



the institute
for the critical study of society

**Marxist Essays from the ICSS Crisis Group
ON THE CURRENT CAPITALIST CRISIS**

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PREFACE

This pamphlet grew out of discussions at the Institute for the Critical Study of Society (ICSS), during and in the wake of the current global economic meltdown. ICSS is a diverse group of intellectuals and activists who approach society from a working class perspective. Following Karl Marx's view that "all science would be superfluous if the outward appearance and essence of things directly coincided," we see the need to go deeper than immediate appearance to get to the root of the crisis. Each of the following articles represents the view of its author and is meant to further discussion on the nature of the crisis and the way to a new non-exploitative society.

The first three articles focus more on the problem, and the last two articles focus more on solutions.

1. *A Marxist Explanation of the Current Crisis* by Kambiz Sakhai argues that the problem is not the wrong policy, the core is the mode of production. It is not a financial crisis, but is a crisis of exploitation that is a characteristic of capitalism.

2. *Capital in the Old Age of Imperialism* by Raj Sahai argues that 1) Capital is a process, a relationship, 2) Capital grows both through plunder and production and that these are organically linked, 3) The current economic crisis is occurring in the terminal stage of imperialism, and thus has no way out within the normal working of capitalism.

3. *Today's Economic Crisis Resurrects Karl Marx and the Search for an Alternative to Capitalism* by Ron Kelch argues that this crisis has taken everyone back to the 1930s, and in these very exciting and dangerous times it is important to rethink this history and fully engage Marx's concept of what constitutes a new beginning beyond the law of value, in a new kind of revolution.

4. *The Ecological Crisis, Capitalism and Ecosocialism* by Laurence H. Shoup discusses the capitalist roots of the current ecological crisis facing humanity and Ecosocialism—defined as the community of freely associated workers living ecologically—as the life affirming alternative for the planet and our species.

5. *Let Them Fail! Anthropological Musings on Capitalist Crises* by Eugene E. Ruyle argues that from an anthropological perspective, two structural features of the capitalist system are unique: the profit motive and the wages system. Both must be abolished to end capitalist crises. We must expect that such a revolutionary change in the property system would lead to a counter-revolution from the bankers and the entire capitalist class.

In solidarity with our comrades in the labor movement, we are including the program of the Workers Emergency Recovery Campaign (WERC) at the end of our papers.

We invite you to come and share your views and participate in this ongoing effort. We meet nearly every Sunday morning from 10 AM to Noon and the Niebyl-Proctor Marxist Library, 6501 Telegraph Avenue, Oakland CA 94609. Check our web site for more information: <http://tifcss.org/>.

A MARXIST EXPLANATION OF THE CURRENT CRISIS

Kambiz Sakhai

The dominant classes and their representatives talk about the current crisis as if it were the result of the greed of the bankers, bad policies promoted by the right wing groups, the personality of this or that political leader, or the wrong types of loans and credits. They want the people to believe that the problem does not reside in the system itself but is the result of the mistaken management of that system.

The Real Causes of the Crisis

The fact is that the roots of the crisis are located in the core of the capitalist system. They consist of commodification of labor power, exploitation and dispossession of the working class, and the insatiable greed for extraction and actualization of surplus value.

It is in this relation that we need to look at things like fictitious capital, the sub prime mortgage crisis, bad credits and loans. These are all nothing but facilitators of the process of self-valorization of capital. Credit, for example, is a promissory note. It says that sometime in the future not only enough surplus value will be produced, but it will also be realized, i.e. it will be turned into money. In other words it promises that, sometime in the future, the workers will be able to buy the consumer goods they have produced.

In both cases, credit promises that the circuit of capital will be completed and the commodities that are produced will be sold and their value will be realized, i.e. turned into money.

In the case of the production and realization of surplus value, it acts as if the commodities that are produced were already sold and turned into money. Here credit accelerates the turn over of the productive capital and as a result of that postpones the crisis. The price of this postponement, however, is a more catastrophic crisis. Because it promotes the illusion that the commodities are sold and the surplus value is realized. The truth is, however, that the commodities are still stocked and the surplus value is not realized yet. More commodities are produced in each cycle and new waves of freshly produced commodities are sent to the market in spite of the fact that the market has not absorbed the previous wave. Thus, credit has constructed a monster by creating the illusion of unlimited buying power.

In the case of the workers, the credit system chains them to their jobs and forces them to sell their labor power below its value. This is not limited to the present wages. Through credit, they have already accepted a lower wage in the future and have spent it too.

Crisis and the Craving for Surplus Value

Thus, the secret of the financial crisis, bad loans, sub prime mortgage, etc. is to be searched for in capitalism and its craving for surplus value. Capitalism is neither production for the satisfaction of the needs of the consumers nor is it the production for

the sake of production. Capitalism is production for profit; the source of profit is surplus value; and surplus value is the result of exploitation of the workers. The main source of profit in capitalism is not plunder, unequal exchange, cheating, bad loans, money and credit. It consists of the surplus value that is extracted from the worker in the process of production. The surplus value itself is the difference between the value of the labor power, i.e. the workers capacity to work, and the value of the labor, i.e. the value of the aforementioned capacity when it is actualized. The capitalist pays the workers the equivalent of their labor power while s/he appropriates their labor. S/he buys workers' ability to work and then uses this ability and appropriates the fruits of their work. If s/he gets lucky and sells this unpaid labor then the surplus value that s/he has extracted from the workers will be realized.

The roots of crisis lie exactly there, in the above mentioned two processes, i.e. the processes of production and realization of surplus value. So we will look into these processes one by one.

1) The process of extraction of surplus value from the workers creates two problems for capital: First one is the growth of the organic composition of capital and the second, which is the result of the previous one, is the tendency of the rate of profit to fall.

2) The realization of the surplus value that has been extracted from the worker creates another problem for the capital i.e. the so called problem of underconsumption, which is actually a problem of overproduction.

We will discuss these two processes in more details in the following paragraphs.

The Falling Rate Of Profit

The source of profit for the capitalist, as we said, is surplus value. The more surplus value is extracted from the workers the more profit is gained by the capitalist. But the increase in the amount of surplus value requires that the capitalists force workers either to work harder or to work longer hours. These two mechanisms, however, hit the ceiling of natural or social resistance of the workers sooner or later. Thus, capital has to come up with an alternative. That alternative is to increase the productivity through more advanced machinery. Thus, increasing the productivity of labor becomes the main method for increasing surplus value, as time goes on. But this requires an increase in the volume of the machinery and thus an increased volume of the constant capital at the expense of the variable capital; the capital spent on labor power that is the only source of surplus value. This is what Marx calls the growth of the organic composition of capital i.e. the rise of the constant capital at the expense of the variable capital.

The growth of the organic composition of capital, in turn, leads to the fall in the rate of profit. This is because of the fact that the profit, as we said, does not come from the machinery, commerce, banking, etc. It comes from surplus value extracted from the workers. The decreased ratio of the capital spent on the workers, variable capital, means the decreased ratio of profit.

Capitalists try to compensate this fall in the rate of profit through mechanisms that become themselves contributing factors to the crisis. They try to increase the rate of exploitation, causing a decline in the buying power of the workers and as a result of that

worsens the realization problem. The attempt to compensate for the decline of the rate of profit through increasing its volume results in an increased volume of the products that have to be sold. Hence the realization problem is created again.

Thus, capital has to face the problem of realization. If the increased surplus value and higher volume of profit is not realized (sold) it might just as well not have been produced. The fruits of exploitation and plunder that do not turn into money and are not invested as renewed capital are worth nothing for the capitalist. But the potential buyers and those who are supposed to help the capitalists realize their surplus value are the workers themselves: the same people who are being exploited and deprived of all means of subsistence; the same people whose poverty constitutes the necessary condition for the accumulation of wealth in the hands of capitalists. Thus, in order to increase the surplus value and the volume of profit the capitalist has to decrease the salaries and as a result of that decrease their buying power.

To deal with the above problem that is the problem of the diminishing number of the workers who could afford to buy the increased amount of consumer goods capitalists try to change the direction of the production. They try to produce more and more means of production. But this change of direction will reproduce the problem at an even a larger scale. The newly produced means of production are either produced for the producers of the consumer goods or for those who are themselves producers of the means of production. In either case they contribute to the increase of the organic composition of capital that leads to the falling rate of profit. Then they try to compensate that by augmenting the rate of profit that means an increase in the volume of the commodities that are produced that in turn requires even bigger amount of buyers. Hence the crisis has no solution within capitalism.

Kambiz Sakhai works with the victims of war, torture, as well as the other casualties of capitalism and/or Islamic repression. His major areas of research consist of Marx's analysis of capitalist institutions like law, state, capital, and mental health institutions; Islam, Sufism, and Zoroastrianism. Intellectual History of Middle East; Sociology & Psychoanalysis of Religion.

Further Reading

Mandel Ernest. 1968. *Marxist Economic Theory*. (first vol. relevant chapters)

Sweezy, Paul M. 1942. *The Theory of Capitalist Development*. (relevant chapters)

CAPITAL IN THE OLD AGE OF IMPERIALISM

Raj Sahai

1. Wealth & Capital

For thousands of years, women & men have labored to make useful products for their own use, for lords and kings and for exchange with others. It is only in the last five hundred years that commodity production became solely for the purpose of expansion of wealth in a specific form: capital; and only in this era the ability to labor itself became a commodity. Wealth existed before the era of capital, in the form of luxury articles and gold but wealth was for comfort and consumption. Things changed after the dawn of capital in the 15th century and speeded up when industrial capital appeared in the 18th century with the invention of the steam engine and expanded with the scientific discoveries that allowed higher productivity of human labor. Under the capitalist mode of production, labor is hidden in the commodities, expressed in their 'exchange value', i.e., average price, abstracted from their specific and concrete form or simply as 'value'. A pound of coffee, a coat, a pair of shoes, or a car we buy today do inform us of the relative quantity of socially necessary labor time contained in them, but do not tell us who labored to produce them and under what circumstances, whether or not the workers who produced them could afford adequate nutrition, feed and clothe their children, sleep in a livable dwelling, afford healthcare and be able to save for old age etc. But we know who profits from their labor from which is created the ever expanding and ever more concentrated wealth that provides for opulent and wasteful lives of a tiny group, i.e., the capitalist class, as is seen in the metropolises of the world, often surrounded by a vast humanity in slums.

2. The Three Forms of Capital

From the dramatic events that unfolded since mid-September, 2008, when it was revealed by the then US treasury secretary Henry Paulson that we may be days away from a complete meltdown of the financial system, and slide into a great depression, it became clear that an alien power, not ourselves thru democratically elected representatives who controls our lives. Government and mass media have explained that the current crisis of the US and global economy is somehow only due to the bad ("sub-prime") loans or securitizations of the same or just excessive greed on Wall Street. Even many dissident intellectuals believe that the cause of the current global economic crisis is somehow only due to the "financialization" of the economy.

A widely believed myth is the claim that the economy is run by the capitalist system to give us jobs. But the truth is its complete opposite. It is the worker that creates all wealth for those who own capital. However, because capital is a never ending process, and because anarchy of production is its inherent nature, periodic crises result from its own deep inner workings, and along with it a whole set of insoluble social and ecological problems arise: loss of jobs and homes, psychological stress, family break-ups, loss in

friendships, racial, ethnic and religious strife, and wars, as so many have experienced in their lives in the current generation in our world.

To understand what really lies beneath the surface, one has to dig a little deeper. Karl Marx (1818-1883) in his book, *Capital*, explained that capital exists in three forms, and is in constant motion between them: (1) money capital (M); (2) productive capital (P), which includes: (a) means of labor: fixed capital and consumables; and (b) variable capital: labor-power which is the source of all 'value', exchanged for wages given to the worker; and in addition an unpaid part, the source of all profit, 'surplus-value'; and (3) commodities (C): bearers of 'value' and 'surplus-value' for exchange in the market place to realize the return of constant capital congealed in the commodity along with value and surplus-value, in money form for its journey once again in the never ending circuit of capitalist reproduction. In the production stage of commodities, capital is in two forms: fixed capital and fluid capital. Fixed capital is: buildings, roads, ports, technical training facilities, transport, production machinery etc; in a word, infrastructure, a capital form which gives up value to the commodities produced bit by bit, over multiple circuits of capital, often many years. Fluid capital is raw materials, such as wood, steel etc., and consumables, such as gasoline, coal etc., which together with the fixed capital is called constant capital (or "dead labor"); constant, because it simply passes prior values created by labor contained in it to the commodities produced for exchange in the market. But fluid capital also includes living labor, which is the worker's ability to labor, i.e., labor-power in action and is termed variable capital, because it's the application of labor that provides both for wages paid to worker (based on, not actual, but socially necessary labor time) as well as surplus-value for the capitalist system. This is expressed in the formula: $M-P-C-M'$, where $M' = M + \Delta M$, the ΔM representing the surplus value generated in the capitalist mode of production. Capital also must constantly be enlarging, as it goes thru these endless cycles, with a minimum growth, of 3% per year, to avoid a crisis in the system. Labor of a living human being that which creates profit for capitalists, is thus "productive" and any other socially useful labor that does not make a profit for the capitalists is termed "unproductive" labor, such as for example: child rearing, care for the sick and aging, and children's education. For capital, only the labor that makes it grow is of significance, and the usefulness of the commodities is only incidental, in so far as they are exchangeable. Thus over time, the labor that this process of capital separates ("alienates") from those who perform it, instead of being a comfort for the worker and the society, as it should be, becomes an alien power that dominates and oppresses the workers, and enlarges like a vampire with each cycle of production.

3. The Internal Contradiction of Capital

Under the conditions of the capitalist mode of production, due to the competition among capitalists in the same type of industry, and with the development of technology, greater automation is introduced to reduce cost of production, so as to increase profit. For the capitalist who first introduces the automation to his production, this indeed provides greater margin of profit, but soon all others do the same and the price of the commodity falls, driving out of business those who failed to automate or innovate, and the generalized profit rate decreases, now less than before the automation was introduced, because as human labor congealed the commodity is reduced, so does the surplus-value.

To offset that contraction in surplus-value, volume and speed of production is forced to be increased to regain the profit margin, necessitating mass production. This in turn demands selling to ever larger number of buyers, and buyers must necessarily be wage workers for these mass produced commodities. But, as wages cannot rise fast or they effectively decline, as labor finds fewer jobs around, a reserve army of labor appears, lowering the wage of all workers, which in turn makes it hard to sell the mass produced commodities. Thus comes a point when commodities begin to accumulate in the warehouses and stores, expressing a crisis of “over-production”. At this stage both capital and labor are available, but cannot be combined to make profit for capital, which is the sole reason for its existence. Capital then begins to accumulate increasingly in money form and those who are its managers, i.e., investment bankers, developers and industrialists then seek profits in some other ways, such as wars abroad or funding speculation and basing it on manipulations to pass the inherent risk in speculation to others: individuals and institutions. That is what underpins the economic crisis we are facing today. However, since Marx was much hated for revealing the secret of capital, the capitalist run world society hides it behind the myth of the “free market”, in which sale of commodities itself magically produces all the profit, because somehow the buyers voluntarily pay more for the product than it is worth. (See Kambiz Sakhai’s article in this pamphlet on the falling rate of profit)

4. The Three Circuits of Capital

According to David Harvey, author of *The New Imperialism*, the circulation of capital occurs in three interconnected levels:

(I) *Primary Circuit*, in which capital buys means of production and labor power to create use-values and exchange-values and thru market, circulates and enlarges itself, returning to start the process again. In this circuit production of values and surplus values result on one side and consumption of commodities produced and reproduction of labor power on the other side, by the wages expended by workers.

(II) *Secondary Circuit*, in which capital operates thru capital markets to create producers durables and built environment for production, enhancing labor productivity for future surplus generation to offset the declining rate of profit inherent in capitalism on one side. On the other side of the secondary circuit is also the creation of consumers’ durables, housing and cultural spaces for the workers and generation of consumption funds from workers savings deposited in the banks.

(III) *Tertiary Circuit*, in which part of the surplus value goes to state functions, technology, science and administration, to create innovations that will benefit the productivity and efficiency of the capitalist production system on one side and on the other side, taxes from workers are used to fund social expenditures, such as health, education and welfare, creation and maintenance of ideology (such as “free markets” etc.), police and military industrial complex etc..

The surpluses of capital in the primary circuit can be invested in secondary and tertiary circuits, if profit rates decline in the primary circuit due to excess capacity, provided they ultimately do what capital needs, that is, enhance it. Over-accumulation in the secondary and tertiary circuits is the one that trigger serious crises, according to

Harvey. The world-wide collapse of property markets in 1973-75 was such a trigger that almost bankrupted New York City. In 2002, twenty percent of GDP growth in US came from consumers refinancing their mortgage debts from the inflated home values, for immediate consumption. This in effect was mopping up of over-accumulated capital in the primary circuit to place it in the secondary circuit.

5. Imperialism the Necessary Outgrowth of Capitalism

The meaning of the word ‘imperialism’ has changed. In its earlier usage it meant dominance of a powerful sovereign over vast stretches of lands and peoples, from whom he collected tributes and armies to fight wars and accumulate wealth for luxury consumption and wielded power. In the modern era it means use of power of capital by a group of countries to dominate and exploit the resources of less powerful countries of the world, using the coercive power and if needed violence (“all options are on the table”), of the military force. In capitalism’s phase of infancy, peasants in Europe were uprooted from the feudal lands on which they had lived for centuries by the new laws promulgated to forcibly separate them from their means of labor, to force them to sell their ability to labor in factories to earn a livelihood, i.e., proletarianized, and in turn the countryside was converted to capitalist farming, or pastures for sheep. It is described by Marx as the original sin, or “primitive accumulation” of capital. So right from the beginning, capital accumulation occurred through both the modes of exploitation: through primitive accumulation, i.e., outright thievery and robbery and through surplus of a workers’ labor extracted during production. Further as the German revolutionary leader Rosa Luxemburg pointed out in 1909, these two modes of accumulation are always organically interlinked.

As soon as mass production began, capital required cheaper sources of raw materials and labor, and markets for its products, workers to keep the profits from declining as a result of the ever larger investments in constant capital, i.e., labor saving machinery. Thus began the era of European colonization of the planet by a handful of European capitalist nations, the era of the youth of capital. Although colonization of the Americas began by the catholic imperialism of Spain, a prior form, the capitalists nations of Holland, Britain and France soon established multinational corporations which came to be known ‘The East India Company’ and similar names established around 1600 A.D., which began the era of colonial capitalist imperialism. These companies were formed to capture whole nations and were free to loot and plunder. They first robbed the accumulated wealth by the extraction of heavy taxes upon the peasantry, i.e., by primitive accumulation, but after the factory production increased, through trade imposed upon the captive nations that favored the capitalists of the European countries. Trade in the era of capital meant exchange not for mutual satisfaction of need for commodities as it did before, but only to extract higher profits. The mass production expanded by machinery required British manufacture of cotton to be sold outside of Britain. Millions of handicraft weavers died in India as a result of this imposition that was enforced not just by the market mechanism, but also by laws by the imperial rulers. Also, cheap raw materials from overseas was required to reduce cost of production to try and reverse the falling rate of profit of invested capital, which the cheap labor in the colonies provided to Britain, the then workshop of the world. Forced opium trade with China, plantations and

mining in the New World using slavery as the most exploited form of labor were the hallmark of this era.

By the late 19th century, the accumulated size and concentration of capital required capital itself to be invested overseas to utilize yet cheaper labor in production in addition to the cheaper raw materials of the colonies. In this period, monopoly form of capital emerged, as free competition could not maintain the profit rates. This is what Lenin, the revolutionary Bolsheviks leader identified in his 1916 essay, *Imperialism the Highest Stage of Capitalism*. World Wars I and II were fought between those colonial powers that had colonies to invest capital and get markets for cheap raw materials and labor and the late comer capitalist nations, led by Germany, Italy and Japan whose access to these resources was blocked. Lenin correctly foresaw the inevitable clash that was to come in World War II. The beginning of the 20th century was the peak of colonial imperialism, expressed in the claim: “the sun never set in the British Empire”, with Britain as the greatest of the imperial power. But peaks are exactly where the descent begins. Approximately 105 million human lives were extinguished in the First and Second World Wars combined but these lives mattered little, as did the lives of hundreds of millions who died in the colonial conquests and resulting poverty imposed by the acquisitive drive of capital, compared to what is more important to the rulers who represent capitalist states, namely that profits continue and capital enlarge. Through the “creative” destruction of these World Wars, excess capital in the form of infrastructure, commodities and money, in all three forms was reduced, that by 1945 ended the Great Depression associated with the crisis of global capital, with the US emerging as its greatest beneficiary, with its capital in its industrial base intact and energized, and its rival capitalist states devastated. Also, as a result of this dogfight, the national liberation movements were able to overthrow the yoke of colonial imperialism in much of Asia and Africa.

After the Second World War a new form, Neo-Colonialism emerged, led by the US in what was now the middle age of imperialism, 1940s to 1970s. A cold war emerged between the imperialist West led by the US and a socialist East led by the USSR. Capital accumulation accelerated, and European nations and Japan reemerged as significant production centers of capital, but not yet large or independent of the needs of US capital. The newly emerging Third World countries often found protection from the socialist camp, whose economy, though small by comparison, still was substantial and largely independent of the capitalist camp. The excess capital in the capitalist camp flowed into a welfare state and the military industrial complex and regional wars erupted in different parts of the world as the two camps vied for influence in the Third World. In this period the industrial workers of the capitalist world, particularly the US, gained significant concessions. This was the era of “Guns and Butter”, but the US was weakening economically, both due to rival capitalist production centers emerging in Europe and Japan and due to the expenditures on regional wars, in particular, the Vietnam War, and the enlarged military industrial complex itself.

By 1970s capital needed the imperialist expansion once again to prevent the crisis of ‘over production’, that is, when the products cannot be sold because of insufficient buying capacity of consumers. Its expansion into Eastern Europe, China, South East Asia in this period of ‘détente’ temporarily resolved the internal contradiction of capital but

only to shift it for a bigger crisis later. The US now became the center of finance capital following the Arab Oil embargo of 1973, a concentration in money form that is part of the process of capitalist production, both as a hoard in the normal times but as a much bigger hoard in the crises. All excess capital of the world capitalists began to be invested in the NY stock exchange and US Banks, particularly the Arab oil money that enlarged from the oil price escalation. It restored US once again at the peak of the imperialist pyramid, reversing the decline temporarily. This in turn allowed the US to intensify the arms race to effectively bankrupt the socialist camp. It was also in this period that the USSR was sucked into the Afghanistan War where the US spent relatively small amount of money to fight the USSR by using the reactionary medieval tendencies of the Afghan society as the motivation.

The USSR had become a bureaucratic regime by the mid-1930s. The vast peasantry of Russia was ill prepared for transition to the kind of modernism of socialism necessitated by the external threats, and the civil war had much depleted the industrial sector. Forcing of social change meant establishing dominance of a party over the citizens in the name of liberation. Not forcing the change meant being destroyed by the advanced forces of production of capitalism, which ultimately meant, defeat either by the means of cheap goods or mechanized armies flooding USSR from outside. Caught in this dilemma, and forced to make a choice for immediate survival, Stalinism emerged and the vitality of a liberating socialist revolution was lost and although USSR successfully fought and destroyed the Nazi Germany, the cost was extremely high. The despotism that is centralized power, however principled, suppressed the initiation of a self-consciousness of a species-being that can emerge only under a liberal socialism. In time this bureaucratic deformation resulted in the destruction of the USSR by 1991.

The fall of USSR and integration of East Europe and China provided a brief spurt to the global hegemony of capital, and made US the sole super-power. The US appeared at the peak of its power and invincible to many in the last decade of the 20th century. But by now capital had already spread to nearly the entire globe, and enlarged yet again, in the new production centers of China and other countries, so that the commodities could not be sold for the minimum necessary profit required for capitalist system as a whole once again. It is an apparent paradox that over ten million manufacturing jobs were lost in the past decade both in China and the US combined. Who gained these jobs as cheaper goods flooded the market? Answer: the machinery that reduced the worker hours in each product produced. The continuous growth of capital meant ever more sales required. The buyers did not have the capacity to consume all the products. Thus began the old age of imperialism, “Neo-Liberalism”, with its peak under Clinton’s presidency when capital further expanded to Latin America and Asia, producing profits thru the financial mechanisms enforced by the structures of power (IMF, World Bank, GATT & WTC etc.), a period in which internet bubble arose, making instant millionaires, which created social instabilities in the US, corruption on a massive scale and a sense of US society gone berserk, paving the way to the governing form of “Neo-conservatism” of George Bush, but continued apace, with easy credit, creating the housing bubble (recall Bush claiming the US as “the ownership society” in 2007) and also another stock bubble. Credit peddling went wholesale in the US, but also global to the higher wage workers (“middle class”) in the third world. The giddiness that took hold in the US in late 1990s

and again after 2003 was based on a mentality mass media created that “money could give birth to money”. Banks advertized various schemes to promote credit as “products”. Credit cards multiplied like rabbits in a forest. Military industrial complex, supported by the Iraq and Afghanistan wars along with the luxury goods production are the hallmark of the era that has just ended with a bang in September, 2008.

Capital that robbed the peasants of Europe thru primitive accumulation, then robbed the workers in the factories as the wretched of the earth, in its infancy, developed into colonial imperialism to rob the peasant of the East and colonized American continent, robbing the natives in its wanton youth, matured into its middle age into a refined system of neo-colonialism to rob the Middle East Oil and Third World resources encircled and through military industrial pressures destroyed the socialist countries, returned home once again to rob the worker of the west in its old age, a large section of which had wrested some benefits from capital’s global accumulation to make life palatable for itself by the struggles it had waged but failed in overcoming capitalism. In the 18th thru 20th centuries, imperialism repeatedly provided an escape from the inevitable clash between labor and capital, i.e., civil war, resulting from the internal contradiction of capital. But now having encircled most of the world in its system, and with rise of many more capitalist production centers, capitalism has run into a dead end from which there is no easy escape. Civil War or World War are the two alternatives for capital to reconstitute itself. Many workers in Europe and the US had come to believe the mass media message that they were in the “middle class” in the age of imperialism. But, robbed of his means of labor, a worker is a proletarian. American and European workers have been rudely awakened by what has happened since September 15, 2008.

6. Conflict with Nature

Creation of huge piles of waste and toxic waste is the outcome of the production process of capital even when it is not in crisis. The wasteful capitalist process has been continuously enlarging and rather than meeting human needs in a real sense, has been abusing planetary ecology (nature), including human nature in ever larger scale for the last 500 years. One measure of that is the emission of greenhouse gases, the other is toxic wastes in soil, water and air, leading to their entry into the food chain. The most the capitalist world leaders have been able to agree upon, and here the US has not gone along even as far as other advanced countries, is slowing the rate of growth of the green house gases. Depletion of non-renewal resources of earth is the other fallout from the capitalist mode of production and consumption. This aspect is well described in several publications and papers (see Larry Shoup’s article in this pamphlet). In its old age, capitalism is in a life and death struggle with the planetary ecology itself, a cancer on the world social and physical body. If capitalism is not transcended, it is now very clear that the earth will become uninhabitable in a relatively short period of two or three generations for complex forms of life, and human beings are among the most vulnerable in that situation. Socialism is not only a vision, but a necessity now. There is no time to lose.

7. If Capitalism and Socialism both have Failed, is there an Alternative?

It is fair now to raise two questions. First: Did Capitalism not give us modernity through technology and science and raise standard of living for all, gave individuals freedom and equality as against medievalism that was far worse, and is it not possible to reform capitalism for an equitable global society and a sustainable planetary ecology?

Second: If the 20th century socialism in different models did not work, what makes us believe another type of socialism, “21st Century Socialism”, “Democratic or Libertarian Socialism” or “Ecosocialism” will work? What will prevent it from becoming deformed, bureaucratized, despotic, and dysfunctional?

The answer to the first question is that modernity and capitalism did go hand in hand in the earlier phase of capitalism, even though Capitalism came to this world with “blood dripping from every pore of its body” in Marx’s words, citing the condition of the working class in England. Capitalism removed narrowness of culture in its quest to expand production, bringing together workers who now had a common ground, even though it was generally in conditions that shortened the lives of these uprooted peasants, immigrants and workers from former guilds. But that is all that can be said as its positive contribution, which also came with a big negative. However, transcending capitalism does not imply return to a medieval past, but an even greater modernity, one that goes beyond individual freedom, and self centered individualism. “*Freedom, Equality, Fraternity*” was the rallying cry of the great French bourgeois revolution of 1791. To the extent achieved under capitalism, these are a result of intense struggles of the working class, recall slavery and genocide as the birthing condition of US colonial capitalism, and ravaging of Africa and Asia as what underpinned European building of capitalist societies. Freedom that capitalist constitution granted to workers remained formal, largely devoid of meaning, enshrined in the same constitution that gave capitalists the first class citizenship, reducing workers to second class citizens. Freedom actually meant the worker was freed from his means of production and forced to sell his labor power. Equality became inequality under capitalism, with wealth concentrated at one pole, in the hands of 1% of the population, and poverty on the other, resulting in dependence of the bottom 90% of the society on the top 1%. Fraternity, instead of real bonds of kinship, became abstract in the form of citizenship of a state, in which we are permitted to express opinions but unable to make meaningful changes. Alienation of labor resulted in alienation of human beings from each other. (See the article by Ron Kelch in this pamphlet.)

Obama, the first African American elected president, did make history but his claim that the US is the only country where his story may be possible is wrong. Revolutions provided much more radical stories than his own, where not just one individual had the opportunity to wield the levers of entrenched power, but a complete reversal of the power as historically held, and until lost, held by a great majority, i.e., workers. What is more, as president, Obama must remain a servant of capital, which has the US constitution behind it, as a precondition of his high office, so the levers of power that he has under his command will control him as much as a machine controls the worker in the factory, rather than it being controlled by the worker. In this crisis the most radical step that can be taken within the capitalist system is the spreading of the wealth, words that candidate

Obama did utter, much criticized as “Socialism”, but is in fact what Marx described as “Bourgeois Socialism”, that is, if implemented fully: by taking the accumulated wealth in the top 1% of the population, the capitalist class, and distributing it to the impoverished working class, the bottom 90%. But, while this will restart the engine of capitalist production, it will not solve what ails human civilization. Further, that neither Obama nor the Democratic Party have the power to carry it out. That radical change can only come from a social revolution. History has shown that capitalism cannot live in peace with nature; it must exploit nature and workers because it must grow constantly. Violence and injustice are the foundations upon which it rests and grows. Racism is part of its means to enforce its rule, as it emerged from Europe to dominate the global population. If it could have lived in harmony with nature, without racism and wars, we would have witnessed it over its 500 year history, but its history is an exact opposite.

The second question is more difficult to answer. The world capitalist mass media has explained to the peoples of the world the half-truth that 20th century socialism did not work. However capitalist mass media failed to tell the second half of the truth that capitalism did everything possible to destroy the 20th century socialist revolutions, and that capitalism has never worked, at least for the 99 percent of the world population. The conflict between capitalism and socialism in the 20th century was a life and death struggle, from which only one could survive. But the socialism of the 20th century also had its own faults and weaknesses. It was in the USSR civil war that the new born delicate flower of workers’ democracy died and the revolution turned bitter to survive. A similar fate fell on China. 20th century Socialism failed to advance to a higher stage, because it was forced to fight a conventional war with the imperialist countries, because revolution failed in Germany. Fortunately there still a small exception, if imperfect, to this tragedy, that of Cuba.

Historical eras do not change in one sweep. It was so when feudalism and capitalism began their struggle starting in the 15th century. It took capitalism over 200 years and many failures to overwhelm feudalism, and replace it bringing in the era of capitalism on a global scale. Socialism appeared on the stage of history with the failed European revolution of 1848. It then appeared in the brief first rule of the proletariat for a few weeks in 1871 Paris Commune, which was crushed by the Prussian army at the behest of French monarchy & the bourgeoisie. In the 20th century new and more powerful waves of socialist revolutions starting with USSR, China, Vietnam, Cuba and others subsumed under anti-colonial, anti-imperial revolutions replaced capitalist and imperialist rule in over half the world. So, while each wave of socialism has collapsed, it is obvious that the successive waves have been larger and more powerful. The 160 year history of socialist waves has left us a rich heritage from which to learn and upon which to build new models of socialism. It will take yet another wave of revolutions to overwhelm and replace capitalism permanently. The socialism of the 21st century will only succeed in its aim of liberation from the tyranny of capital if it overwhelms capitalism globally, and also then develop the society in which human dignity and liberty are at the core.

Human beings are the most developed species in ability to transform the world by their mental and physical labor, and transform themselves along with it. Capitalism fostered the idea that human beings are inherently selfish, and under its regime, and one before it, this has been shown to be true for many, but what is true of even a much larger

part of humanity, the proletarians, is that it has repeatedly shown ability to sacrifice for others less fortunate, in other words, to be species-being, much more naturally than isolated atomized individuals bourgeois philosophy says is their highest stage of development. To have a healthy socialism, and a healthy planet, we must also change our culture along with the economy. Workers of the West must gain leisure time, and an ability to return to collective life, along with ecologically sustainable productions, be able to live on organic healthy nutrition, and rationally consume natural resources, giving up dreams of wasteful consumptive life fostered in them by the capitalist media. Further, workers of European ancestry must act decisively to end racism, connect with their sister and brother workers of the Third World, to gain their own freedom from the historical bondage of racism that capitalist imperialism put around them. Workers of the East must rise above narrow confines of religion, patriarchy and nationalism and learn the modernity of workers of the West. Both must organize production on the basis of human need and ecological sustainability. Individual egoistical power as the aim of life must be replaced by collective human power for individual dignity and diversity and sustainability of our material base of life: Mother Earth. The future society will have to also connect to the collective wisdom of the ancient civilizations. Only when this becomes the will of the workers, and only when they remain active participants in the new society as freely associated producers, freed from the logic of capitalist production will it prevent the revolution leading to the 'Socialism of the 21st Century', 'Democratic or Libertarian Socialism' or 'Ecosocialism', from becoming deformed, bureaucratized, chaotic, and dysfunctional.

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TODAY'S ECONOMIC CRISIS RESURRECTS KARL MARX AND THE SEARCH FOR AN ALTERNATIVE TO CAPITALISM

Ron Kelch

Ours is a changed world in which the very existence of capitalism has been called into question--a world of economic crisis not seen since the 1930s. New revolts have erupted on the ground like the successful workers' occupation of Republic Doors and Windows in this country, widespread worker actions in China especially among its vast number of unemployed, a regime changing revolt in Iceland and a successful general strike in Guadalupe. The crisis has spawned widespread interest in Karl Marx from capitalists like George Soros to innumerable new study groups in Marx's *Capital*. Many are asking if there is way to a new human future in contrast to our world's anti-human threat of total war, environmental catastrophe and growing misery for the world's great mass of workers and peasants. The date that stands out when this new world of capital's total internal crisis revealed itself is Sept. 18, 2008 when Bush's Treasury Secretary Paulson asked for and received unprecedented resources and power over the U.S. economy. The alternative he said was the total collapse of capital's global system of finance and another Great Depression.

Ever since history has been the terrain for debates about the present. Overnight, in a giddy whirl, bedrock ideological assumptions about the role of government transformed into their opposite. Each bailout and corporate nationalization up to the 18th was met with outrage, yet they kept coming. Finally after Paulson's ultimatum on the 18th, liberal economist Paul Krugman half-jokingly exclaimed "Commissar Paulson has seized the means of production!" A *Newsweek* cover story declared, "We're all socialists now." President Obama recently authored an op-ed piece printed around the world defining the future as the right mixture of two poles: a state-planned and an unregulated market economy. Lost in such limited thinking is Marx's perspective on a socialist future: planning according to a communal form of freely associated labor that emerges in society, which thrives not from help from the state, especially not a single party state, but by taking over the state in order to destroy it and reduce any necessary central functions to a minimum.

President Obama's stimulus package, a "new New Deal," is the latest in state-capitalist planning. The liquidity crisis, which posed an immediate threat to shut the daily functioning of nearly every business is now projected to cost at least \$12.8 trillion in spending, loans, and guarantees to financial corporations. This reflects a much deeper problem in the real economy where the crisis continues unabated in a downward global spiral. The prevailing remedy is more statification, general state planning for a new economy through massive deficit spending and the take-over of whole segments of the economy like the auto industry, whose fate will be determined by overlords in Treasury Department. They are especially targeting the past gains of auto workers.

The great mass of the population in the U.S., facing economic devastation from so many angles--foreclosure and homelessness, job-loss, lack of health care and bankruptcy

from medical emergencies, a collapse in the value of retirement assets--have been shocked and outraged at the government largesse extended to the very bankers who caused this crisis. All kinds of politicians, who also expressed "outrage," nevertheless got behind the super bailout, which is costing more each day. Saving the system itself comes first. Marx's expression for this was "capitalist communism." This has also been the case on a world scale. Though President Bush left with the U.S. at something of a nadir in international esteem and with a greatly weakened economic and military status in the world, world capitalists for now are looking to the U.S. to lead the world out this. Like the bailout, at least for now there is a level of capitalist solidarity to see if the system can be stabilized. Now global "instability" (i.e. revolt) from the meltdown is considered a bigger strategic threat than the wars against al Qaeda or Islamic fundamentalism.

Far from the state intervention and universal "outrage" among capitalist politicians over the greed of the financial sector indicating that "we're all socialists," what this does represent is a turn to the state to save the system, to save what Marx called the capital relation, where capital as an "alien force" employs human beings. Marx at every point hated all statist concepts of socialism because for him there is no resolution to capitalist crises and anti-human direction outside of workers confronting the root of the problem, alienated labor in production. This is one reason for revisiting, like so many leftists and capitalists are now doing, the birth of the age of statist-capitalism, which took different forms all over the world in the 1930s.

Keynesian State-Capitalism

This crisis has led liberal economists like Krugman and Stiglitz back to the 1930s and Keynes' theory of "under-consumptionism." Their remedy is boosting consumption through deficit spending, a "new New Deal." They urged Obama to be intrepid in deficit spending, criticizing his mere \$800 billion stimulus package. That means not pulling back on the deficit like Roosevelt did in 1937, bringing back the Depression with a fury. It means going full throttle with a WWII level of deficit spending (about \$3 trillion a year or 20% of today's GDP), which finally put people to work.

This is certainly a re-writing of history. Even so these liberal economists do not have confidence that their prescription will work, only that without it the world economy will certainly fall into the abyss. As Stiglitz asked, what is going to replace the housing bubble after we spend all this money? In other words, there can be no end to statification of the economy in the name of propping up demand.

Looking at past crises of accumulation, Robert Reich, Clinton's Secretary of Labor expressed his misgivings about Keynesianism to Krugman, doubting "...that American consumers will eventually regain the purchasing power needed to keep the economy going full tilt...Median incomes dropped during the last recovery, adjusted for inflation, and even at the start weren't much higher than they were in the 1970s. Consumers kept spending by borrowing against their homes. But that's over."

The liquidity problem may be resolved but the disappearance of trillions of paper profits reveals a much lower underlying rate of profit in the real economy. The financial system, where all this profit is mixed together, is the arena capital uses to divvy up the loot, value and surplus value, extracted from workers in production. In contrast to the

mammoth fictitious profits, which just disappeared in the financial arena, the real rate of profit has a tendency to fall because on the whole it takes ever greater amounts of capital to employ each living laborer, the source of all value. Capital accumulation demands that the market has to be held to the cost of reproducing labor power through wages and the luxuries of the capitalists.

The market is always biggest just before a crisis. Cheap money from the Federal Reserve and unregulated finance capital, which packaged sub-prime mortgages for the world, fueled consumer demand. In a series of speculative bubbles leading up to this one U.S. consumers were considered to be the "heroes" of the world economy. They are now called profligate. Capitalists real concern is not lack of consumption, lack of demand. It is their ability to accumulate. Once the real rate of profit is made manifest, from the capitalist point of view workers are consuming too much.

The biggest share of the U.S. state-capitalist economy goes toward militarization. The military budget, not counting special appropriations for two wars, is the highest its ever been in real dollar terms. The only way for that investment to pay off is war. Only after WWII could the U.S. bring down its deficits. The global human disaster of WWII destroyed a vast amount of global capital. That was the basis for restarting the process of accumulation with a relatively unscathed U.S. as its center. Only by paying that horrible price, which in today's world means a new absolute level of destruction, could the massive deficits end.

Keynesian statism didn't save capitalism from its internal contradictions but it did help save capitalism from the unprecedented revolt and self-activity of workers in production. While today we've already seen our first sit-down strike at Republic Windows and Doors, it took several years of the Great Depression before sit-down strikes triggered the self-organization of millions of workers who created the CIO. The question for our time is whether new revolts that emerge, considered now to be the greatest strategic threat to capital (not terror), can avoid the pitfalls of a statist solution that ends in total war?

Though a global division of labor has thoroughly intertwined the world's workforce in capitalist production today, there is the pull toward nationalism and protectionism, bringing back the threat of full statification of the economy, inter-state tension over a shrinking pool of profit and total war. From a global capitalist perspective there is a need for the destruction of a lot more capital if investment is going to be profitable. Squabbling among the leaders of nations with the largest twenty economies at the G-20 economic summit betrayed a total lack of confidence that there is any solution to today's intractable crisis.

State-Capitalism and Post-WWII Economy

Increasingly national economies say it's not our capital but yours that has to go. The form of competition between centers of nationalized capital is total war. In the 1930s nationalism and militarism drove the full statification of some economies. Marx didn't live to see a country organized by single entity under the law of value, which is exactly how the Russian Communist Party described their state-planned economy in 1944. Yet he anticipated this way of thinking. Totalitarian planning can resolve some of the immediate

crises through a society wide perspective on value production, but that doesn't abrogate the law of value. As Marx put it in Volume 2 of *Capital*:

"In speaking of the social point of view, i.e., in considering the total social product...it is necessary to avoid falling into the habits of bourgeois economics...to avoid looking at things as if a society based on the capitalist mode of production lost its specific character when considered en bloc, as a totality. This is not the case at all. What we have to deal with is the collective capitalist." (509)

The post-WWII global economy received a shock of recognition by the mid-1970s, after Europe and Japan rebuilt their economies with the then latest technology. There was a global recession and the onset of the era of low growth from which the world economy has not extricated itself. Once again, economists rediscovered Marx's prediction of a falling rate of profit. Capital's "remedy" was massive restructuring of the global economy, moving manufacturing to low cost nineteenth century conditions of labor and, in the process, further eroding any leverage still maintained by their own workers. They then tried to manage the economy through the monetary policy that brought us to the present crisis: "uncoupling" employment from the economy, and finance capital from the real economy.

By the 1980s totalitarian state-capitalism had its own crisis when workers, especially in Poland had made a total challenge to state centered planning by organizing nearly the whole of society before being crushed. The whole system--where the party managed the accumulation of means of production (capital) at the expense of means of consumption in the name of "society" and where "society" meant what Marx called the "aggregate capitalist"--no longer had any credibility. From within, the near universal perspective on the system was one of total alienation from economic activity. As expressed in the folk wisdom at that time: "We pretend to work and they pretend to pay us." Looking for a way to preserve the capital relation in the 1989 collapse of the former USSR, elites were able to push the workers and their aspirations for self-determination in production off the historical stage.

What the elites looked to was a new objective stage of capitalism that had dramatically lowered socially necessary labor time in relation to productivity in the USSR. It was a new level and intensity of globally integrated production. Capital, in other words, had thoroughly broken through the bounds of containment set up by national boundaries. Transnational corporations had greatly extended their ability to exploit labor and national differences. The Chinese elite worked out a much smoother transition, opening up for global capital to use their carefully managed "surplus" population to fill the world's manufacturing workhouse. Russia had a more tumultuous transition, but pretty much the same elites were in charge after privatization as were running the "planned" economy before. Putin, who was a specialist in exploiting oil and raw materials, consolidated power through the state oil monopoly. Oil has been Putin's primary economic and political weapon internationally. Putin is now rehabilitating Stalin as Russia's greatest national leader of the 20th century.

Marx and the Crisis in Production

A crisis is when the law of value asserts itself, that is, that all value comes from labor, from the real economy where human beings are expending energy to shape the real world. However, the intractable crisis in the creation of value and surplus value in the real economy does not arise from concrete, useful labor, which creates use-values through which workers live and reproduce themselves. Rather it is abstract alienated labor, labor expended according to socially necessary labor time that creates value and its forms of appearance as exchange-value. When an individual center of capital decreases the labor time in its own commodities, usually through the introduction of new technology, their product for a while sells above the social average amount of labor time it takes to produce that commodity. Thus, it always appears as though value comes from capital, machines. When all capital centers retool with the same technology, a crisis appears to come out of nowhere. Marx captures this absurdity early on in *Capital* when he asks what do you think of a law that asserts itself in a crisis. It's like only knowing about gravity when your roof falls on top of you!

Dead labor in machines, the apparent source of added value, dominates living labor under capitalism. The law of value is the law that alienates labor through this inverted relationship between subject, the laborer, and object, the material process of production. Because socially necessary labor time determines value there is no direct connection between exchange value, price, and underlying value, nor between profit and extraction of value and surplus value in production. In the market workers sell their only commodity, their labor power, for wages with which they reproduce that commodity, but in production they are the only element that adds new value. Once they produce enough value equal to their wages, they don't stop working but continue to produce surplus value, which is the source of profit. For the capitalist it appears as though value comes from capital and its self-expansion, or twice removed as in the financial arena, from money making money.

Each time the pull is to view the latest empirical facts from a perspective other than the way Marx shows how those empirical appearances are determined by value producing labor. Marx centers the possibility for something new in the struggle against alienated labor, the process of creating things as the embodiment of dead, abstract, value producing labor that dominates living labor. Vol. 3 of *Capital* is favored by many Marxist economists and also capitalist economists in a crisis because that's where Marx takes up empirical appearances in detail. The goal for capitalists in a crisis, is to plan their economy more in line with the law of value to preserve capital's inverted relation--the idea that capital, as machines and as money, employs humans rather than humans producing according to the plan of freely associated labor.

In Vol. 3 of *Capital* Marx refers the reader back to Vol. 1 and the law of value's inversion in which labor as subject become alienated: "Under the heading of costs, which include not only wages but also the price of raw material, the depreciation of the machinery, etc., the extortion of unpaid hours of labor appears simply as...lesser payment for a certain quantity of labour...the extortion of surplus labour then loses its specific character. Its specific relation to surplus-value is obscured...the way surplus-value is transformed into the form of profit, by way of the rate of profit, is only further extension

of that inversion of subject and object which already occurs in the course of the production process itself. We saw in that case how all the subjective productive forces of labour present themselves as productive forces of capital." (136)

Workers draw their own historical lessons from the 1930s and 40s and the emergence of counterrevolutionary statism identified as forms of "socialism" in which the law of value still holds sway. This history demands answers now to fundamental questions: How can a revolution overcome the law of value? What would it take? How would we know?

Socialism and Organization: Marx vs. Lassalle

Marx introduced his philosophy in 1844 with a discussion of alienated labor as more primary category than private property, property still being something outside of the human being while beginning from alienated labor poses the contradiction in a form driving toward resolution. Here is where Marx explicitly denounces those who associate communism with collective property forms. Marx never tired of tracing how each mode of production creates a corresponding form of property.

For Marx, capitalist private property is really based on "the expropriation of the peasants, artisans, in general on the abolition of the method of production resting on private property of the direct producer, on his conditions of production." The condition for the existence of capitalist private property is the property-less laborer who has nothing to sell but her labor power. Capital socializes labor on a global scale according to its plan of accumulation. In the process new technologies and forms of cooperation tremendously expand the social power of labor. As this social power of labor develops capitalists become, says Marx, mere "trustees" of this social power and capitalist private property disappears. The trustees preserve the capital relation in an uncoupled financial sector that divvies up the surplus value extracted in production. In a crisis they turn to the state to preserve the capital relation.

In *Capital*, Marx says the process of setting workers "free" from their conditions of production, whether based on individual private property or communal property as among the farmers in Chiapas today, is one long first negation forcing humanity to be socialized along the lines of capitalist private property. In *Capital* the key moment is when the expropriators are expropriated through a "negation of the negation" when the value integument is burst by newly socialized workers who recognize themselves as such, that is, freely associated laborers where "each one expends their labor-power with full self-awareness as part of single social labor force."

Marx returns to the themes of his early work in his 1875 *Critique of the Gotha Program* (CGP) where he gives a general outline of his concept of the future beyond capitalism. He is especially concerned that the future be measured by labor going from a mere means to the prime necessity of life. The fact that so many revolutions have ended up in a totalitarian single party state bears out Marx's warning of associating socialism with statism. His opponent in all this was a statist-Hegelian Ferdinand Lassalle, whose concept of socialism was to elect him to represent workers in the state, which would then aid workers' cooperatives. Marx called him the "first workers' dictator." No Marxists thought to begin their concept of organization from Marx's CGP, which begins from

social revolution that smashes the state and continues to diminish any necessary left-over central functions. Everything for Marx depends on a new type workers' self-organization that continues to break down "the enslavement of the individual to the division of labor, especially mental and manual labor."

Capital's turn to statism today is to save the value relation's objective/subjective inversion at all cost. That means even if workers gain some measure of temporary control over production, it is still the case that capital employs labor for its self-expansion. Labor continues to serve an alien process and when capital gets the upper hand labor's gains are taken back. New forms of revolt are emerging all over the world, looking for a way not to repeat the mistakes of past revolutions. In engaging those revolts, now is the time for revolutionaries to be clear about what a break with value production is. In other words, what is socialism that doesn't transform into its opposite? These are very exciting and dangerous times when a lot of history is being revisited and Marx is again coming alive to a new generation. It is important to take the time now to fully engage Marx's concept of what constitutes a new beginning beyond the law of value in a new kind of revolution.

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THE ECOLOGICAL CRISIS, CAPITALISM AND ECOSOCIALISM

Laurence H. Shoup

Humanity is now facing the greatest challenge in its history, a rapidly maturing ecological crisis. This long-term crisis constitutes the gravest direct threat to civilization and human life that we as a species have ever encountered. It signifies that the socio-economic regime of capital has now reached its limits, meaning that there must be an end to capitalist business as usual and the advent of a massive struggle for new life affirming socio-ecological regime, best labeled ecosocialism. An ecological perspective is central to our full understanding of alienation under capitalism, the failure of the attempt to create socialism in the former USSR, and the overall struggle for an egalitarian and sustainable human future.

The Ecological Crisis

Human existence and all life on earth are framed by the world's natural ecosystems, integrated webs of life that interact holistically across human created frontiers. When ecosystems are fragmented and ruined, their ability to support life is also destroyed. The capitalist domination of nature is now spiraling out of control on a planetary scale, resulting in the denaturing of everything, a complete alienation from nature.

The ecological crisis is a complex mix of dangerous trends and must be seen systemically. These negative trends include a buildup of carbon in the atmosphere, largely caused by burning fossil fuels, but also by massive de-forestation; the toxicity of numerous processes of production, resulting in toxic commodities, creating an increase in cancer among humans; the pollution of the air, scarce water supplies and other vital natural goods; soil depletion and loss; and the reckless manipulation of basic natural processes through profit seeking activities such as genetic engineering.

Left unchecked, the ecological crisis will have devastating effects on human, animal and plant life, and crop yields will drop drastically, causing famine. Droughts and rising ocean levels due to melting of the ice caps will displace and impoverish billions of people. Air, water, soil and the oceans will be further poisoned. Epidemics of malaria, cholera, denga fever and other diseases will strike the most vulnerable. Some of these effects are already beginning to be evident, as the "tipping point," the moment when irreversible ecological decline sets in, approaches.

Capitalism and Alienation from Nature

The global ecological crisis is deeply rooted in the logic of capitalist profit and accumulation. Capitalism's sole motor is the imperative of production and exchange for profit. This anti-ecological system requires constant growth: "expand or die" are its watchwords. Its only measure of success is how much capital is accumulated, so commodities are produced that are directly harmful to life. Forests and entire ecosystems are demolished and nature treated as a sewer for the disposal of capitalist industrial waste. Capitalism is therefore the angel of death, a death for all prepared by the

fragmentation of ecosystems through alienation from nature. This alienation begins with the separation of the means of production, including land, from the worker, which also separates the worker from the means of life. The objects produced by labor are taken over by the capitalist and become alien to and independent of the producers. Human beings become alienated from themselves. The worker is then forced down to the level of a mere commodity, separated from his own natural life force. The resulting alienated labor is fundamental to capitalism, acting as it does on the principles of exploitation of human labor, conversion of nature into commodities and exchanging those commodities into capitalist value. Capitalism pushes on in an endless pursuit of more and more production, profit and accumulation on a larger and larger scale.

Capitalism has legions of bought and paid for defenders, media people and kept intellectuals who minimize its harms and whose job it is to convince us that everything will be all right under the rule of capital. Green washing is a constant. Their “reforms,” such as the 1997 Kyoto Protocols, an international attempt to deal with this key problem, are a monstrous failure in that this agreement has not controlled global carbon emissions, which have greatly increased since 1997. There is a kind of game being played with the people, as politicians and capitalists constantly promise to seriously cut emissions sometime in the future, and make the ecological crisis into yet another profit making opportunity with the so called market based “cap and trade” system. Meanwhile, the time bomb of global warming and ecological destruction is ticking faster.

Technological bullets such as agro-fuels, nuclear energy or “clean coal” are also touted as the ultimate solution, but they do not solve the problem, as they do not address the fundamental cause: the expansive capitalist system itself. They also often have unintended consequences. The result of technological fixes is therefore a shell game at best, moving problems around instead of solving them.

Lying behind the entire system is a worldwide plutocratic capitalist ruling class who organizes, supervises and benefits from the exploitation of nature and humanity. These wealthy holders of capital are far more wedded to their continued frenzied accumulation of wealth than to the earth upon which they live, far more concerned with the fate of their fortunes than with the fate of life itself. The impending eco-apocalypse is thus a class act, created by and for the benefit of the few, at a terrible cost to the vast majority. The people and nations which have contributed least to the global warming problem, for example, are those most vulnerable to the droughts, fires, coastal flooding, loss of wetlands and fisheries, declining crop yields, scarce fresh water supplies and other serious problems now intensifying. These populations often live in the poorer parts of the world, in the tropics and subtropics. Just to point out one looming catastrophe, the rise of sea levels will destroy an important percentage of the arable land of the nation of Bangladesh, with mass starvation and emigration a likely outcome.

In sum, capitalism amounts to a cancer system, a death march that cannot reform itself, that is incapable of interacting with nature in a sustainable manner, that is rapidly exhausting the vital conditions of life on our planet.

For Life: The Ecosocialist Alternative

We must put an end to capitalist ecocide and make life the center of the world, not profit and capital accumulation. Human beings are much more than mere profit making machines, much more than “consumers.” We have a responsibility to ourselves and a human future to envision what a rational, life-affirming economy and society would look like and struggle to bring that system into reality. That system is ecosocialism, Marx’s community of freely associated workers collectively owning the land and means of production and living in harmony with the earth, living ecologically. Ecosocialism means workers control of economy and society, a high degree of equality and solidarity, planning by the associated producers for social need, and eliminating divisions between imperial center and colonized periphery, town and countryside, gender, race, and sexual orientation. This is possible only through revolution, a fundamental change in our relation with nature and our fellow human beings, ending the alienation of both nature and humanity. This is the rational choice for life, for survival of all of earth’s life forms and the full development of the human species. The defense of life and solidarity with each other valorizes the kind of work traditionally assigned to the feminine half of humanity and extends this collective work to each and every one of us. All of this will allow us to overcome alienation by changing the content and meaning of labor to make us all whole and full human beings.

A popular movement is needed, a green cultural transformation that would make possible a new consensus on the requirements for a good life free of the disease of out of control production and consumption. This means human development with a low ecological footprint, stressing education, personal growth, health and the healing of nature. We need to end of the dominance of acquisitive drive, the curse of “having” that now rules the world. Part of this is an end to militarism and imperialism which are part of the capitalist profit drive to dominate and exploit people and resources.

The transition to socialism and the transition to an ecological society are one and the same, as the human relation to nature lies at the heart of the transition to ecosocialism. Only by working through and not over nature can ecosocialism be created. We need decommodification, a vast expansion of the natural commons, renewable energy, especially solar energy, as well as ecologically informed collective management of the land with urban organic gardens and pesticide free agriculture. As a transitional program we must reduce the sphere of exchange value and expand the scope of use-value, the production of durable, non-polluting goods and nutritious organic food for human need.

The “realism” of the existing political and economic leadership in the overdeveloped imperialist world has lost all sense of reality, for the survival of the planet and its life forms cannot be coaxed out of a system which tramples everything in its way. The revolutionary road has now become the only realistic one. The entrenched capitalist ruling classes are powerful, but more and more bankrupt, unable to overcome the crises they and their system create. Making the transition from capitalism to ecosocialism, and thereby saving the planet and humanity will require all the intelligence, courage, generosity, selflessness, high ethical standards, heroism and love that our species is capable of, and this collective struggle must succeed for all of us to survive and thrive together as one world community.

Larry Shoup is a historian and activist. He is the author of three books, numerous magazine articles and has been a political activist for social justice, solidarity and peace for 45 years.

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LET THEM FAIL!

ANTHROPOLOGICAL MUSINGS ON CAPITALIST CRISES

Eugene E. Ruyle

As a socialist, I endorse the Workers Economic Recovery Campaign (WERC) and their proposals to bail out working people instead of Wall Street. At the same time, as an anthropologist, I believe it is important to place the capitalist system itself in perspective, and view it against the broad backdrop of human history and diversity. Capitalism has created multiple inter-related crises in economy, politics, and ecological sustainability that threaten the well-being and even survival of our species.

Viewed anthropologically, two features of the capitalist system require particular attention: the profit motive and the wages system. Both of these are unique to capitalism and both underlie the crises of capitalism.

The Profit Motive

For most of human history, people worked to satisfy their own needs and support the ruling classes of nobles, priests, landlords, slave owners, and the like. Merchants might seek profit, but this was almost universally decried by social philosophy as corrosive of the social order. It was not until about 500 years ago that the profit motive came to dominate economic life. As the economic historian, Karl Polanyi, put it in his essay, "Our Obsolete Market Mentality:"

Markets occur in all kinds of societies, and the figure of the merchant is familiar to many types of civilization. But isolated markets do not link up into an economy. The motive of gain was specific to merchants, as was valor to the knight, piety to the priest, and pride to the craftsman. The notion of making the motive of gain universal never entered the heads of our ancestors.

We must stress that the profit motive is not just about gain, but a specific form of gain: the gain that comes from the expansive force of capital. Marx quotes one 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.

Both Dunning and Marx would have understood what Bernie Madoff said as he was led off in handcuffs to begin his 150-year sentence for financial fraud: "I realized that my arrest and this day would inevitably come." Somehow, he couldn't stop.

As the data of anthropology clearly show, the profit motive is not essential to economic life. Our species got along without it for most of our existence, during the period of ancestral communism as well as the historic empires of Asia and Africa. Even within contemporary capitalism, it is only the banks and corporations that are driven by the profit motive. Other key institutions such as schools, churches, the post office, government, and the military are not run on a "for profit" basis, however much they may be corrupted by the dominant capitalist corporations.

If the banks can't make a profit, LET THEM FAIL! Then they can be taken over and we could have centralization of all credit in the hands of the state, i.e., of the proletariat organized as the ruling class, as advocated in the *Communist Manifesto*.

Clearly, the *Manifesto* was not advocating a capitalist style "nationalization," in which the capitalist state takes over the banks and makes them profitable again so they can be sold off to the bankers, what the *Manifesto* might call "bourgeois socialism."

Instead, we need socialist socialization, where the banks are expropriated and their legitimate functions taken over by credit unions run by and for the people.

Similarly with industrial corporations, if General Motors can't make a profit, LET THEM FAIL, and put them under the direct control of the workers, as was done in Argentina and depicted in film, *The Take*.

In all of these cases, financial and industrial enterprises will be run on a not-for-profit basis, serving first of all to provide essential goods and services to society and secondly, to provide employment for members of society, and to do so without endangering either workers lives or the environment. Once the profit motive is eliminated, the most powerful motive for destroying and polluting the environment is also eliminated.

The profit motive is only half of the equation, however. We must also consider the other unique feature of capitalism, what Marx called The Wages System.

The Wages System

The fact that people have to work is indeed a universal feature of human life. Hunters and gatherers must hunt, gather, cook, care for their children, work on their gear, and perform other essential tasks. Peasants in the historic empires also had to produce and reproduce themselves, while also supporting predatory ruling classes. None of these tasks, however, involved sale of their labor power. In capitalism, workers do not have direct access to the earth and the machinery of production and cannot, therefore, support themselves except by selling their labor power as a commodity for wages. And they can only sell their labor power if some capitalist can make a profit from hiring them. They must starve unless they are hired by some capitalist, directly or indirectly. This is what Marx called the wages system and his revolutionary slogan was: "Abolition of the Wages System."

It is not entirely clear what this means, or what is to replace the wages system. I suggest that a reasonable first step would be to guarantee everybody a job. The federal government should institute a program, similar to an expanded WPA, which will hire all workers that want jobs. This is NOT impossible. The Soviet Union had achieved full employment by the 1930s, and Cuba has less than 2% unemployment, even today.

According to government statistics, the average annual pay, with benefits, of workers in America is about \$40,000 per year. So, with the \$700 billion wasted in the bank bailout, we could have hired 17.5 million workers, at the average levels of pay and benefits. In January 2009 there were about 13 million unemployed workers in the U.S., plus another nearly 6 million who wanted a job but were not counted as unemployed, a total of 19 million jobs that need to be provided. So, the government could have provided jobs for nearly every worker in the United States with the money they handed over to the banks. Factor in shutting down the war machine, and we have money to spare.

This brings us to a further advantage of guaranteeing jobs for all. In capitalist society, the merchants of death who profit from the “defense” industry form a powerful interest group lobbying for continued and expanded military spending. Their employees join them since, under the wages system, their jobs are dependent upon military spending. Their support for military spending would be undermined if they were guaranteed jobs, say in rebuilding our infrastructure, building mass transit or working in solar energy. The profits of the merchants of death could be eliminated, but the jobs of workers would be secure. This is also the case in other industries that are polluting or environmentally destructive, such as mountaintop removal, clear-cutting of old growth forests, and making gas-guzzlers. The same is true of prison reform. All non-violent drug offenders should be released, but they must be guaranteed jobs and training. Free education and child-care should be guaranteed from birth through graduate school.

In other words, the guarantee of jobs must occur within a framework of total social reconstruction, similar to the lines indicated by the WERC and many others on the left. My list would include: a freeze on firings and layoffs, a moratorium on evictions, a halt to the Wall Street bailout plan for bankers and speculators, a Special Prosecutor to investigate fraud in the banking and insurance industries, a moratorium on all home foreclosures, utility shut-offs, evictions and rent hikes, a universal, single-payer healthcare plan similar to H.R. 676, fully funded pensions for retirees, guarantee union organizing rights as in the Employee Free Choice Act (EFCA), so that every worker can have union representation, end the ICE raids and deportations, stop scapegoating immigrant workers, enact a massive national reconstruction public works program to rebuild the nation’s schools, hospitals and crumbling infrastructure and to put millions of people back to work at union-scale wages, and enact the Gulf Coast Civic Works Act (H.R. 4048). We must end all funding for the U.S. wars in Iraq and Afghanistan and for the Israeli attacks on the Palestinians. We must bring our troops home now so that all war funding can be redirected to meet human needs.

Abolition of the wages system, by guaranteeing jobs for everyone and thereby providing a basis for the dramatic reduction of poverty, homelessness, and crime, is therefore an essential step out of capitalist crises and toward a sane and sustainable socialist society.

The Slave Owners Rebellion

Capitalism, imperialism, and reckless disregard for our Mother Earth have created a situation in which the very survival of our species is threatened—a challenge we must confront as a species. At the same time, we have seen the emergence of what the *New York Times* has called the world's second superpower: global public opinion. Individuals and groups within the Global Peace and Justice Movement have displayed truly incredible levels of heroism, dedication, and creativity in addressing the problems caused by the excesses of capitalist industrialization. They are truly the hope of the world.

Clearly, tinkering with the financial system will not solve the multiple crises facing our species. Real solutions will involve major changes in the property system of the United States, and such changes do not come gently. The last major change in the property structure of the U.S.—the abolition of slavery—involved the bloodiest Civil War in our history as the slave owners refused to acknowledge the democratic victory of the forces of liberation and moral progress. However much these changes may be essential for the well-being and even survival of our species, we must anticipate what Marx might call a slave-owners rebellion of bankers and the entire capitalist class should these revolutionary changes be instituted.

As socialists, we acknowledge the difficulties ahead, but it is our obligation to advocate real solutions to our problems and follow the advice of Che Guevara:

Be realistic, demand the impossible!

Gene Ruyle recently retired from Cal State Long Beach after a 35 year career teaching Anthropology and Marxism. A longer version of this paper will appear in his forthcoming book, *Capitalism and World Revolution In the Twenty-First Century*. He can be emailed at eruyle@csulb.edu.

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Join Us in Promoting the Workers' Emergency Recovery Campaign

In recent months we have witnessed billions of dollars pumped into the financial institutions WITH NO STRINGS ATTACHED. Reckless behavior and greed have been graced with the most extravagant rewards, allowing the rich to get even richer. After receiving their bailout, A.I.G. executives resumed their plans for a retreat at a lavish resort. Meanwhile, foreclosures have risen, unemployment has soared, and misery has spread with virtually nothing being done for the millions of workers suffering from these afflictions.

We cannot sit back and simply hope that things will get better. The financial executives have organized themselves and lobbied for bailouts. We must now do the same. We must organize ourselves and mount a campaign, insisting that government programs benefit the majority of the population first and foremost, not the super wealthy small minority.

At this historic crossroads, as we face the prospects of another Great Depression, we, the undersigned dedicate ourselves to forging the broadest unity in action among those in the labor movement, Black and Latino organizations, immigrant rights groups, and antiwar and other social justice protest movements to secure the emergency measures listed below.

We endorse these demands as necessary steps to address the pressing needs of working people and the oppressed in general so that we can all enjoy a secure and comfortable life and find relief from an economic crisis we had no part in creating. We are committed to reaching out to more workers and encouraging them to endorse our demands and join our movement, the Workers Emergency Recovery Campaign (WERC), so that we can form committees across the country, organize educational forums, and then aim at building a national conference to promote this campaign. In this way we can begin to win the majority of working people to this agenda. In solidarity we can win.

Here are 10 fundamental demands that we believe should be included in a Workers' Emergency Recovery Plan to Bail out Working People -- NOT Wall Street:

1. Put a halt to the Wall Street bailout plan. Not one more penny should be earmarked to bail out the bankers and speculators. It's time to bail out working people.
2. Enact a moratorium on all home foreclosures, utility shut-offs, evictions and rent hikes. Nationalize the mortgage industry, including Fannie Mae and Freddie Mac.
3. Enact H.R. 676 -- the universal, single-payer healthcare plan. Take the private insurance companies out of the healthcare equation. Guarantee fully funded pensions for retirees, along with healthcare and other benefits.
4. Enact the Employee Free Choice Act (EFCA) so that every worker can have union representation.
5. Stop the layoffs in auto and other industries across the country. Nationalize the Big 3 automakers. Re-tool the auto industry to build rapid mass transit, solar, and wind systems.
6. Stop the scapegoating of immigrant workers. Stop the ICE raids and deportations.
7. End all funding for the U.S. wars in Iraq and Afghanistan and bring our troops home now. The war expenditures in these countries alone are estimated at \$3 trillion. Redirect all war funding to meet human needs.
8. Enact a massive national reconstruction public works program (minimum expenditure needed of \$1 trillion) to rebuild the nation's schools, hospitals and crumbling infrastructure and to put millions of people back to work at a union-scale wage. Provide all necessary funding for a genuine reconstruction program in the Gulf Coast; enact the Gulf Coast Civic Works Act (H.R. 4048).
9. Defend and expand the rights and economic security of those who are unable to work. Grant living-wage benefits to single parents, disabled, seniors, and the unemployed. End the arbitrary, punitive time limits, sanctions, denial of education, and forced unwaged workfare in the TANF welfare program.
10. Tax the corporations and the rich -- not working people -- to finance a workers' recovery plan. The rich currently enjoy historically high levels of wealth while being taxed at bargain-basement rates. Implement a retroactive tax on windfall revenue on the oil-energy industry, return capital income taxation to 1981 levels, and repatriate the \$2 trillion from the offshore tax havens.

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