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new left review

WORLD IMPERIALISM AND CLASS STRUGGLE

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Armed Struggle in Brazil

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The Laws of Uneven Development

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In NLR 54, we published an article by Ernest Mandel entitled 'Where is America Going?'. This posed fundamental questions about contemporary US capitalism and the contradictions now gripping it, in an original and arresting way that yielded novel answers for many readers. The article was subsequently reprinted in a great number of different publications on the US Left, and gave rise to considerable debate there. In this issue of the review, Martin Nicolaus—a revolutionary militant who has published two widely-acclaimed articles on the mature Marx—subjects Mandel's theses to critical examination. In particular, he argues that it is impossible to separate 'internal' from 'external' strains in the dramatic convulsions of US imperialism today, because of the unified character of international capitalism, and the dominance of the USA over it. Replying to Nicolaus's criticisms, Mandel widens the debate to focus on the general dynamic of class struggle throughout the world since the 'twenties, and the political impact of the uneven development of capital on it. The debate thus raises issues of the most basic theoretical importance for Marxists everywhere.

Contrary to bourgeois expectations, the death of Che Guevara in Bolivia has not been succeeded by demoralization or defeatism in Latin America: the revolutionary wave has in fact increased in the months that have passed since, as the ignominious rout of Rockefeller's tour demonstrated. The greatest mass upheavals have been in Argentina, with full-scale proletarian insurrections in May of last year. Recently, the kidnapping of the US ambassador in Rio de Janeiro suddenly projected urban warfare in

Brazil into the world headlines. Imaginatively reviving the Leninist tactic of 'partisan war in the towns' and expropriation of banks, practised by the Bolshevik Party after 1907 in Russia, the revolutionary left has dealt hard blows to the military régime in Brazil. One of the active cadres of the struggle, João Quartim, here appraises Régis Debray's theses in 'Revolution in the Revolution?' and their application in Brazil—where Debray's ideas were more influential than anywhere else in South America. Quartim's essay is perhaps the first critical assessment of Debray from within a fraternal revolutionary position, concretely engaged in the cause for which Debray was fighting.

We are glad to publish at the same time Régis Debray's notes on Gramsci, written from his Bolivian imprisonment. The compressed paragraphs have something of the intense, broken style of Gramsci's writings themselves, during his own long incarceration in Mussolini's jails. These meditations of one prisoner on another remind us of the talent and will the Bolivian military have caged, the 'brain they have tried to stop'. We should never let his jailers think we have forgotten Régis Debray and the thousands of militants throughout the Americas who share a similar fate.

Some time ago, we published Tukhachevsky's celebrated text 'Revolution from Without'. Pursuing a policy of translating and printing historical materials which have long been buried in foreign archives, we now print in this number Kautsky's article on 'Ultra-Imperialism', which has never before been available in English, despite Lenin's famous polemic with the ideas it contains. It is a document of great intrinsic and extrinsic interest.

Lastly, we follow our publication of an essay by Lucio Colletti (NLR 56), with a text of Galvano Della Volpe, the inspirer of a whole school of Italian Marxism since the war, which includes Colletti and others. In another section, Ralph Miliband replies to Nicos Poulantzas's reflections on the nature of the capitalist State, developing a major debate on this neglected subject.

The Universal Contradiction

Messengers of revolution are always welcome. Ernest Mandel's thesis in 'Where Is America Going?' (NLR 54) that a socialist revolution within the United States is on the agenda of the next decade or two is an important corrective to the more gloomy theses being advanced from other quarters. Nevertheless, false hope is as wrong as false despair. The grounds for confidence which Mandel outlines are not tenable. They must be exposed to criticism so that those who occupy them do not fall into disillusion. Beyond hope and despair there are better premises. The most important of Mandel's theses is contained in his points six and seven, in which he holds that the impact of European and Japanese competition on the world market will precipitate a major structural crisis in United States industry. This question will be discussed at length below. The article also commands attention, however, for its first five points, which

outline an equal number of 'forces or contradictions' arising, Mandel holds, from 'forces which are at work inside the system itself,' by which he means, within the domestic sector of the US capitalist economy. Since most of the content of these five points will be more or less familiar to people in or around the US movement, I don't propose to deal with them here separately or in detail. The more important problems of Mandel's viewpoint lie not within each of these five points separately, but in the manner in which he attempts to tie them together.

1. Technology and Inflation: Ether and Phlogiston

The experience and literature accumulated over the last decade regarding radicalization of blacks, students, technicians, state employees and the industrial working class are considerable. To a greater or lesser extent, each of these groups, categories or classes of people seems to have become radicalized spontaneously, and except for blacks and (white) students—where ties existed almost from the beginning—Independently of one another. So, for example, the great majority of wild-cat strikes or of intra-union protest waves have occurred and still occur without the knowledge or participation, much less initiative, of student radicals or of revolutionary black organizations; such radicalism as exists among technicians and scientists moves in virtual ignorance of the militancy of municipal employees; and so on.

Arriving in the US with more or less fresh eyes, Mandel's view was not tied down, as can happen, within the horizon of one or the other sphere of specific movement work, nor (despite his position as leader of the Fourth International, with which the Young Socialist Alliance in the US is affiliated) was he a gut-level participant in the factional infighting of the last year. Ernest Mandel has almost naively—in the good sense—hit upon an important truth, namely that these five forces are—or ought to be—part of a single movement. He has omitted a couple of the strongest forces, the women's movement and the movement within the Army, but has nevertheless drawn an unmistakable circle around a number of hitherto apparently separate phenomena and pointed out that they are in some way related to one another.

This is a step forward. Mandel's often perceptive summary brings these forces together on paper in an easily accessible form. But anyone who has had the experience of making contact with radicals in a different segment, for example, a student trying to talk to workers, or a technician trying to talk to black revolutionaries, knows that bringing these forces together by listing them on paper one-two-three-four-five and actually making contact, even if only on the talking level, are very different things. Even so apparently simple a step as identifying a common enemy can prove difficult.

One usefulness of good theoretical writing is to make this process of making contact easier, by showing and explaining the common roots of separately experienced oppressions. Unless he gets drafted, and not necessarily even then, the college student doesn't know from his own experience that the causes of his discontent and the causes of the

NLF's fight have a common root; the young white factory worker doesn't know *from his own experience* that he and the black street organizer are fighting against the same system. It has to be shown and explained. On that level, it has to be noted, Mandel's article does not go very far forward; in some respects, it even goes backward.

What are the common roots of these separately-experienced oppressions? In Mandel's view, the first three (blacks, students, technicians) are jointly derived from 'an accelerated process of technological change' which he calls 'the third industrial revolution.' Thus he claims automation has thrown black workers out of unskilled jobs; it has further created a demand for more educated people and thus led to the use of industrial methods in education; and finally, it has led technicians into conflict with financiers. As for points four and five (industrial workers, government employees), their problems are rooted, he says, in 'inflation'.

Not one common root, but two separate ones. And neither of them, unfortunately, extremely enlightening. For nearly a decade, the entire official spectrum of analysts, critics and columnists has been pointing to 'technology' and 'inflation' as the root causes of one or another troublesome phenomenon. These are the 'ether' and 'phlogiston' of contemporary socio-economic criticism, the residual, fictional categories into whose murky depths escape all those who fear the sunlight of critical, radical thought. There are a dozen analyses of 'technology' and its social and political effects; at least that many of 'inflation'. They range from right to left. The problem with 'technology and inflation' is that as explanations they include *too much*; they can be used to explain everything, and therefore end up explaining nothing.

Imagine a conference called to assemble forces for an attack on the oppressive effects of 'technology'. Who would *not* be able to participate? Imagine another conference to protest 'inflation'. Whom would it exclude? Now put the two conferences together and you have a committee to draft a platform for both the Democratic and the Republican parties. Whatever these 'common roots' may sprout, it is not a revolutionary movement.

Especially when both of these common roots are themselves internally split. A closer examination of Mandel's theory of his 'third industrial revolution' and of 'inflation' yields some curious statistical and logical problems within each of them.

In point number one, for example, the 'third industrial revolution' has allegedly eliminated 10 million unskilled industrial jobs from the labour market. Since their occupants presumably did not all become students or emigrants, this massive exodus from industry should have made a sizeable bulge in the unemployment figures. Although Mandel is right to accuse the unemployment statistics of being notoriously unreliable, they are not so unreliable as to dip downward consistently if there is a 10 million-strong upsurge in reality. A countercheck on the side of the employment figures—percentage of people in given occupations—shows only a minute decline in the proportion, and no decline at

all in absolute numbers, of people employed as 'operatives' or 'labourers other than farm and mine', the chief 'unskilled industrial' categories. In short, either there is a massive conspiracy by the Bureau of Labour Statistics, or these 10 million unskilled industrial jobs disappeared only in Mandel's imagination.

Leaving the statistical question aside does not end the problem, for the contradiction goes further. Whereas there was, in point one, a massive exodus from industry, which 'hit hardest' at the black population, suddenly in point number seven there is 'a tremendous *influx* of black workers into large-scale industry'. Since we knew that the great majority of black workers are not being employed as skilled workers, this is an impossible contradiction. Either there is an exodus or there is an influx. Black workers in the millions cannot be coming and going at the same time.

Mandel's analysis of 'inflation' is hardly more satisfactory. Responsibility for this phenomenon, he writes, lies mainly with the huge military establishment. This is true but superficial. On what does responsibility for the huge military establishment lie? Responsibility further lies, he says, with the vast increase in private indebtedness, i.e., on instalment buying. This is not even superficial, it's slanted. Inflation doesn't happen because people go into debt; people go into debt because of inflation. At the very least, there is a circular process. The net effect of Mandel's analysis is to deposit blame for inflation courageously on the doorsteps of Pentagon wastefulness and consumer recklessness, precisely where we see it deposited almost daily in the editorial pages of the average metropolitan newspaper. And as for the corporations: they do not have a stake in the inflationary process one way or the other, they are merely 'interlocked' with it. As they, of course, claim themselves.

This is what calls itself Marxist political economy? Incredible. The high respect which Mandel's work has earned makes such lapses particularly astonishing. These are not merely 'technical problems', as Mandel, re-treating, claims. They are very much on the political agenda of the movement, and their correct solution is one of the tasks to which Marxist political economy ought to be contributing. These are problems, moreover, which cannot be understood by drawing a dividing line between forces or contradictions 'within the system itself'—meaning within the domestic sector of us capitalism itself—and forces or contradictions of an 'international' character, as if the latter were outside the system. They have to be understood as 'international' problems from the beginning—as problems arising from imperialism—if they are to be understood at all. Unfortunately, Mandel's view of the international scene, next to be examined, only adds to the problem.

2. USA, Europe and Japan

We come then to 'the final and most important moment of a Marxist analysis', points six and seven, which feature the subversion and overthrow of us capital by the bourgeoisies of Europe and Japan. These

latter powers, Mandel holds, have risen from their position of almost complete dependence on the us immediately after the war to a condition of near-equality with the us in the commercial sphere. The growth in scale and productivity of European and Japanese industry, combined with the relatively lower wages which they enjoy, permits the exports of these nations to compete favourably against us exports on the world market, and even allows an increasing degree of penetration into the us domestic market.

Mandel foresees that sooner or later (and his formulations vary widely) the commercial superiority of European and Japanese export products will provoke a 'huge structural crisis' in US industry. Presumably—Mandel's formulations are not conceptually clear—this 'huge structural crisis' will provide the major impetus for 'deneutralization' of the trade unions on the side of revolution.

There is no denying that the last decade has brought an increase in export competition between us industry and those of Europe and Japan, and a steep rise in the level of friction in nearly every other sphere of these inter-capitalist relations as well. Particularly has this been the case in us-European relations, and not only in regard to France under DeGaulle. The formation of the six-member European Economic Community (Common Market) with the express intent of creating a European economy comparable to that of the us in scale and power, has forced us capital to reconsider its global strategy in a number of respects. The fortification of the 'free world' which this measure promises on the European front has permitted a relative reduction of us military strength there, and a correspondingly greater us potential in the Pacific, a development finalized with the retreat of Britain from 'east of Suez'.

On the other hand, the notion of an independent European capitalism, an ideal which has agitated Europeans of a variety of political persuasions for many years, provokes anxiety among us 'Atlantic' strategists, who fear an eventual alliance between Europe and the USSR. It appears that no clear consensus on the question of strategy has yet emerged in the us ruling class, nor among the national bourgeoisies of the European states or the 'European' bourgeoisie proper. There are sharp divisions on all aspects of the problem, which deserve close attention in the future.

The aspect of Mandel's thesis to which objection must be taken is the cause-and-effect relationship he tries to establish between these phenomena of trade competition and the 'huge structural crisis' awaiting us industry. It is possible to challenge this thesis on two levels. One method would be to show empirically that the competition is not as significant as he claims, that it is restricted to certain non-vital industries, that additional us labour is employed in processing or finishing some types of imported goods, that the productivity gap is widening rather than diminishing, as he claims, that the wage gap, instead of widening, as he claims, is actually narrowing, and that in any case, foreign trade is of far less importance to the us economy than to those of Europe and Japan.

Mandel has assembled some of these data in a longer work addressed to a German audience,¹ whose conclusions, interestingly enough, do not always coincide with those of his NLR article. He writes there, for example, that us-Japanese competition is negligible, and that competition between Japan and Europe is sharper than competition between either or both of them and the us. These divergences illustrate the extreme complexity of the question, which involves the whole of world relationships, and point to the need for further systematic empirical research.

A second line of objections to the thesis, however, arises on the basis of structural information which Mandel leaves out of account, and on the basis of historical experience which he chooses to ignore. While granting an increase in trade competition as an established fact, I regard the analysis which sees this phenomenon as the cause of a crisis in us industry, a crisis with revolutionary implications, as mistaken and misleading on the following grounds:

1. *The predominance of US banking capital.* In order to provoke a 'huge structural crisis' in us industry, European capital would first have to provoke a huge crisis in us banking. The role of banks in competitive battles is crucial, and becomes more so as the production advantages of one antagonist over the other diminish. Given parity in wages and productivity, such as obtains, for example, between the major us auto producers, the outcome of sales wars is decided by financial strength. That side which can afford to make the largest new investments, spend the most on distribution costs, and hold out longest in the face of losses, will win. The internally-generated reserves of individual corporations also weigh in the outcome, but ultimately the volume of credit which can be obtained through banks is determinant. The ability of European industry to force a crisis on us industry thus depends on the relative strength of the respective privately-controlled capital reserves and credits.

While Mandel acknowledges, indeed underlines, the importance of the financial sphere in the domestic sectors (in point three), he is guilty of neglecting, indeed obfuscating it with some fancy footwork as regards the international sector. In point four he suddenly introduces the anonymous figures of 'international bankers', who appear at the side of the chief executive of the us and urge decisions with worldwide consequences upon him, and then disappear never to be heard from again. Unless Mandel wishes to resurrect on the finance level the capitalist unity which he denies on the industry level, an alternative which is open to him but which would require a serious modification in his analysis, he must be more specific as to the identity of these figures. Of course the major banks all operate internationally, and none of them can be accused of patriotism, but through their ties and interlocks with major corporate clients, the banks nevertheless retain a national base. In the capitalism of which nation are these international bankers grounded?

¹Ernest Mandel, *Die EWG und die Konkurrenz Europa/Amerika* (Europäische Verlagsanstalt, 1968). Shortly to be published in English, as *Europe versus America?—Contradictions of Imperialism*. NLB.

In the German book already referred to, Mandel provides fairly persuasive evidence for the conclusion that these financial powers are based in us capitalism. He points out that (a) us firms operating in Europe are treated as preferred customers by European bankers, with the result that us firms raise nearly all the capital required for operation and investment in Europe itself, instead of importing it from the us. This produces the further consequence that European firms find themselves at a disadvantage, singly, in borrowing back the capital which they themselves generated collectively. They thus turn to the branch offices of us-based banks in Europe, who are eager to acquire new customers, with the consequence (b) that an increasing amount of European capital falls under the control of us-based banking houses, who then use their domestic reserves to purchase increasing degrees of control in European banks, (c) thus completing a cycle of financial takeover.

The evidence on this score, which is supported by Harry Magdoff in his book *The Age of Imperialism*, tends to the conclusion that in case of a serious export crunch, it is European industry which will in the long run be forced to undergo the more severe crisis. The 'international bankers' to which Mandel refers are Chase Manhattan, Bank of America, Morgan Guaranty, etc.

In this connection, the question of the recurrent monetary crises deserves brief consideration from two aspects. First, it is clear that the European states find the vast holdings of inflated us dollars which they have been forced to accept to cover the us payments deficit a burden, and that they have been bringing a variety of pressures on the us to make good the deficit and redeem the undesirable holdings in trade or gold. The us dollar is thus acknowledged as a weak currency, and an official devaluation is repeatedly suggested and as repeatedly denied by us authorities; the political consequences of such a move domestically are unforeseeable.

But (and this is, in the midst of all the crises, even more important to keep in mind) the dollar remains the international capitalist monetary unit, as was the pound sterling in the era of British imperial supremacy, and hence a devaluation of the dollar (not to speak of its collapse, which is what a major structural crisis in us industry would mean) would create the profoundest shocks in the entire structure of world capitalist finance and trade. The chief overseas victims would be precisely those European and other states and banks who are stuck with huge dollar holdings. If the dollar poses dilemmas for us capital, therefore, it poses even greater problems for the European bourgeoisie. They would like to cut the dollar down but find themselves sawing the branch on which they sit.

Thus, partly unwilling and almost wholly unable to bring the dollar down, such European giants as France and Britain have been forced into repeated devaluations of their own currencies. While such moves improve their chances in the export trade by cheapening their products relative to dollar products, devaluations also weaken their domestic economic sovereignty, since, by lowering the relative price of their

capital assets, they permit us corporations to buy into and buy out their domestic firms at bargain rates.

2. *The role of US direct investments in Europe, Japan and the Third World.* By direct investments are meant those which consist of ownership of and control over productive installations, as opposed to, e.g., portfolio investments, which give the right only to participate in yields. The point is that direct overseas investments by us corporations are a form of 'export'—which is, however, a misleading term, as the capital is raised locally—through which whatever disadvantages us capital may suffer in export *trade* are bypassed.

Mandel's procedure of equating the economic sphere of us capital with the territorial area of the USA is highly misleading. The impression is created that us-European competition is analogous to two grocery stores on opposite corners. The fact is that one of the 'grocery stores' also owns a very large interest in the other. The sphere of us capital is not confined to the territorial nation, but of course extends in varying degrees throughout Canada, Japan, the states of Europe, and the Third World. The term 'third Europe' has been coined by European capitalist-independentists to signify that sector of the European economy which is neither socialist nor European capitalist, but under us-capital control. By some estimates, that sector is now larger than any of the European states' economies singly.

It follows that the wage-comparisons Mandel makes to show the alleged growing disadvantage of us capital in the export trade are not very relevant to phenomena on the order of 'huge structural crisis'.

The major us capitals have no need whatever to 'compete' against European and Japanese capitals on the basis of us wage rates; on the contrary, through their direct investments, they compete against European capital on the basis of European wage rates, and against Japanese capital on the basis of Japanese wage rates. In other words, us capital is not merely national, it is imperial; and a comparison of wage rates which confines itself to the us domestic or national sector tells little; what needs to be compared is the prevailing wage rate within the entire us imperial sphere, on the one hand, and that prevailing within the entire European-Japanese 'imperial spheres'—but that measurement would be very largely redundant.

It should further be pointed out that at least some of the 'competition' now faced by us industry originates not with 'foreign' capital, but with the imperial branches of us corporations themselves. This is particularly graphic in the auto industry, where major us producers own major European producers (GM-Opel; Ford-Vauxhall; Chrysler-Simca) whose products they then import into the us to compete not only against European-owned imports (e.g. Volkswagen) but also against us-domestic economy models (e.g. Ford's Maverick). Similar 'foreign' competition which is actually competition among us capitals themselves occurs to an as-yet-undetermined extent in other branches of industry. Since there is no first-glance way of telling which 'foreign import' is actually a us-imperial 're-import', caution should be exercised

in drawing political-economic conclusions from 'made in Japan' or 'made in Germany' labels.

This phenomenon of imperial re-imports, or 'captive imports' as they are also referred to, suggests that a serious conflict of interests exists between the giant us corporations (and their banks) on the one hand, and the lesser manufacturers on the other. The latter cannot afford to 'compete' on the basis of direct overseas investments; if they wish to enter the European market, they must stick to the by now old-fashioned mechanisms of the export trade in finished goods, where indeed they may be at a disadvantage. The major corporations, on the other hand, because they enter overseas markets through direct investments, are not so hampered.

There is emerging in us politics a revival of the debate between 'free-traders' and 'protectionists', in which the latter represent the us domestic manufacturers who do not operate on an imperial scale. The 'competition' thesis with all its nationalist overtones, alas, fits perfectly into the latter's public relations outlook. While opposed to protectionism in practice, us imperial capital is not averse to borrowing pages from the protectionist ideology for domestic social purposes, inasmuch as 'foreign competition' is a convenient scapegoat explanation for a rise in unemployment. We should at all costs avoid getting sucked in by these manoeuvres.

A further misleading implication of Mandel's wage-comparisons surfaces when it is kept in mind that the us imperial corporations not only operate on the basis of European and Japanese wage levels, but can take advantage of even lower wage levels than these in their Third World operations. An example is the Singer corporation, which competes successfully against Japanese products—on the basis of Taiwanese and South Korean wages. Again it must be emphasized, in the face of Mandel's theoretical retreat into capitalist-nationalist analysis, that the us economy in its dominant sectors has a thoroughly imperial structure; that the *average* wage level in the us economy as a whole, i.e., in the us imperial economy, is far lower than it is in the metropolis, and is probably one of the lowest in the world; and finally that the contradiction between 'Europe' and the 'us' which Mandel outlines is to a very great extent a contradiction not between capitalisms but within us imperialism itself. This becomes a little more graspable when we turn to the military question.

3. *The role of the US military.* No major power of whatever internal economic structure sits idly by while another power masses its forces for an attack on its industry. The threat of a 'huge structural crisis in us industry' which Mandel sees emerging from the growth of European and Japanese capital, if it were real, would necessarily provoke on the us side the most energetic reaction. On the two previous occasions in this century when major national capitalism have entered into major export conflicts, the 'competition' between them necessarily rapidly escalated into protectionism, embargos, financial blockades, colonial wars, and finally the First and Second World Wars. (The 'huge structural crisis' which us industry suffered in the 1930's, incidentally, was de-

cidedly *not* due to foreign competition.) The threat which Mandel depicts, if it had the magnitude he ascribes to it, would clearly be a *casus belli*.

Or, put in other terms, European and Japanese capital would be in a position to follow through on such a threat only if they were prepared to contest the matter also on the military level. It is axiomatic that a nation which cannot prevail militarily cannot maintain or achieve commercial hegemony. But there is little question at present or in the foreseeable future that Europe and Japan are in no condition whatever to cut themselves off from the control which the us imperial armed forces directly and indirectly exercise over their respective military postures.

There is, however, a further dimension. The one undoubted commercial advantage which European and Japanese capital enjoy over us capital is in their relationships to the ussr, Eastern Europe, and China. The trade which they maintain with these countries, particularly the EEC-Eastern Europe-ussr sector, is a significant expansion of the capitalist market which accounts for much of the dynamism and hence the competitive capacity of European capital. Even here us capital begins to enter behind the scenes, as part-owner of the firms which carry on this trade, but it is probably justified to regard this as still largely a European capitalist preserve.

These commercial relations, because mutually profitable, have so far led to a significant reduction in 'East-West' tensions in Europe, from which the us has been able to draw benefit by being able to display a relatively stronger force in the Pacific, as mentioned. But, should these tensions relax too far, then the entire us military presence in Europe would be from the European capitalist standpoint a useless burden, and popular grounds would exist for the disbanding of NATO. The 'pacification' of the ussr, which us policy has allegedly been pursuing for several decades, would then reveal its other face: a peaceful Soviet Union implies an independent European capitalism. Extend this line of reasoning, which of course bears the Gaullist stamp, into a military alliance between European capital and the ussr, so that European industry would in effect 'compete' under the Soviet umbrella, and *then* the Mandel thesis makes sense! But that the head of the Fourth International and the sworn opponent of the Old Nose would agree to this extension of the conditions of his argument, I doubt. That, nevertheless, is what his explanation of the origins of the threat to us capital presupposes. Beneath the appearance of the 'competition' doctrine lies the very essence of 'peaceful coexistence'; beneath the appearance of Mandel's European 'internationalism' lies De Gaulle. Is it not proverbial that we learn most from our enemies?

The export trade in manufactured commodities is only one aspect of European-us-Japanese relations; and these relations are only one aspect of the power and contradiction of capital. When he places the responsibility for the collapse of us capital on 'foreign competition', on this aspect of an aspect, Mandel is looking at the world not through a telescope, objectively from afar, but through a microscope. The

consequences are necessarily regressive.

Either we understand the structural **crisis confronting capital** as a *general* crisis, as rooted in the *entire* system itself, as an international system with an imperial structure, or we have to abandon the Marxist endeavour and relapse into the methods and concepts of Adam Smith. What happens when we make a cut between 'forces of an international character' and 'forces which are at work within the system itself', between world developments on the one hand and the 'objective stimuli which have grown out of the inner development of American capitalism itself' on the other? These Mandelian phrases mentally reconstitute a universe divided into independent and mutually hostile national capitalisms, each of which behaves toward the other as individual manufacturing firms behave toward one another in Adam Smith's economic theology: the same image on a larger screen. Suddenly the stuff of empire evaporates; banking, currency, investments and war count for nothing; imperialism is merely an idea, a figment; history crawls the seas in the holds of freighters; neither China nor the USSR are so much as conceived of; and Commodore Perry has not yet set sail.

3. The International Limits of Capitalism

We will not get a socialist revolution out of a capitalist world divided into petty-capitalist nationalisms. Instead of viewing the changes upon us through the narrow eyes of the smaller capitals on either side, who are given to sudden enthusiasms alternating with spells of nervousness—and whose reasons for wishing a socialist revolution upon the other are, incidentally, transparent—we should chart the process as it affects Capital with an upper-case C. If we are to make a theoretical case for the objective possibility of socialist revolution in the us, we must grant the opponent the strongest possible hand. 'No social order ever disappears before all the productive forces for which there is room in it have been developed' (Marx).

Assuming the dominance of the giants of capital, an attempt to chart the revolutionary process would have to take the following into account:

1. *The integration of capitals.* From the viewpoint of the major corporations in industry and finance, national boundaries have long ceased to be obstacles. Although the different rates of profit obtaining in different national spheres guide their investment behaviour, and while they engage in exchange-rate speculation with portions of their liquid capital—and thus benefit from national divisions—they cannot send their factories, mines and lands similarly chasing across the boundaries. They themselves created, and depend on, the integration of the capitalist world. They naturally resist the pressures toward protectionism and capitalist nationalism emanating from the non-imperial or backward industries, chiefly from the smaller manufacturers among them.

Capitalist integration of the industrial capitalist nations has already advanced so far in the spheres of banking, currency, investment and

war that a 'huge structural crisis' in any of the major capitalist nations would entail a huge structural crisis in all of them. This was already the case before the Second World War, as the 1930's depression showed: the crash in the us brought every other capitalist industrial economy down with it. Today, any major national sector of capitalism could embark on a course of provoking a huge structural crisis in another sector, particularly that of the us, only as a suicide measure. Whether in banking, currency, investment or war, a serious crisis in the us becomes a serious world capitalist crisis.

In Mandel's own terms, in which the export market in finished commodities counts for everything, this is clearly visible. A us crisis would deprive European and Japanese capital of a major market, and thus immediately entrain their own collapse.

2. *The impossibility of further capitalist expansion.* The present boundaries of the capitalist world, already greatly reduced from what they were before 1917, cannot move further outward. Both the ussr and China having become nuclear powers, and the Third World having been thoroughly penetrated already, there remain no further areas into which capitalist-imperialist expansion could drive by military conquest. A degree of peaceful penetration into the states of Eastern Europe and into the ussr itself is apparent, but short of a general Soviet capitulation to capitalist investment penetration, and short of a collapse of the Chinese revolution, both improbable, capitalism has reached its limits and has no place to go but inward, in the direction of greater intensification of all exploitation within its boundaries. In the face of increasing Third World attacks, the cost of maintaining the existing boundaries of the capitalist world rises steeply.

3. *Development of a general crisis of over-production.* The backlog of unfulfilled demand created by the devastation of the Second World War having been exhausted, the limits of imperial expansion having been reached, no epoch-making technological innovations on the order of railroads and automobiles having materialized, and the ratio of profits relative to wages having risen, the entire capitalist world finds itself presently in the initial stages of a slowly-unfolding general crisis of overproduction. The long—unprecedentedly long—period of postwar capitalist growth is over.

In every capitalist nation, general productive capacity far exceeds output; military and other governmental expenditures, instead of spurring business growth, have begun to exhaust both people and governments, reducing private demand on the one hand and state fiscal power on the other, without yielding major new areas of investment; in nearly every country, technological advances have improved upon previous capital only quantitatively, without rendering major sectors obsolete, and thus providing a new major field of investment; in all capitalist industrial countries, while the long-term rate of profit is both equalizing internationally and levelling off historically, it has been out-accelerating wages at a pace where both investment and demand become problematic without the artificial and necessarily temporary stimulus of in-

flation; nearly all industrial capitalist nations face a rise in unemployment and various degrees of recession.

4. *Concentration and centralization of capital on an international scale.* In times of crisis within a 'national' sphere, the marginal, weaker, financially shallower enterprises get shaken out of the market; they either merge with others to save themselves, or are bought out at a bargain price by the larger, financially more solid concerns. Given the interdependence, and even more, the interpenetration and integration of all national capitalisms since the Second World War, the same process repeats itself on a worldwide scale.

Corporations operating internationally have a serious advantage over nationally-confined firms in this shakeout process. The additional strength they derive from imperial investments gives them the edge in the struggle against domestic competition. At the same time, the home-office backing received by their overseas branches gives the latter an edge against competition in the foreign sphere. The result is the familiar process of 'huge structural crises' confronting the smaller, nationally-confined, and marginal or backward industries *in all countries*, who then fall prey to the imperially-organized capitals who are strong in all countries.

The wave of mergers, bankruptcies, acquisitions and other forms of concentration and centralization of capital which has been visible within Europe, Japan and the us, as well as between them and among them, for a number of years, is only the prelude. The higher interest rates obtaining throughout the capitalist world are a further part of the process, since they hinder small capitals more than large. The us-produced drain on European capital-markets is one international aspect of the process, as is the increasing voluntary flight of European capital to the us.

Instead of increasing capitalist independence in Europe and Japan, we are likely to see their increasing subjection to us capital. The examples of Britain and France, whose economies are virtually subject to us financial dictates, rather than that of the Federal Republic of Germany, which still displays at least a vestige of economic autonomy if no other, are likely to become more typical. The re-opening of the Japanese door to us investment capital, probably dictated to Japanese capital via the Pentagon (Japan depends vitally on trade, but has no independent navy), although ostensibly on a 50-50 basis with Japanese management, is reminiscent of French-Algerian or us-Venezuelan arrangements. Whether through its military monopoly or through its control of the international monetary system, through banking or investments, us capital seems likely to concentrate and centralize an increasing proportion of the entire capitalist world's business in its hands, thereby reducing the other industrial capitalist states to the status of satellites, junior partners in imperialism but themselves imperialized; colonized metropolises.

A line of continuity is thus drawn between the states of the Third World and the smaller industrial nations, even while the contradictions

between them sharpen. Official British actions toward the people of the Third World, as an example, have never been as openly hostile and racist as they are today; yet never in modern history has British capital been as thoroughly under foreign control, and Britain itself as thoroughly colonized, as it is today. The Third World shows the way to the smaller capitalist powers; as exploitation sharpens in intensity throughout the capitalist world, the line of military coups stretching from Argentina, Brazil, Ecuador, etc., to Ghana, Indonesia, etc., has drawn its knot around Greece, seems coiled and ready to tighten on Italy (birthplace of the EEC), and (in the form of the emergency laws) is visible even in the Federal Republic of Germany and elsewhere. Capital 'socializes costs' (Mandel) not only on a domestic but also on an imperial scale; each step in this monstrous 'socialization' reduces the peripheral bourgeoisies further to the rank of vice-consuls, and the peripheral working classes to the condition of colonial working classes; relative impoverishment is followed by absolute impoverishment.

5. *'Import' of colonial conditions into the US metropolis; re-emergence of the contradiction between capital and labour.* The process of intensification in all exploitation, of imperial 'socialization' of costs, of reduction of all labour to the status of colonial labour, does not stop at the us boundaries, but spreads from its established base among black, brown and Asian internal minorities to engulf the working class as a whole. The return of absolute impoverishment (decline in real wages) is only part, and only the beginning of the process. The probably increasing proportion of the working class which is black, brown or Asian, also noted by Mandel, is another. Here we are still dealing with developments which would fall within the economic and civil-libertarian purview of trade-unionism, if the union power structure had the desire or the political credibility to organize effectively around them. But the process goes farther in the USA.

First, impoverishment comes not via the traditional path of reduced paychecks from the direct employer, which allows wage-disputes to be confined within the 'private' economy up until the critical moment of open confrontation when federal troops enter against strikers. Rather, impoverishment comes from the beginning via the State, as taxation, and from Capital in general, as inflation; thus a wedge is driven from the beginning between workers and the State—the wage conflict acquires from the beginning a political dimension. Neither able nor willing to fight on this front, the trade unions themselves get driven into reaction by this wedge.

Second, the increasing insecurity and instability of employment undermines unionism's entire base and invalidates its operating procedures, leading to a widespread working class search for alternative forms of organization with an *a priori* political content.

Third, the increasingly involuntary conscription of us workers during their youth into foreign wars polarizes the ranks of the army into an outright fascist officer corps and a growingly anti-imperialist, *internationally*-educated element among the common soldiers.

Fourth, the repression against internationally-conscious elements of the student movement drives 'theoreticians, propagandists, agitators, organizers' (Lenin) down into the working class to leaven the *political* ferment.

Fifth, as the spread of poverty forces more women to work, the male's domestic lordship, hearth of imperialist consciousness, is subverted and eliminated.

Sixth, the increasing internationalization of the labour process, visible in runaway shops as well as in imported materials, advances the international consciousness of part of working-class leadership.

Seventh, the erosion in governmental and trade-unionist legitimacy requires increasing resort to police and army power in the settlement of labour disputes, as well as all other conflicts, and raises the question of self-defence to the fore.

Eighth, a long process of political education by welfare authorities at all levels of government makes the army of the unemployed and unemployable less amenable to becoming unwitting instruments of reactionary manoeuvres.

Ninth, the absence of a politically credible and nationally organized Social Democracy in the post-1914 sense, thanks to the total bankruptcy of liberalism since the New Deal, removes a number of illusions from the path of consciousness and permits a more rapid development.

Tenth, the virtual disappearance of the small family farm removes a traditional base both of reaction and of Populist-chauvinist tendencies.

Eleventh, the industrialization of the South and the improvement of imperial communications equalizes political conditions in all regions of the States, gradually creating a firmer base for truly nationwide organizations.

Twelfth, the collapse of municipal, state, and other intermediate fiscal authorities increasingly polarizes all political conflicts directly against the *federal* (national and imperial) government.

Thirteenth, the links between the all-sided impoverishment of the us working class and the maintenance of the capitalist empire become increasingly visible in concrete manifestations such as runaway shops, special taxes, and the import of coffins.

Fourteenth, the impossibility of further capitalist progress drives the ruling class and all its hangers-on farther into political, moral, cultural and intellectual rot, severing the last bonds of respect and legitimacy. . .

It is possible to continue the list, but better halt and summarize.

4. Conclusions

*In this day and age of imperialism, more than in any previous epoch, the contradiction between labour and capital emerges in a universal

form. The days when it was *possible* for that contradiction to show itself *only* within a national, much less regional, local, or single-shop sphere, are far behind us; only the most withered mind could imagine it as arising from purely local causes and merely in the boundaries of a dispute over wages. Contrary to what many writers think, working people—in the US as elsewhere—are not merely a peculiar kind of nickelodeon that will play any tune so long as coins are fed into the slot; capitalism is not merely a scattering of microscopic islands, each governed by a separate Robinson Crusoe and his bag of nickels; and the contradiction of labour *v* capital is not merely what happens on any one island when the nickels run out.

The entire world has had to be explored, charted, crisscrossed, paved, railed, mined, sown, flown, piped, riveted and wired; every human being upon this earth has had to be uprooted, transplanted, educated and re-educated, pushed and pulled, organized and reorganized; every idea and invention has had to be thought and invented, tested and discarded, picked up and reformulated, sifted through a hundred languages and applied a million different ways—before one single person could insert bolt A into nut B for the 479th consecutive time in one day and say 'Basta! Enough of this!' There are no more 'local' contradictions, and no more 'economic' contradictions, in the sense that is usually meant; all of our contradictions, and the deeper they are, the truer this is, have universal causes and universal effects: one baby in one room in one town who cries from hunger throws the entire history of the world into question.

It takes a peculiarly arid perspective, then, to imagine the re-emergence of the contradiction between labour and capital as a re-run of some textbook accounts of the contract-bargaining sessions between Reuther and GM. This contradiction has (a) penetrated the entire capitalist world, (b) fought and lost the battle for ultimate expansion, (c) turned in upon itself, sharpening every discord within it, (d) overthrown and subjugated every nationality, including the former imperial sovereignties. When it finally comes home to roost again, the whole world comes with it, not as a single beeping of a tin whistle, but as the *tutti fortissimo* of a mammoth intercontinental orchestra.

Let others speculate whether a decade or two, or three or five, are required before a recognizable facsimile of the stereotyped image of what might have been a revolutionary situation in times and conditions past and gone will show its face again. The course of history over the past quarter century inspires the profoundest revolutionary confidence. No longer does capital labour in narrow confinement at its dissolution; it has made the whole world into the workshop of its overthrow. If we are to assist in the process, we cannot retreat into the provinces of our nationalist or disciplinary specialties; our analysis and our action must be at the least—at the minimum—as universal as the power of Capital itself.