelessness. Crime incubates in places where thousands have no jobs, and those who do have the poorest jobs; where houses are old, dirty and dangerous; where people have no rights.... Poverty, illness, injustice, idleness, ignorance, human misery and crime go together. That is the truth. We have known it all along. We cultivate crime, breed it, nourish it. Little wonder we have so much [1970, pp. 57, 66].

It is often said that modern societies are becoming “welfare states,” in which government welfare programs are becoming progressively more responsible, humane,

and generous. As is often the case, however, this popular supposition is almost completely erroneous. As Frances Fox Piven and Richard Cloward argue,

. . . the historical pattern is clearly not one of progressive liberalization; it is rather a record of periodically expanding and contracting relief rolls as the system performs its two main functions: maintaining civil order and enforcing work....when mass unemployment leads to outbreaks of turmoil, relief programs are ordinarily initiated or expanded to absorb and control enough of the unemployed to restore order; then, as turbulence subsides, the relief system contracts, expelling those who are needed to populate the labor market. Relief also performs a labor-regulating function in this shrunken state, however. Some of the aged, the disabled, the insane, and others who are of no use as workers are left on the relief rolls, their treatment is so degrading and punitive as to instill in the laboring masses a fear of the fate that awaits them should they relax into beggary and pauperism [1971, pp. x, 3].

Racism.

The fact is America is a deeply racist society is embedded in the mind and heart of every citizen. We know that America is racist, the question is, why?

The explanation of orthodox social scientists generally runs along the lines of Gunnar Myrdal's classic, *An American Dilemma*, which was written in 1940 but is still recognized as authoritative. Myrdal's explanation has two aspects. The first, the idea of the "vicious circle" does take into account what we would call material factors. The vicious circle refers to the cause and effect relationship between discriminatory ideas and substandard economic conditions. According to Myrdal,

White prejudice and discrimination keep the Negro low in standards of living health, education, manners and morals. This, in its turn, gives support to white prejudice. White prejudice and Negro standards thus mutually "cause" each other [1962, p. 75].

Myrdal opposes this idea of multifactoral, mutual cause and effect relationships to the idea that there is "one predominant factor", mainly in the form of a "vague conception of economic determinism," which he mistakenly attributes to Marxism [1962, p. 1069]. However, Myrdal makes his idealist bias quite explicit in the second aspect of his explanation, which derives white prejudice from "sexual urges, inhibitions, and jealousies and social fears and cravings for prestige and security" lead to a "totally irrational, actually magical belief" concerning the "unclean" nature of blacks [1962, pp. 59,100]. Thus, the problem is essentially a moral one:

The American Negro problem is a problem in the heart of the American. It is there that the interracial tension has its focus. It is there that the decisive struggle goes on. This is the central view point of this treatise [1962, p. lxxi].

Now, Myrdal's explanation is clearly superior to racist explanations, or to other explanations which place the blame as well as the burden of racism on the blacks. Nevertheless, Myrdal's idealism leaves much to be desired. Again, we shall not attempt a

complete examination of his shortcomings [see Aptheker 1944; Cox 1948], but will only note two points.

First, Myrdal's approach tends to oppose blacks as a whole to whites as a whole. The idea that racism lies in the heart of the white American places the onus for racism equally on all whites. Further, since racism comes ultimately from ignorance and irrationality, it follows that the least educated whites, workers and poor whites, are most to blame. Linked into this is the common but erroneous idea that poor whites and workers are the chief enemies of blacks since not only are they the least enlightened, but it is they who are the chief beneficiaries of racism because racism means that whites get the best jobs. Although this is an extremely widespread idea, it ignores the existence of equally strong prejudice and discrimination in the uppermost reaches of American society, in exclusive neighborhoods, country clubs, elite schools, and so on. It further ignores the fact that the higher the educational level achieved by blacks, the lower is their income as a percentage of white income at similar educational levels. In short, racism increases as one ascends the social scale.

Second, we should consider the conservative political implications of the idealist approach. If the problem lies in the heart of the American, obviously it can be solved only by a change of heart. The emphasis should be placed upon moral persuasion rather than on massive [and expensive] programs to provide better housing, improved educational programs, and new job opportunities for blacks.

Thus, the "vicious circle" of cultural idealism and political passivity is completed. The problem lies in the heart of the American, a result of ignorance and unenlightened attitudes, and since such ignorance is naturally most common among workers, for whom racism provides real benefits, it is unrealistic to suppose that a workers' revolution can or will liberate blacks. Instead, it is better for blacks to ally themselves with the natural friends, the enlightened elite, and wait for a moral change of heart.

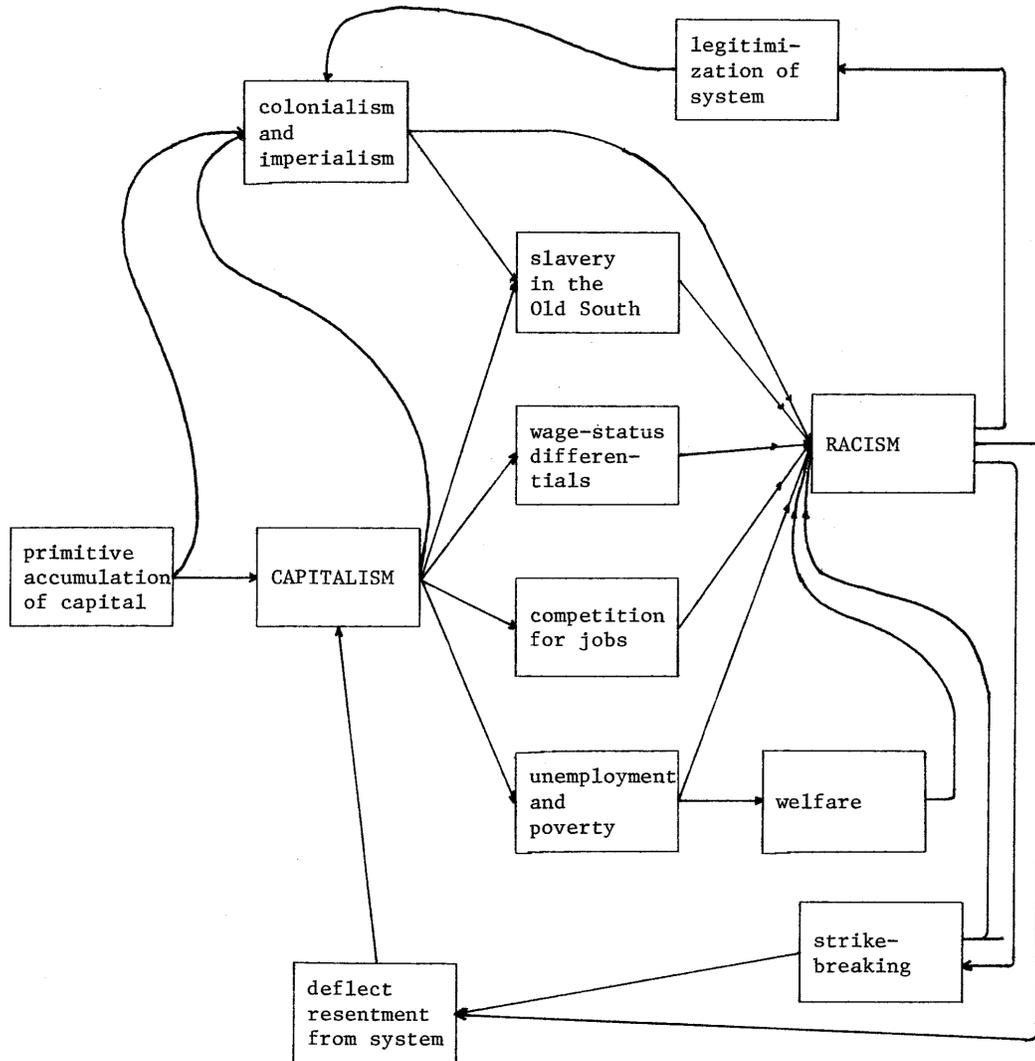
The vicious circle, however, can be broken by introducing a fresh point of view, for, as Cox writes, ". . . both race prejudice and Negro standards are consistently dependent variable . . . both produced by the calculated economic interests of the Southern oligarchy" [1948, p. 530].

It should not be thought, however, that racism is primarily, a *southern* phenomenon. While it is true that the south has seen the most blatant racist excesses—Jim Crow, beatings, lynchings—the North has by no means been free of racism. Indeed, it is more proper to regard racism as an American [or better, worldwide] disease, manifesting itself in different forms in the North and in the South. Let us examine first, the historical sources of racism and then look at the structural sources of racism within capitalism itself. Figure 7 diagrams the major interconnections we will be discussing.

The historical roots of racism lie in colonialism and in the slavery of the old South. It is of course an accident of history and geography that capitalism emerged among white Europeans rather than any of the darker skinned peoples of the world. But given the fact that it did, it was all but inevitable that skin color would come to form the basis of ideological justification for the conquest, exploitation, oppression of the non-European world. The inhumanity inflicted upon the colored peoples of the world needed to be justified by an ideology that stripped them of their humanity. This ideological

justification took the form of a pseudoscientific racism that held some branches of humanity to be inferior. Reasonably enough, those subjected to the worst forms of exploitation and oppression, black Africans, were placed lowest in the scale of humanity. The ideology of racism put down its strongest roots in the American South, an integral part of the world capitalist system.

Figure 7. Capitalism and Racism.



—————> creates a tendency leading to or reinforcing

Racism, then, was the inevitable product of an emerging world capitalist order that benefited white Europeans at the expense of black and brown Africans, Asians, and

American Indians. This racism reached its greatest strength where the exploitation of black slaves was most direct and brutal and therefore most in need of justification.

These historical roots, although they explain the existence of racism, are insufficient to explain the continued virulence of the ideology in contemporary America. We must also examine the structural roots of racism within the capitalist order of America itself, and the way in which racism supports this order.

As Marx and Engels noted in the *Manifesto*, “The organization of the proletarians into a class, and consequently into a political party, is continually being upset by the competition between the workers themselves. . . . Wage-labor rests exclusively in competition between the laborers” [1964, pp. 18-19, 24]. This competition for jobs within the capitalist labor market sets up secondary antagonisms within the proletariat, antagonisms that serve to maintain and generate anew any pre-existing ethnic or racial distinctions. Let us examine this process in greater detail.

Capitalism generates a system of objective wage-status differentials, for the capitalist needs not just labor power in the abstract, but concrete labor power of different kinds and of different levels of skill and training. It needs common laborers, for manual and assembly-line labor, janitors, semiskilled machinists, plumbers, electricians, firemen, supervisors, typists, secretaries, clerks, accountants, various kinds of engineers, computer programmers, and so on. Since each of these various job categories must be filled by workers with different kinds and degrees of training, and since the supply-and-demand factors are different for each category, the different kinds of workers are paid differently and are accorded different degrees of status and prestige.

At the same time, capitalism generates an Industrial Reserve Army, which is both essential to the system and maintained by definite mechanisms within the system. As a result, a significant proportion of workers are condemned to unemployment or to marginal employment and hence to poverty. Poverty in turn generates a whole series of what can only be called deleterious sociopsychological phenomena—fragility of marital ties, broken homes, matrifocal families, substandard economic conditions, reduced educational achievement and occupational aspiration, apathy and crime. A significant portion of blacks are confined to the Industrial Reserve Army by, among other things, discriminatory occupational barriers, and blacks have come to make up the most visible portion of the Industrial Reserve Army. Consequently, Myrdal’s “vicious circle” can be plugged in here as an important cause of racism. It must be understood, however, that this vicious circle operates within a structure generated by capitalism.

But this is not the only, or even the major, source of racism in the capitalist order. More important is the competition for jobs that results from the fact that available jobs at each wage-status level are fewer than the number of those workers who would like to fill them. This competition for jobs within the capitalist system generates secondary antagonisms [secondary, that is to the fundamental antagonism between capital and labor] within the working class that serve to maintain and heighten ethnic and racial distinctions and transform them into antagonisms. These ethnic and racial antagonisms, although secondary, come to be foremost in the workers’ consciousness and tend to distract the workers’ attention from the more fundamental exploitative antagonism. This process was described by Marx:

Every industrial and commercial center in England now possesses a working class *divided* into two *hostile* camps, English proletarians and Irish proletarians. The ordinary English worker hates the Irish worker as a competitor who lowers his standard of life. In relation to the Irish worker he feels himself a member of the *ruling nation* and so turns himself into a tool of the aristocrats and capitalists of his country *against Ireland*, thus strengthening their domination *over himself*. He cherishes religious, social, and national prejudices against the Irish worker. His attitude toward him is much the same as that of the “poor white” to the “niggers” in the former slave states of the U.S.A. The Irishman pays him back with interest in his own money. He sees in the English worker at once the accomplice and stupid tool of the *English rule in Ireland* [1972, pp. 293-294].

Thus, racism cannot really be considered an “American dilemma,” for it appears to be an irreducible product of the capitalist mode of production. This is demonstrated, for example, by Otto Bauer’s study [discussed by Leggett 1968, pp. 32-33] of occupational levels and ethnic groups in what is now Czechoslovakia, which shows how ethnic distinctions fed into and supported class distinctions and were maintained by competition of jobs and the use of different ethnic groups as strike breakers. It may also be seen in racially homogeneous Japan, where similar antagonisms exist between Japanese and immigrant Koreans and between majority Japanese and the descendants of feudal outcast groups [Ruyle 1971]. Racism reaches its nadir in the United States not because of any defect in the American character but because this competitive antagonism acts upon the racial distinction between white and colored peoples that was generated by colonialism and further heightened by the slave system of the old South. Given these multiple roots in history and social structure, it is little wonder that American racism is so strong.

The competitive tensions between white and black workers in America (and between other ethnic groups as well) have been further exacerbated by the deliberate efforts of the employers to divide these groups and play them against one another. This is seen most clearly in the use of blacks as strike breakers [see, for example, Gutman 1968].

It is important to understand that these racial antagonisms and the resulting discriminatory barriers do not work to the advantage of white workers. Michael Reich has argued on the basis of nationwide statistical evidence that where racism, as measured by black/white income differentials, is highest, inequality among whites is also highest “. . . with increased income for the richest 1 per cent of white families. . . and . . . a decrease in the income share of whites in the middle income brackets” [1972a, p. 318].

Reich concludes that racism, even within the capitalist system, “is in the economic interests of capitalists and other rich whites and against the economic interests of poor whites and white workers” [1972a, p. 319].

More important, of course, than its effect within the system, is racism’s effect in maintaining the system by drawing the anger and resentment of white workers away from the employers and onto blacks.

The white worker may “benefit” from racism in that he has a job while the black worker does not, although it may be a job that might pay less if it were not for competition from black workers. The important point, however, is that this “benefit” is

within an exploitative system. Any “benefits” racism may provide the white worker [and, as Reich suggests, such benefits *even within the system* are probably illusionary] must be weighed against the role of racism in maintaining the system itself, and hence the subordination of labor to capital.

A further consideration in the maintenance and heightening of racial antagonisms in the United States lies in the nature and functioning of the welfare system. As already noted, welfare exists not to benefit the poor but to control them and maintain the system. In doing so, it acts to generate further antagonisms within the working class, between unemployed welfare recipients and employed workers who see welfare as being paid for by “their” taxes. Since the most visible portion of welfare recipients are black, the prejudice and antagonism already felt toward blacks combines with the resentment felt toward the welfare system to heighten racial antagonisms. The worker sees his hard earned wealth, already in short supply, taken from him to provide benefits for nonworking blacks whom he stereotypes as lazy, self-indulgent, and generally worthless. That such appearances do not conform to reality is of course obvious from all our discussion to this point.

Given the constraints laid down by the capitalist system, the amount of money spent on welfare is necessarily limited, setting up a competition for welfare funds among the poor. Now, racial and ethnic group discrimination has proven an effective issue around which to organize and pressure officials for greater welfare benefits. But the use of these distinctions as organizational tools tends to perpetuate and heighten them within the social consciousness.

In conclusion, although in theory it would be possible to build a capitalist system without racism, the actual fact is that the capitalist social order is so indelibly imprinted with racism that the problem simply cannot be solved within the framework of the existing system. Racism is not a “dilemma” at all, for the term refers to a choice between equally undesirable alternatives. From a Marxian perspective both the elimination of racism and the elimination of its cause are equally desirable.

Sexism.

The term “sexism” evokes a variety of meanings: the theory and practice of male supremacy as institutionalized in lower pay and reduced occupational opportunity for women; the forcing of males and females into predetermined roles, independently of their individual personalities and inclinations; and finally, sexual repression, the attempt to deny individuals of either sex the freedom to control their own sexual lives. This is a broad topic and unlike racism and alienation, which are generated specifically by the capitalist mode of exploitation, sexism is not specific to capitalism, although, like war, it does appear to be related to exploitation in general. The nadir of male chauvinism, for example, appears to have been reached in the advanced but precapitalist agrarian civilizations of China, India, and the Near East, where seclusion of women to the home, immolation of wives on their husband’s funeral pyres, the deformation of the feet of young girls by foot-binding, and the like far exceed any of the manifestations of male chauvinism in bourgeois society. Further, many “primitive” peoples are as prudish as Victorians about sexual matters. Clearly, any attempt to link, simply and directly, sexism with specifically capitalist exploitation is bound to be unsatisfactory. Nevertheless,

sexism exists in contemporary society and is a matter of concern not only to women's liberation groups but to any thinking woman or man, and so some tentative observations are in order. (For additional discussion see Leacock [1971]; Reed [1971]; W. Reich [1972]; Schein and Lopate [1972].)

First of all, it is quite clear that as more and more women join the labor force, discriminatory pay scales provide benefits to the capitalist by lowering his wage bill. But this is probably more properly seen as a windfall to the capitalist and not the cause of sexism. Capitalism could easily enough endure without it.

Further, women should not be thought of as an oppressed "class," for social classes are composed of families rather than individuals. Working class women are clearly oppressed in their roles as housewives and exploited when they are forced into the labor market, but working class men are also oppressed and exploited. There may be some truth in Engels' view of the working class male as the "bourgeois" of the household who exploits and oppresses his wife just as he is exploited and oppressed by his employer, for clearly, the family system provides a psychosocial "cushion" for the capitalist system. But it seems unreasonable to think of a man who may be working 8 or 12 hours a day to support his wife and family as an "exploiter." It seems more reasonable to see the working class family being exploited and oppressed as a unit, with different forms of this exploitation and oppression falling on the husband and on the wife. Sexism forces both males and females into exploited roles and is therefore equally oppressive for men and women.

Women in the ruling bourgeoisie, by contrast, are neither exploited nor oppressed. Not only do upper class women enjoy substantial property ownership, but the feminine half of the ruling bourgeoisie plays an essential role in the division of labor of ruling—in maintaining those social institutions, such as debutante and charity balls, which maintain the ruling class as a cohesive, intermarrying social class; in providing social and cultural models, such as Jackie Onassis, for the rest of the population to admire and emulate; and in engaging in charity and welfare work to ease the suffering of those whom their husbands oppress, thereby helping to blunt the class struggle [see Domhoff 1970, Chapter Two].

The Irrational Marketplace.

We have already examined the "invisible hand" theory of the market, that the self-regulating market automatically allocates labor and resources in such a way as to satisfy society's needs with a minimum of government regulation. The argument assumes that everyone has equal amounts of money so that they exert equal demand, and that there are no external influences on the market. But neither of these conditions obtains in contemporary society. We may consider three factors leading to irrationality in the marketplace.

1. The wide differentials of income in contemporary society mean that the rich exert far greater effective demand than the poor. Hence, labor and resources are allocated to satisfying the whims of the rich before the most pressing needs of the poor are met. For example, the *New York Times* [7 January, 1968, quoted in *Monthly Review* 20-1; 32] described a fashionable wedding party in Miami and the finery worn by the couple and

invited guests—all poodles of the idle rich! Contrast this with the thousands of starving children in the United States and the millions abroad [cf., for example, Harrington 1962].

2. American corporations spend billions of dollars on advertising that plays upon the consumer's anxieties and insecurities in order to increase demand for superfluous commodities, such as the latest style in clothing or cars, cosmetics and deodorants, cigarettes, and so forth.

3. An even more insidious example of the manner in which the market is restructured in order to provide profits to particular groups of capitalists is provided by recent testimony before the Senate Anti-Trust Committee by Bradford C. Snell [1974]. In order to sell more automobiles and gasoline, General Motors, Standard Oil of California, and other corporations in the auto-oil complex destroyed over 100 electric rail systems in 45 states between 1932 and 1956. They did this by forming a holding company that bought up the rail companies, converted the fast, clean, and efficient electric trains to noisy, foul-smelling General Motors diesel buses, and sold the companies, with a stipulation that no means of propulsion other than gasoline would be used. Thus consumers, no matter how rich or resistant to advertising they may be, are not even given a meaningful choice on the market. If they want to get where they are going in reasonable comfort and in a reasonable time, they must go by private automobile. Another example of the restructuring of the choices available to consumers by powerful private interests is the medical profession, in which the powerful American Medical Association pursues policies designed to benefit its members, not the public, resulting in an undersupply of doctors and a limitation in the kinds of health care available to consumers [see Ehrenreich 1970; Friedman 1963, pp. 137-160].

This suggests that we should think more carefully about the idea of consumer sovereignty [cf. Baran 1957, pp. xi-xviii]. The market is not structured by consumer demand in such a way as to satisfy genuine human needs but by the giant corporation in such a way as to maximize profits. This is done, in part, by creating spurious needs in the individual, needs originate in the profit-thirsty corporation, not in the consumer.

Pollution.

Environmental pollution is often seen as an inevitable concomitant of modern industrial civilization and of the increasing demands placed on environmental resources by an expanding population and a rising standard of living. And it is certainly true that industrial civilization places greater demands on the environment than did any earlier civilization, but this is only part of the story. It is important to understand that these increasing demands are structured by the capitalist system in ways that magnify their deleterious effects on the environment. This structuring results from the primacy of the profit motive in capitalist production and from the private accounting procedures of the corporation, public or private. Only those things for which the corporation has to pay a price, in money, are considered in the cost accounting. The remaining costs—of pollution from discharge of wastes into the atmosphere or into rivers, lakes, and oceans, of noise pollution from factories, highways, and airports, of aesthetic pollution from ugly buildings and billboards, and from the destruction of natural and historic features—are paid by the public at large. The same is true of the human costs of industrial activity—work injuries, occupational diseases, unemployment caused by the introduction of new machinery—

which are paid for by the workers, or they are diverted into social overhead costs, paid by the public at large [cf. Karp 1971].

Perhaps the most glaring example of how economic activity is structured by considerations of private profit rather than public benefit or environmental conservation is in the field of transportation. We have already considered how the corporations in the auto-oil complex destroyed existing privately owned public transportation systems. The point to be emphasized here is the tremendous human and environmental costs that this involved. The private automobile is an extremely inefficient means of transportation in terms of utilization of energy and materials, safety, and environmental pollution. The fact that the auto is faster, cheaper, and more convenient is a result of the neglect of alternative forms of transportation—compare, for example, the rapid, cheap, and reliable rail transportation in Japan and Europe. The absence of decent public transportation in America is not a result of the superiority of the automobile in the “free” market, but rather of the superior politico-economic strength of the auto-oil complex.

Alienation.

Alienation, the sense of estrangement that modern man feels towards nature, society, and himself, the feeling that he has lost control over the conditions of his own existence, is seen by existential philosophers as a by-product of human life in general. Unique among all creatures, man is conscious of his own existence and this fact sets him apart from natural existence.

For Marx, by contrast, alienation is generated by the basic structural features of capitalist production. The worker sells his labor power and thereby loses control over his own activity and existence during his working hours. By losing control over his work process, he also becomes alienated from the product of his labor and from himself, from his creative potential and from the social bonds that define him as human. The result is that the worker ends being alienated from himself, from his fellow workers, and from society in general. Further, in destroying pre-existing social formations, capitalism destroys the social bonds linking human beings together. Capitalism, in the words of the *Communist Manifesto* [Marx & Engels 1964, pp. 4—5] tends to destroy all “natural” human bonds and leaves remaining “no other bond between man and man than naked self-interest, than callous ‘cash payment’.”

It is not just the worker who is subject to the alienating consequences of capitalist social relations for the bourgeois is also alienated. He may control the productive process but does not actually participate in it. He does not relate to the actual producers as human beings but as instruments. Indeed, he himself is transformed by his own capital into an instrument for capital accumulation, just as the worker is transformed into an instrument for the production of surplus value.

Regardless of whether alienation takes the form of “blue collar blues,” “white collar woes,” or “managerial malaise,” its structural roots remain the same. Modern man vaguely senses that something has gone wrong, but does not know what. Neither does he know how he can change it or set things right. This sense of dissatisfaction and powerlessness may be manifested in a Thoreauian quiet desperation, in passive resignation, or in an outbreak of outraged violence.

The alienation of modern man, then, is a product of a particular social order and is not “natural” to the human condition. In the original condition of mankind, the primitive communism of hunters and gatherers, all men and women had direct access to the strategic resources and the means of production, all controlled their own productive processes and produced for themselves, their families, and their kinsmen, and everyone related to each other as human beings, not as objects from which to squeeze a profit. In short, although the productive powers of primitive society were limited, primitive man controlled his own life. The subsequent history of humanity, however, has been the history of the progressive development of the forces of production and the progressive alienation of mankind. The process which began with the emergence of class rule and the producer’s loss of control over his own destiny reaches its culmination in the bourgeois social order in which ruler and ruled are alike mere creatures of capital. At the same time, however, capital has liberated the tremendous productive potential inherent in the human condition and thereby made possibly humanity’s reappropriation of its own destiny within the much broader scope of industrial society.

World Revolution Of The Proletariat

The demonstration of the interrelations between the capitalist social order and contemporary social problems was a major intellectual achievement of Marx, comparable to the achievements of Darwin, Newton, and Copernicus. But Marx did not show humanity the cause of its suffering so that it would know why it suffered; he examined the cause in order to show the way to the cure. The supreme achievement, and greatest appeal, of Marxism is its demonstration of how the capitalist system contains within itself the seeds of its own destruction, seeds that will mature and blossom into a more humane social order, socialism.

The impending socialist revolution flows inescapably from the processes of capitalist production. Just as the bourgeoisie revolutionizes the productive forces of society, so it revolutionizes the social relations of production. The rural isolation of the peasant community is broken down as the direct producers are brought together in cities and organized by the bourgeoisie themselves in larger and ever larger factories. As the rural peasantry is transformed into an urban proletariat, it becomes aware of itself as a class and begins to struggle for its own interests in opposition to those of the bourgeoisie. Its interests lie in the socialization of the means of production, for unlike agricultural land, a factory cannot be broken up into small units to be worked individually. Therefore, unlike a peasant revolution that merely attempts to reestablish individual peasant rights of private property in farmland, a proletarian revolution cannot but develop as a socialist revolution.

The revolutionary nature of the proletariat, then, flows from the processes of capitalist production. Equally important, however, are the changes in consciousness and political organization arising out of the historical conditions under which the bourgeoisie attained the position of ruling class. In overthrowing feudalism, the bourgeoisie created forces that transformed the entire structure of society. Yet once created, these forces are no longer completely under bourgeois control. Marx and Engels saw this clearly:

Each new class which puts itself in the place of one ruling before, is compelled, merely in order to carry through its aim, to represent its interest as the common interest of all the members of society, put in an ideal form; it will give its ideas the form of universality and represent them as the only rational, universally valid one. The class making a revolution appears from the very start . . . as the whole mass of society confronting the one ruling class. . . . Every new class, therefore, achieves its hegemony only on a border basis than that of the class ruling previously, in return for which the opposition of the non-ruling class against the new ruling class later develops all the more sharply and profoundly [1947, pp. 40-41].

Thus, the conditions under which the bourgeoisie achieves its rule become the foundations for the resistance to bourgeoisie rule. Here we note two aspects.

First, the development of a rational, critical social science provided the bourgeoisie with the ideological weapon to attack feudal privilege and irrationality. But as the bourgeoisie becomes a ruling class, it no longer needs a materialist, critical ideology, and bourgeois ideology becomes increasingly idealistic and apologetic. Yet,

once created, critical social science becomes a material force in its own right. As Joseph Schumpeter noted:

Capitalism creates a critical frame of mind which after having destroyed the moral authority of so many other institutions, in the end turns against its own; the bourgeois finds to his amazement that the rationalist attitude does not stop at the credentials of kings and popes but goes on to attack private property and the whole scheme of bourgeois values [1954, p. 143].

Second, the establishment of the institutions of parliamentary democracy enables the bourgeoisie to rule, but to rule only with the consent and participation of other nonruling classes. These democratic institutions are not simply a sham that conceals bourgeois rule, but rather are the historically developed institutions through which the bourgeoisie rules.

But the use of democratic institutions to legitimize bourgeois rule means that these same democratic institutions can be used to de-legitimize bourgeois rule and replace it with something else. The proletariat can use political freedom and the ballot to overthrow the bourgeoisie. Marx and Engels felt that democratic institutions were sufficiently strong in England and the United States so that the working class could attain their ends in these countries through democratic means rather than through violent revolutions [cf. Laski 1951, pp. 64, 76]. Thus, critical social science and democratic institutions are the pick and shovel of the proletarian gravedigger as he proceeds with his historic mission of laying the capitalist class to rest.

When the proletariat achieves state power and becomes a ruling class it will establish its conditions of existence as the ruling conditions of society, as have all ruling classes. But since the conditions of life of the proletariat consists in its obligation to labor and in its absence of special privileges, a proletarian revolution must abolish all special privileges and confer upon all an equal obligation to labor. Thus the basis of class society will be abolished and social evolution will have returned to its starting point. Class society, the negation of the liberty, equality, and fraternity of primitive communism, will negate itself in socialism.

The classless society of the future will build upon and perfect the achievements of the bourgeoisie—the high development of society’s productive forces, bourgeois political freedom, and bourgeois democracy.

Unfortunately, neither Marx nor Engels ever described in any detail the structural and cultural features of the socialist society of the future. But it is possible to sketch the broad outlines of this society.

Socialism may be defined as a classless, postcapitalist world industrial system in which strategic resources and the means of production are socially owned, democratically controlled, and rationally managed in order to produce for use rather than profit. In such a society, the major structural roots of war, inequality, poverty, crime, racism, and alienation will have been eliminated and so we may expect the incidence of these social problems to diminish rapidly and markedly in the socialist future, and eventually, disappear completely. This will not, of course, eliminate all the problems of being human; personal adjustments to illness, to being unloved, to one own shortcomings, to

death, will remain, but will not be magnified by the social structure. Humanity will at last be free to explore the potentialities of its existence.

This concept, it should be emphasized, is quite different from that usually understood by the term socialism. Most importantly, it excludes precisely those national societies that most vocally assert themselves to be socialist such as the USSR and China. These are *national*, rather than *world*, societies; they are *not* postcapitalist; they are *not* classless, and production is *not* democratically controlled. Thus, however much these societies may anticipate positive achievements we would expect in a socialist world order they are not socialist. They should properly be regarded as protosocialist states. The continuance of social problems in these states is to be expected.

Two further points of clarification should be made.

[1] Socialism is not state ownership. The state, in Marxian theory, is an instrument of class domination and with the elimination of social classes the state may be expected to wither away. There will, of course, continue to be democratically controlled bodies to plan and integrate production and regulate disputes, but these will be integral parts of society and will not necessarily be centralized, but may be vested in lower level agencies corresponding to what are now national, state, country, and neighborhood levels, depending on the nature of the productive process involved.

[2] Socialism will not necessarily abolish all private property. Only private property that is exploitative in nature, such as capitalist and landlord private property, will be eliminated. Private property in consumer's articles such as books and records, food, clothing, housing, automobiles will continue [cf. DeLeon 1974; Sweezy 1949, pp. 3-5;].

The ongoing World Revolution of the proletariat may be seen as occurring on three fronts:

1. the growing strength of the working class and socialism within the advanced industrial nations,
2. the rise of protosocialist states in Russia and Eastern Europe, China and the Far East, and Cuba, and
3. the movements of national liberation in the colonial and neocolonial worlds.

The growing strength of the working class. At the time the *Manifesto* was written, socialism was confined to a few small sects. By 1893, Engels saw that it "had developed into a powerful party before which the world of officialdom trembles" [quoted by Sweezy and Huberman 1964, p. 102]. In 1917 the Russian proletariat began, for the first time in history, to apply the principles set forth in the *Manifesto*. By 1949, with the success of the Chinese Revolution, more than a quarter of the human race had followed suit. At the present time, working class parties espousing socialist ideologies form the major opposition in all the advanced capitalist nations except the United States. Even in America, however, the absence of revolutionary potential is more apparent than real. Who, in the early 1870s, could have predicted the "Great Upheaval" of labor unrest in 1877? Who, in the late 1920s, could have predicted the Great Depression and the rise of the militant C.I.O. drives of the 1930s? Who, in the mid-1950s, could have predicted the

civil rights movement, the antiwar movement, and the widespread student unrest of the late 1960s? And who, in 1974, can say what will happen in the late 1970s or 1980s? Movements of social change have traditionally emerged with great rapidity in America [cf. Boyer and Morais 1970; Brecher 1972; Foner 1947-1965]. And, as we have seen, the conditions for the emergence of such a movement are rapidly ripening.

The rise of protosocialist states. Perhaps the most confusing aspect of socialism for the student is trying to reconcile the theory of socialism with what is presented as the reality of socialism, especially as it exists in the Soviet Union. Both the Russian and American ruling classes have vested interests in portraying the social order of the Soviet Union as “socialist” [the Russians in order to legitimize existing social reality, the Americans in trying to delegitimize the idea of socialism], but the simple fact of the matter is that what we seen in the Soviet Union and other Socialist bloc nations is not socialism. Rather, these are transitional, protosocialist state societies which contain important socialist elements but are also marked by significant nonsocialist elements as well.

As has already been emphasized, socialism is a postcapitalist world order, which presupposes a high development of the productive plant and an international scope for its existence. Classic socialist theory assumed, reasonably enough, that the working class would attain state power first in the advanced nations, where the material conditions for socialism would already have been created by the bourgeois era, and that socialism would then spread to the rest of the world. But the material conditions for building socialism simply did not exist in the U.S.S.R., the first nation in which the working class was able to take and hold state power. Consequently, what developed in the Soviet Union was not socialism but rather a transitional social order, on the road to socialism but unable to arrive there until the revolution is completed in the West.

Prerevolutionary Russia, on the eve of the World War I, was a highly contradictory society. Its predominantly peasant population was dominated by a despotic, “semi-Asiatic” state. But it had a highly developed working class which, although it was small in proportion to the size of the peasantry, had adopted the advanced organizational forms and political ideas of the more advanced proletariat of the West. This cumbersome, despotic state could not survive the crisis of the war. After it crumbled, the Bolshevik Party moved rapidly to seize state power, with the active support of the working class.

Once it had attained state power, however, the party found itself confronted with all but insurmountable problems. It had hoped for and expected similar revolutions to occur in the bourgeois nations of the West, but these failed to materialize or, where they materialized, failed to triumph. With the decimation of the Russian working class in World War I, the revolution, and the ensuing civil war [in which the counterrevolutionary forces were actively supported by the West], the party found itself holding state power with a mandate to build socialism but without the material conditions upon which socialism could be built. The Bolshevik Party thus had to stand above a peasant society and force it to march along the road to socialism, although this is not the natural direction for a peasantry, as opposed to a working class, to move. It had to retain an army and other repressive agencies to protect the revolution from the imperialist West, and it had to carry out a “primitive socialist accumulation” to industrialize the Russian economy.

The result was what Leon Trotsky [1972] called a “degenerated workers’ state” in which the Party exercised despotic power, unrestrained by the active participation of a working class in the political process. In spite of the obvious shortcomings of such a social order, the USSR under Stalin did industrialize, did withstand the Nazi invasion, and did become a major military and industrial power—all of which attests to the vitality of this social order. Further, the rate of economic growth in the Soviet Union has been and continues to be higher than in the capitalist West, so that the per capita income of the Soviet Union will surpass that of the United States by the late 1980s, if present trends continue.

In other countries where socialism has triumphed, material conditions have of course differed from those in the Soviet Union. (Most importantly, the very existence of the Soviet Union has meant that these nations do not have to live under the same kind of fear of imperialist-led invasion and counterrevolution as that which characterized the early years of the Russian Revolution.) Nonetheless, these nations have been characterized by similar economic backwardness and by harassment from the imperialist nations, especially in East Germany, Korea, China, Vietnam, and Cuba. These material conditions have produced similar results in social structure. This is not to deny the very real differences in culture and social structure between the various communist countries, but merely to point out that the very real similarities in social structure flow naturally from similarities in material situation.

The concept of protosocialist states then, effectively removes the state-centered societies of the Soviet Union, China, and Eastern Europe as models of socialist society. In these protosocialist states, determined elites guided by the proletarian vision of socialism have made significant strides in eliminating the worst abuses of capitalism. Marxian socialists can point with pride to the very real accomplishments of these societies in economic development and social welfare. But socialists need not apologize for the equally real shortcomings of the protosocialist world—the lack of individual freedom, the inefficiency, the inequality; in a word, the totalitarianism of the protosocialist world. These are deformations caused by the hostile material conditions faced by an emerging socialism in these nations. They are not inherent features of Marxian socialism. When socialism comes to the advanced industrial nations of America, Europe, and Japan it will not face such insurmountable problems and it will be a more humane, happier socialism.

Movements of national liberation in the colonial world. After World War II an increasing number of former colonies have achieved political independence. This did not lead to economic independence since new forms of neocolonial control were developed. Nevertheless, such movements of national liberation have tended to strengthen the world historical forces leading to world socialism for two reasons.

[i] Such movements frequently espouse a proletarian ideology, socialism, regardless of their actual political or class content. As Peter Worsley notes,

Communism still commands great respect and attention in the new states. It commands respect among the political *elites* because the achievements of the Communist states offer them a model for advance, and a source of practical aid with which to achieve that advance. But, above all, Communism appeals to the

masses, because the Communist Parties have been increasingly successful in establishing themselves as the parties of radical agrarian reform and militant trade unionism. Communists are willing to fight; they achieve their leadership; it is not somehow, mysteriously handed to them from Moscow [1970, p. 102].

[ii] Such movements tend to weaken the imperialist system and therefore heighten the contradictions within the “advanced” capitalist nations. One need only point to the effect of the war in Vietnam on American society to understand the tremendous threat such movements pose for world capitalism.

As we know, it took centuries of struggle for the revolutionary bourgeoisie to sharpen its ideological and political weapons and to develop the forms of organization necessary to seize and hold state power, to become, in a word, a ruling class. The revolutionary struggle of the proletariat is only a little more than a century old yet already it has made tremendous advances and there is little doubt among Marxists that the next century will see its complete triumph and the establishment of a classless, world socialist order.

The question, of course, remains: Where is the rational, humane social order for which Marxism is an advocate? The answer is, nowhere. Socialism exists only as a potentiality for the future. The situation for socialism today is similar to that for industrial capitalism 500 years ago. If someone had spoken to a feudal peasant or aristocrat of the fifteenth century about self-regulating markets, multinational corporations, automobiles, television, or interplanetary travel, he would have appeared to be as visionary or insane as Marxian socialists appear today. Yet all of these things have come to pass. The argument that something does not exist today is not an argument that it will not exist tomorrow. On this note, we may conclude by quoting the father of American Anthropology, Lewis Henry Morgan:

The time which has passed away since civilization began is but a fragment of the past duration of man's existence; and but a fragment of the ages yet to come. The dissolution of society bids fair to become the termination of a career of which property is the end and aim; because such a career contains the elements of self-destruction. Democracy in government, brotherhood in society, equality in rights and privileges, and universal education, foreshadow the next higher plane of society to which experience, intelligence and knowledge are steadily tending. It will be a revival, in a higher form, of the liberty, equality and fraternity of the ancient gentes [1964, p. 467].

Suggestions For Further Study

In the Preface to the first French edition of *Capital*, Marx [1966, p. 21] observed that, “There is no royal road to science, and only those who do not dread the fatiguing climb of its steep paths have a chance of gaining its luminous summits.” I’ve tried to provide a glimpse of these summits, but the serious student will find more questions and problems raised than answers provided.

The following books are recommended to the student who would like to pursue the points raised in the essay [also see the cited sources in each section]:

(1) *The Theory of Capitalist Development*, By Paul N. Sweezy [1968] is by far the best introduction to Marxian economics and deserves careful study. It includes not only the theoretical system of *Capital* but also developments in Marxist theory from Marx’s time to about 1940. Ernest Mandel’s [1970] *Marxist Economic Theory* [2 Vols] is an attempt to reconstitute Marx’s theory using contemporary data. Although theoretically less incisive than Sweezy, it is also excellent and includes masses of useful historical data. See also Howard Sherman’s text [1972].

(2) *Monopoly Capital: An Essay on the American Economic and Social Order*, by Paul A. Baran and Paul M. Sweezy [1966], is an influential discussion of the changes in capitalism associated with the development of monopoly. The work of Joseph Gillman [1957, 1965] is also recommended.

(3) *The Age of Imperialism*, by Harry Magdoff [1969] documents the existence of an American empire, an essential work if one is to understand the present world order. Another good source which contains work by Lenin and others on imperialism, with critiques and counter critiques of the theory, is the reader by Kenneth Boulding and Tapan Mukerjee, *Economic Imperialism: A Reader* [1972].

(4) *The Political Economy of Growth*, by Paul A. Baran [1962], is an essential work for understanding the processes of economic growth and underdevelopment. See also the essays by Andre Gunder Frank, “The Development of Underdevelopment,” and “Sociology of Development and Underdevelopment of Sociology,” in *Latin America: Underdevelopment or Revolution* [1969].

(5) *The Capitalist System: A Radical Analysis of American Society*, edited by Richard C. Edwards, Michael Reich, and Thomas E. Weisskopf [1972] is probably the best of a number of collections of essays on American society. Originally developed for use in a course on radical social science at Harvard University, it covers most of the points raised in this unit in greater detail. Also good is *Up Against the American Myth*, edited by Tom Christoffel, David Finkelhor, and Dan Gilbarg [1970], and *American Society, Inc.*, edited by Maurice Zeitlin [1970].

(6) *Who Rules America?*, by G. William Domhoff [1967] is probably the best analysis of the existence and functioning of America’s ruling class. Also important are Domhoff’s other works, such as *The Higher Circles* [1970]. Isaac Balbus’ essay, “Ruling Elite Theory vs. Marxian Class Analysis,” is an important corrective to an overemphasis on the power of America’s ruling class, in *Monthly Review* [May, 1971].

(7) *Strike!*, by Jeremy Brecher [1972], is an excellent history of the labor movement in America. Its perspective may be seen from its subtitle, “The True History of Mass Insurgence in America — as authentic revolutionary movements against the establishments of state, capital and trade unionism.” Another good history is *Labor’s Untold Story*, by Richard O. Bayer and Herbert M. Morais [1970]. Brecher’s book gives additional sources on particular aspects and episodes in labor history, but does not mention Philip Foner’s [1947-1965] *History of the Labor Movement of the United States*, an essential and authoritative source.

(8) *The Origin of the Family, Private Property, and the State*, by Frederick Engels [1972] gives the classic Marxist approach to anthropological materials. The cited edition contains an essential introduction by Eleanor Burke Leacock. See also Marx’s *Precapitalist Economic Formations* [1965], and Immanuel Terray [1972] *Marxism and Primitive Societies*.

(9) *The Open Philosophy and the Open Society*, by Maurice Cornforth [1968], is probably the best introduction to Marxist philosophy. Also see Cornforth’s *Marxism and the Linguistic Philosophy*. [1965]

(10) The serious student will also want to consult the original Marxist sources. The best place to begin is, of course, *The Communist Manifesto* by Marx & Engels. The Monthly Review Press edition [1964] has a valuable essay by Leo Huberman and Paul Sweezy, “The Communist Manifesto After 100 Years,” which puts the *Manifesto* in perspective. There are also several good readers with selections from Marx and Engels’ writings, for example, *Reader in Marxist Philosophy* [Selsam & Martel 1964], *Dynamics of Social Change* [Selsam, Goldway, and Martel 1970], and *The Marx-Engels Reader* [Tucker 1972], all of which contain additional notes introducing the reader to the Marxist classics.

For further bibliography, see the Bibliography, which follows, and citations in Sherman [1972], and the “Bibliography” in Sargent [1972]. Important Marxist journals include: *Monthly Review*, 962 West 14th Street, New York, N.Y. 10011); *Science and Society* (Room 4331 John Jay College, CUNY, 445 West 59th Street, New York, N.Y., 10019); *Socialist Revolution* (Agenda Publishing Company, 396 Sanchez Street, San Francisco, CA 94114 – formerly, *Studies on the Left*); and *New Left Review* (7 Carlisle Street, Long, England—American Distributor: B. deBoer, 188 High Street, Nutley, New Jersey 07110). Marxist newspapers include: *Weekly People* (914 Industrial Avenue, Palo Alto, CA 94303); *Workers’ World* (46 West 21st Street, New York, N.Y. 10010); *The Militant* (410 West Street, New York, N.Y. 10014); *Progressive Labor* (1 Union Square West, New York, N.Y. 10003); and *New American Movement* (6025 Shattuck Avenue, Oakland, CA 94609).

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